



**WOLFBERRY CONVENTIONAL RESOURCE PLAY
AND
SPRABERRY DEVELOPMENT
(PERMIAN BASIN)**



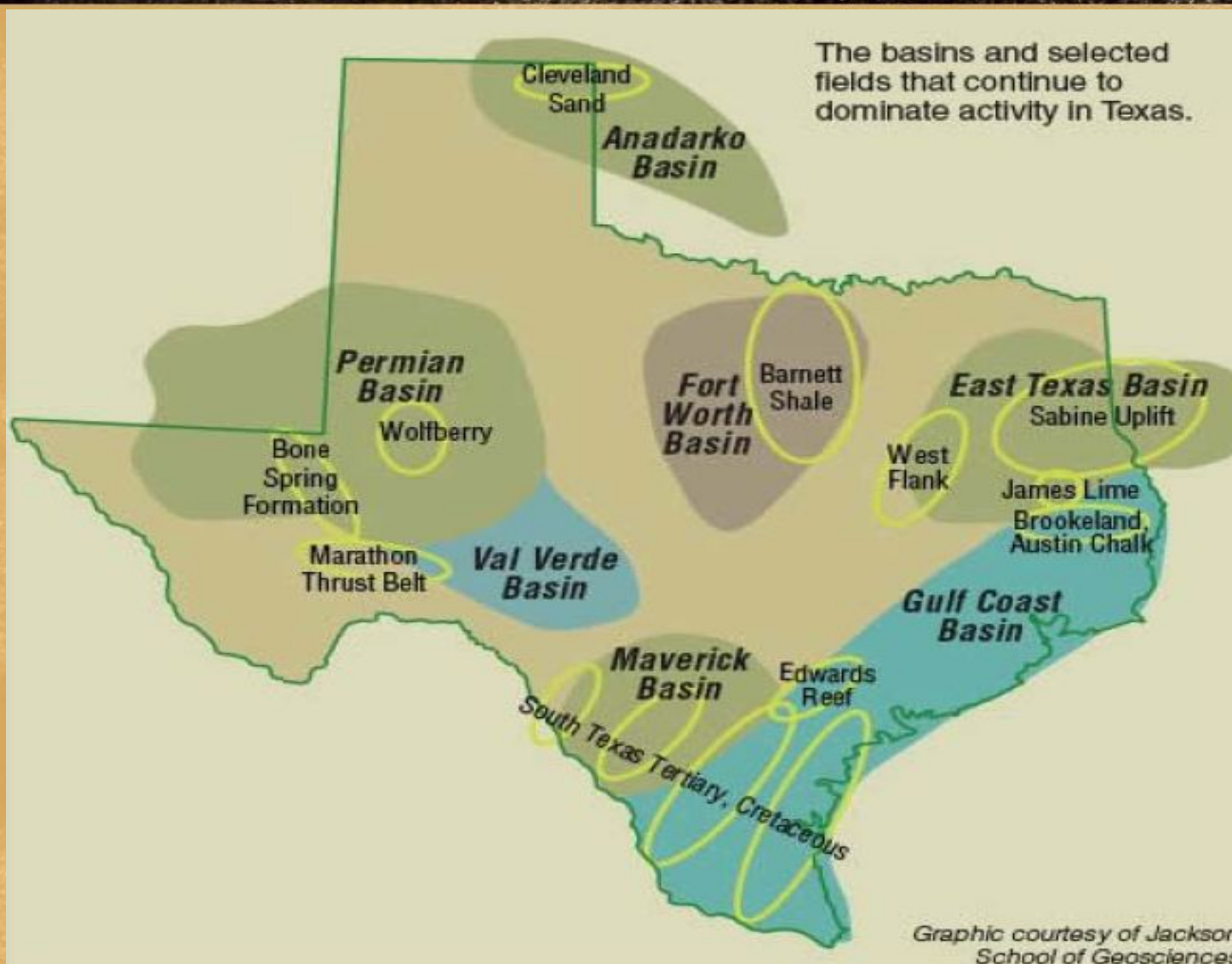
Where is the Wolfberry Located?

The Wolfberry trend is regionally located in the Midland Basin, a part of the prolific West Texas Permian Basin.

Permian Basin Facts:

- Second Largest producing oil and gas region in the US.
- Underlies SE New Mexico and W. Texas (250 miles wide and 300 miles long).
- Multiple producing horizons.
- Over 340 rigs currently drilling (150 Wolfberry wells drilling).

Basin & Plays in Texas





What is the Wolfberry?

The term “Wolfberry” trend is used to characterize the completion method of perforating, fracture stimulating and comingling for production, the various Spraberry and Wolfcamp intervals and more recently deeper intervals, including the Strawn and **Mississippian**.

Contributing Reservoirs Include:

Spraberry Facts:

- 1.3 Billion BO produced, 18,842 wells, 68 MBO/well average.
- Spraberry is the 5th largest oil field in the US onshore.

Wolfcamp Facts:

- 3.37 TCF & 590 MMBO produced in Texas since 1951
- 4292 total wells, 2072 active wells, 785 MMCF & 137 MBO/well average

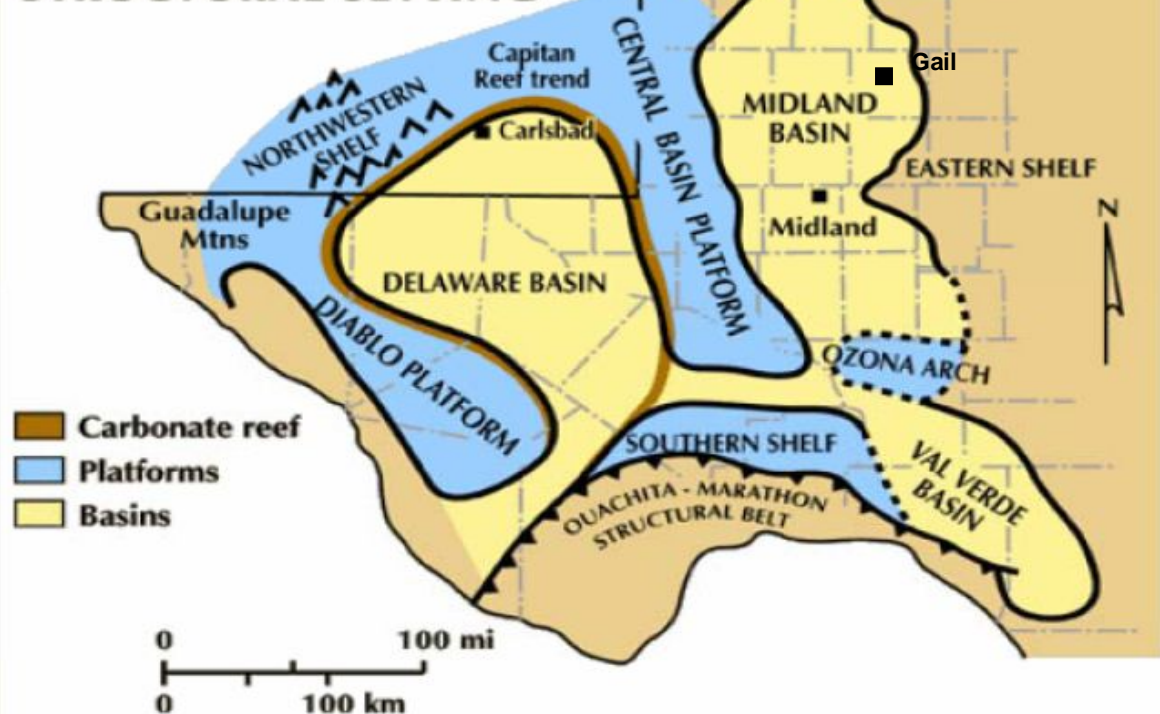
Wolfberry Play

Midland Basin, Texas

SYSTEM	SERIES EPOCH	MIDLAND BASIN
Quaternary	Recent	Alluvium
	Pleistocene	Pleistocene
Tertiary	Pliocene to Eocene	Ogalalla
	Gulf	Wichita
Cretaceous	Conancho	Fredericksburg
	Trinity	Pallary
Jurassic	Upper Middle Lower	Chino Santa Rosa
	Upper	Dewey Lake
Triassic	Upper	Ochoa
	Upper	Rustler
Permian	Upper	Salado
	Upper	Tansil
Permian	Guadalupe	Yates
	Guadalupe	7 Rivers
Permian	Ward	Queen
	Ward	Grayburg
Permian	Leonard	San Andres
	Leonard	San Angelo
Permian	Leonard	Upper Leonard
	Leonard	Upper Spraberry
Permian	Wolfcamp	Lower Spraberry
	Wolfcamp	Dean
Permian	Wolfcamp	Wolfcamp

Pennsylvanian	Virgil	Cisco
	Missouri	Canyon
Pennsylvanian	Dos Hornes	Strawn
	Atoka	Bend
Mississippian	Marlow	U. Mississippian Lm
	Chesler	L. Mississippian Lm
Mississippian	Meramec	Kinderhook
	Ozage	Woodford
Devonian	Kinderhook	Woodford
	Upper	Woodford
Devonian	Middle	Devonian
	Lower	Devonian
Silurian	U. Niagara	Upper Silurian
	L. Niagara	Fuselman
Silurian	Alexandrian	Sylvan Sh
	Cincinnati	Montoya
Ordovician	Montoya	Bromide
	Chazy	Harp Creek
Ordovician	Chazy	McKee
	Chazy	McLish
Ordovician	Chazy	Waddell
	Chazy	Oil Creek
Ordovician	Chazy	Cannell
	Chazy	Joins
Ordovician	Chazy	Elenburger
	Chazy	Ozarkian
Cambrian	Upper	Wilberts
	Upper	Hickory
Precambrian	Upper	Hickory
	Upper	Hickory

PERMIAN BASIN STRUCTURAL SETTING



Source: IHS Energy, 2008



Today's Wolfberry Evolution (2007-2010)

- The costs to drill and complete have decreased as operators have focused on reducing drilling time and implementing
- Implementing advanced fracture stimulation technology to increase Initial Potential Rate and over-all well performance.
- Operators have begun perforating more intervals within the Spraberry and Wolfcamp sections,
- Drilling deeper, in order to add additional potential hydrocarbon producing zones, including the Strawn and Mississippian (Atoka).

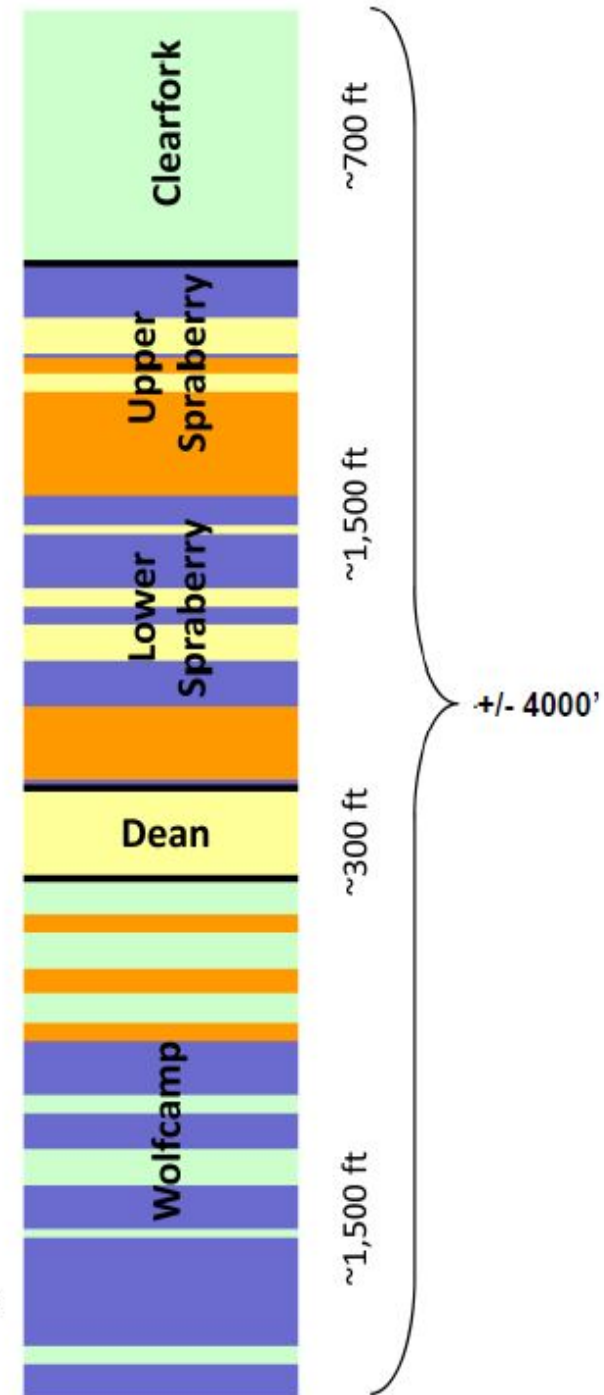
This is a “Rate of Return Play”:

- Incremental reserves and constant cost maintenance are extremely important.
- Increased number of potential contributing zones, each incremental increase in reserve potential is economically significant.

- Approximately 4,000' of gross pay interval from ~6,000' to 10,000'
- Comprised of 4 main traditional pay zones

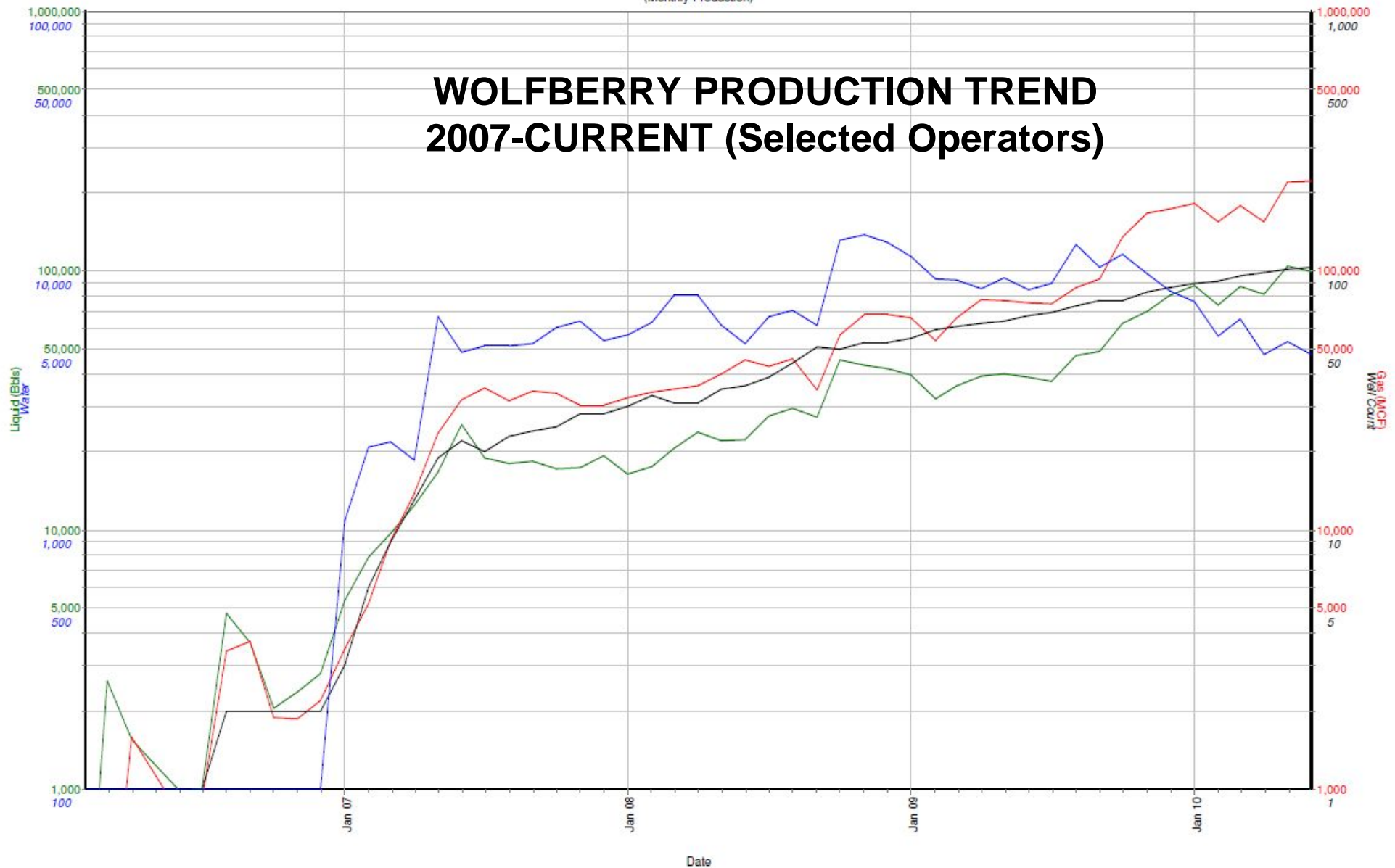
TARGET COMPLETION ZONES		
	"SPRABERRY" WELL	"WOLFBERRY" WELL
UPPER SPRABERRY	YES	YES
LOWER SPRABERRY	YES	YES
DEAN	YES	YES
WOLFCAMP	YES	YES
DEEP WOLFCAMP	NO	YES

- Additional pay from non-traditional organic rich shale/silt zones



Operators: COBRA OIL & GAS CORPORATION, CROWNQUEST OPERATING, LLC,
 ELEMENT PETROLEUM OPERATING, LLC; States: TX; Districts: 08, 08A; Reservoirs:
 SPRABERRY, TR. AREA 7400-8860, TREND AREA; Counties: HOWARD (TX),
 MARTIN (TX); Status Types: ACTIVE;
 (Monthly Production)

WOLFBERRY PRODUCTION TREND 2007-CURRENT (Selected Operators)



— Liquid (bbbls) — Gas (MCF) — Wells — Water (bbbls)

Liquid (bbbls):	Current Cum: 1,653,044	Total: 1,653,044
Gas (MCF):	Current Cum: 3,089,311	Total: 3,089,311
Water (bbbls):	Current Cum: 303,487	Total: 303,487

WOLFBERRY FAST FACTS

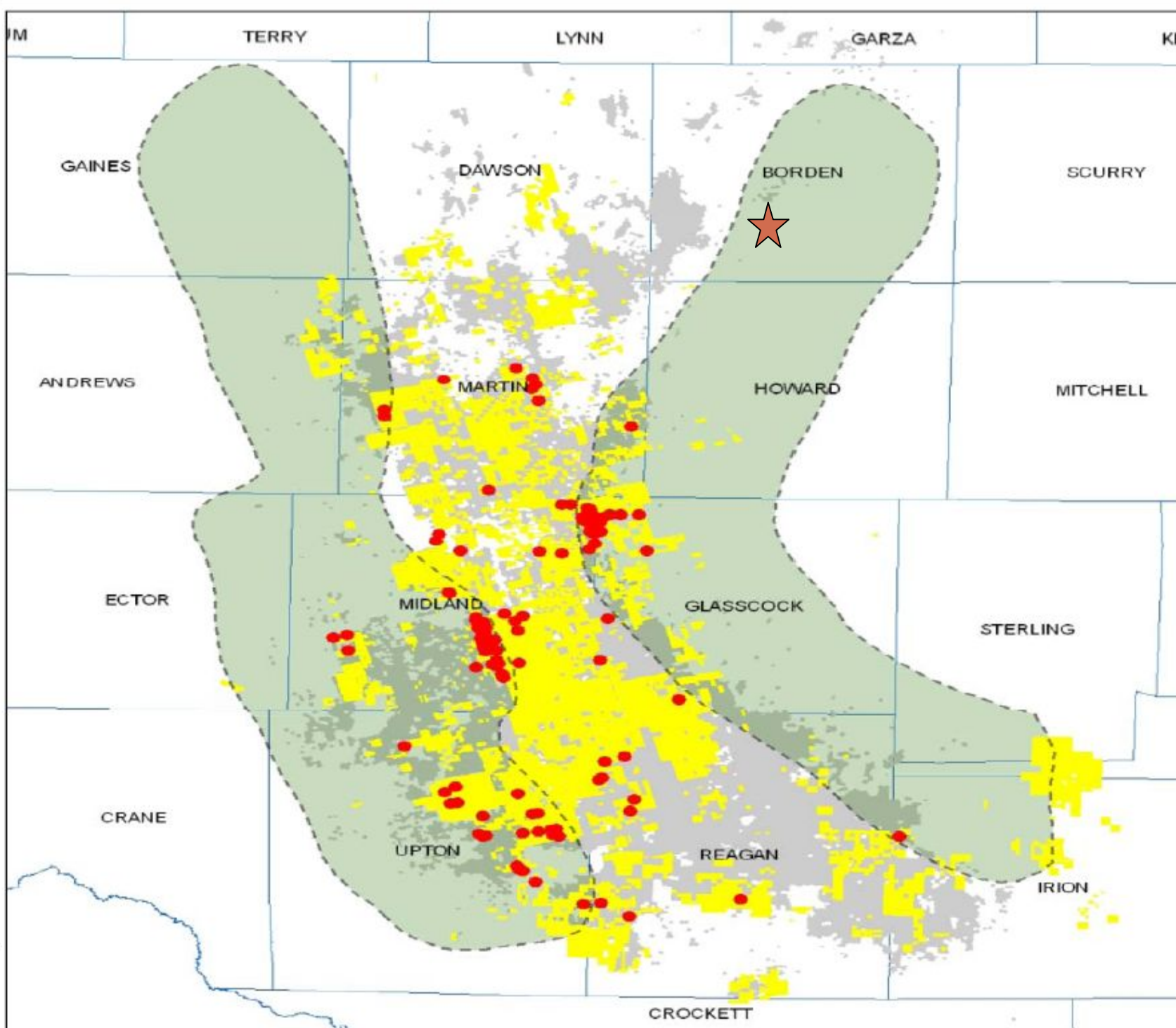
The Wolfberry play covers over 11,000 square miles

It is the largest producing US oilfield in the lower 48 states averaging 153,000 BOPD in 2009

Over 13,000 wells have been drilled to the Spraberry & Wolfcamp

The first successful frac completion of a "Wolfberry" well occurred in January 2003.

Since then, better frac technology has more than doubled estimated EURs.





Why is the Permian the hottest play in the US?

- **Conventional Resource Play:** Lower risk, rate of return and multiple well developments.
- **Vertical Wells:** Reduce mechanical risk and lower, quantifiable drill cost.
- **Multiple Comingled Object:** Increased (i) IP rate, (ii) EUR and (iii) ROI.
- **Hydrocarbons Present:** Located in existing Oil and Gas Fields (Midland Basin).
- **Infrastructure:** Oil and Gas operations currently exist.
- **Long production life:** Average 10-20 year well production life.
- **Downsizing proration units:** Current spacing is 40Ac. Drainage less than 20Ac.
- **PUDS:** **Each successful well establishes 4 PUD locations.**
- **Fracture Stimulation:** Highly effective, low cost at 50K-70K per frac.



Active Companies in Wolfberry

- Pioneer Nat. Resources
- El Paso
- Concho Oil and Gas
- Element
- Cobra Oil and Gas
- Chesapeake
- Linn Energy
- Mariner
- Apache
- SM Energy



APCLARK FIELD CONVENTIONAL RESOURCE PROJECT



Apclark Field Facts

- Blacksands has a 18.75%-70% Gross Working Interest in approx. 8,300 acres.
- Located 5 miles east of Jo Mill Spraberry Field which has produced 125 MMBOE.
- Discovery well drilled in 1950 and additional wells drilled in the 70's and 80's.
- Field has produced over 345MBO from 15 wells (per well production 11MBO-51MBO) prior to improved frac technology.



Apclark Resource Play Economics

Anticipated Results (one well)

Oil Rate: 80BOD

Gas Rate: 90MCFD

Decline Rate: 30% (1st year)

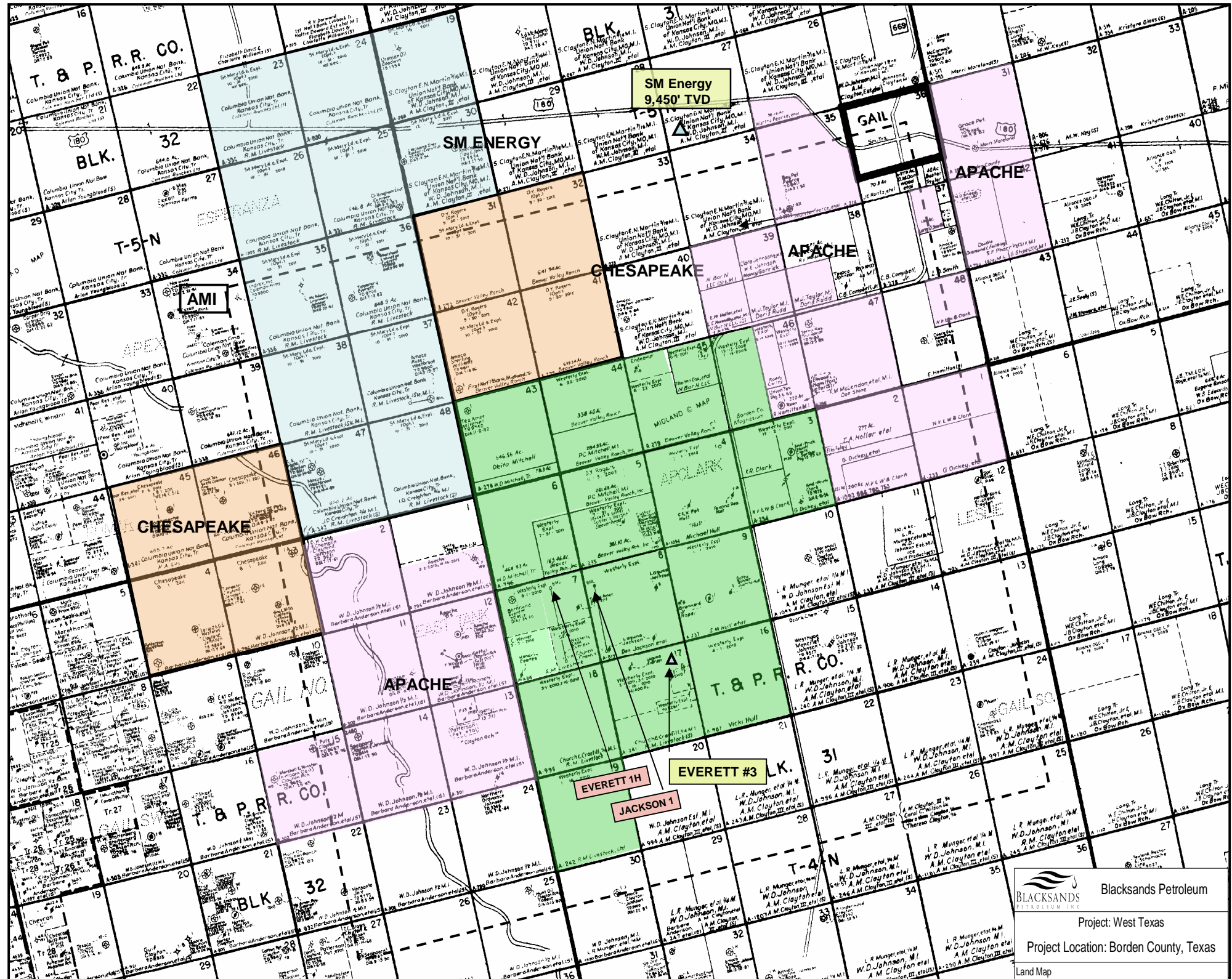
Oil Price: \$75 (5% Esc. Max \$90)

Gas Price: \$4.5 (5% Esc. Max \$7)

Drill/Complete Cost (Vertical Well To 9200'): \$1.9MM (\$1.2 MM to 6700')

Operating Costs: \$4K/Month (Max \$6K/M)

Payout: 17 Months





250 MM Market Cap?

- We have approximately 100 drillable locations on 40 acre spacing.
- Three (3) producing Spraberry wells drilled since 2008 within currently held leasehold.
- EUR from Spraberry is expected to be 40 MBO per location or 4 MM BO.
- What will be the EUR of the additional horizons below the Spraberry, such as the Mississippian producing in nearby analog Mesquite Creek field, current per well production of 30 MBO-70 MBO.



Blacksands Facts

- Overhead covered by current production.
- BSPE has minimal debt.
- Apclark Spraberry field has approximately 100 locations on BSPE net leasehold.
- 8 Properties (4 Producing).
- Executing exploration strategies now (no waiting).
- Blacksands is moving toward making application to a nationally recognized exchange.