

July 29<sup>th</sup>, 2021

Mr. George Monteith  
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RE: Summary of Estimated Reserves & Net Present Value, Effective July 1<sup>st</sup>, 2021  
for the Allied Energy Corporation's **Annie Gilmer Et Al Lease** located in North Texas.

Mr. Monteith,

Submitted for your review please find an engineering and economic evaluation of oil and gas reserves for those certain properties operated by Allied Energy Corporation (**Annie Gilmer Et Al Lease**). The reserves shown in this report are estimates only and should not be construed as exact quantities. The estimated reserves shown herein represent net reserves attributable to the leasehold and royalty interests in the referenced certain properties as represented on July 1<sup>st</sup>, 2021.

The reserves may or may not be recovered; if they are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of uncertainties of supply and demand, the sales rates, prices received for the reserves, and costs incurred in recovering such, reserves may vary from assumptions made while preparing this report. Also, estimates of reserves may increase or decrease as a result of future operations.

The revenues and present worth of future net revenues are not represented to be market value either for individual properties or on a total property basis. The estimation of fair market value for oil and gas properties requires additional analysis other than evaluating undiscounted and discounted future net revenues.

Respectfully submitted,



Mark D. McBryde  
Petroleum Engineer

## EXECUTIVE SUMMARY

The reserves determinations of such Annie Gilmer Et Al LEASE located in Stephens County, Texas U.S.A. account for the total net proved, probable and possible natural oil and gas hydrocarbon reserves as of July 1<sup>st</sup>, 2021. Based upon independent study of the property, the representations herein conform to the most conservative calculations and parameters using U.S. SEC requirements and regulations and definitions as of that date.

The data, technical processes and interpretations, lend that the overall procedures and methodologies utilized in preparing the estimates of the proved, probable and possible reserves, future production and discounted future net income as of July 1<sup>st</sup>, 2021 comply with current U.S. oil and gas reserve estimation guidelines. Table I summarizes the NET reserves and future cumulative cash flow, both undiscounted and discounted (at 10%) prior to the effects of Federal Income Taxes:

TABLE I  
Annie Gilmer Et Al Lease Report Summary

Category	Net Reserves		Future Net Revenues	
	Oil	Gas	Present Worth	Present Worth
	(MBbls)	(MMCF)	Undiscounted	@ 10%
Proved Developed Producing				
Proved Developed Non-Producing	47.7	224.2	\$1,885,800	\$940,400
Proved Undeveloped	142.8	339.1	\$4,819,100	\$1,642,400
Total Proved	190.5	563.3	\$6,704,900	\$2,582,800
Probable	80.4	192.2	\$1,902,200	\$349,500
Possible	135.5	224.1	\$3,587,700	\$876,500

## RESERVE ESTIMATES

Proved oil and gas reserves are those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward. The proved reserves were estimated using deterministic methods. If deterministic methods are used, the U.S. SEC has defined reasonable certainty for proved reserves as a “high degree of confidence that the quantities will be recovered.” The U.S. SEC states that “probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are likely as not to be recovered.”

The U.S. SEC states that “possible reserves are those additional reserves that are less certain to be recovered than probable reserves and the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves.” All quantities of reserves within the same reserve category must meet the U.S. SEC definitions as noted above.

Reserves and schedules of production included in this report are only estimates. The amount of available data, reservoir and geological complexity, reservoir drive mechanism, and mechanical aspects can have a material effect on the accuracy of these reserve estimates.

### PRODUCT PRICES

The estimated reserves and future net income amounts presented are related to hydrocarbon prices. The reserve and income projections, as of July 1<sup>st</sup>, 2021, used the first day of each month, 12 month trailing average price for oil and gas (TTM \$46.26 BO, \$2.43 MMBtu) and costs associated with extraction of oil and gas known as of July 1<sup>st</sup>, 2021 for its calculations under US SEC requirements of economically recoverable oil and gas from the properties. The stated oil prices and discounts as well as, Lease Operating Expenses, etc. were held constant throughout the projected life of the properties. Lease and well operating costs used in this report are based on operating expense historical records.

### ABANDONMENT COSTS

Cost estimates for future plugging and abandonment procedures associated with the subject properties have NOT been included in the provided economics. Expected, is for salvage values to equal required costs for plugging and abandonment.