

## **CEC Energy Consultants**

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Mike Cherry & CEC Energy Consultants have added considerable value to its clients over the past decade. The following is a summary of some of the more prolific projects wherein we have been involved and had a material impact for our clients and their shareholders.

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### **VALUE ADDED**

- Amoco Production Co – As District Engineer, managed a staff of forty engineers and fifteen technical support staff in 1975-80, with an annual capital budget of \$100 million per year of drilling projects and a \$40-50 million per year recompletion and workover expenditure budget.
- Andover/Santa Fe Minerals – As Engineering Manager, was responsible for all reserves, engineering, marketing and operations in the eastern half of the United States. Managed a staff of twenty-five people consisting primarily of technical professionals, with an annual capital drilling budget of \$75 million per year and \$500 million per year for acquisitions. Supervised the drilling of 100s of wells in Central Oklahoma and the Cotton Valley play in East Texas, with a maximum rig count during these boom years of 28 rigs. Designed and completed the first ever vertical frac to exceed 1 million pounds of proppant, which resulted in the highest producing rate achieved at the time. Led the business development group in 1983-85 and evaluated transactions in all basins within Texas, Oklahoma and Louisiana acquiring \$1 billion of property acquisitions.
- Bristol Resources – As President & CEO, was responsible for providing management and technical direction for all aspects of the Company-s business to include, reserves, marketing, engineering, geology, risk management, administration and finance. The Company-s acquisition and development activities for the period of 1994-1997 resulted in a cash-on-cash return of 375% and a net cost of only \$0.54/mcfe of proved reserves. The company was initiated with debt for the first property acquisition and no equity capital and sold in 1999 with a net PV10 value of \$150 million in a \$2.50 gas price environment.
- CEC Energy Consultants –
  - Assisted Helmerich and Payne in 2000-2002 in the formation of Cimarex through evaluating numerous merger candidates - \$600 million market value (55% H&P) – IPO @ \$17.25/sh – H&P shareholders (26.6 million @ IPO) – net gain (\$460 – 330 million = \$150 million @ IPO and \$200 million within first 90 days) – Company now 4.5 billion market cap
  - Assisted Burlington Resources in 2003-2005 with regional work to define the Eagle Ford shale play from Alabama to New Mexico – acquired 400,000+ acres in South Texas @ < \$100/ac (\$40 million) – now worth > \$2000/ac = \$800 million
  - Assisted Constellation Energy in 2005-2008
    - Identify and acquire \$1 billion of acquisition properties – IPO @ \$21/sh November 2006 (22 million shares) which went to \$50/sh by 2007 – stock growth of \$650 million
  - Assisted Murphy Exploration in 2008-Present
    - Perform regional reviews using Petra and Spotfire of the Barnett, Bakken, Marcellus, Haynesville, Bossier, Woodford and Fayetteville shale plays to identify sweet spots within each play and the driving characteristics that make each play successful and the economic thresholds for each, as well as generated acquisition

recommendations

- Assisted with regional work to define the Eagle Ford shale play across Texas – led in the identification of acreage acquisition targets that resulted in the acquisition of 200,000+ acres in South-Central Texas @ < \$350/ac (\$70 million) – now worth > \$2000/ac = \$400 million in acreage alone
- Assisted with the completion design and implementation for first two wells the company drilled which resulted in 12mmcf/d for a well in the dry gas window and 1500 bopd @ 5000 psi FCP, which is probably the most prolific well completed to date in the oil window of the play. The value of this one oil well alone is in excess of \$50 million of PV10 and will payout in less than 6 months at the current rate.

## EMPLOYMENT HISTORY

**President**  
CEC Energy Consultants

**1999-Present**  
HOUSTON, TEXAS

CEC Energy Consultants is a privately held consulting company that was formed to provide reservoir and operations engineering and financial advisory services to the oil and gas industry. The company has been involved in the past with an exclusive retainer with Helmerich & Payne to help identify and evaluate merger candidates and provide engineering assessment and due diligence support for the company. Helmerich & Payne was successfully merged with Key Production to form Cimarex Energy.

The company provides acquisition, exploitation and exploration support to some of its clients to include: Constellation Energy, Devon Energy, Murphy Exploration Co. and Burlington Resources (now Conoco-Phillips). Constellation and Murphy have each acquired in excess of a billion dollars of properties in recent years wherein CEC Energy Consultants has provided the sole engineering and geologic evaluation expertise in evaluating acquisition candidates.

Mr. Cherry has taught many International geology, safety, petroleum engineering, economics, risk assessment and operations courses to various companies in countries such as Russia, Indonesia, and South America and has been retained by various operators to identify and generate drilling and acquisition prospect leads, as well as perform other engineering and analytical functions.

CEC Energy Consultants provides field and basin studies to assist with identifying drilling and acquisition prospects for clients. The company utilizes Spotfire, Petra and Petrasis to analyze all producing horizons within a basin, and to make recommendations of opportunities to acquire or lease. CEC Energy Consultants has recently provided these services to prolific companies such as ConocoPhillips, Devon Energy, Constellation Energy, Murphy Exploration and Burlington Resources, as well as independents such as Laramie Energy, Compass Resources, KLT Gas, Firevine Royalties, Lamar Oil & Gas, and Daystar Oil and Gas.

CEC Energy Consultants provides Sarbanes Oxley audits of company's reserve processes for preparation of SEC reporting, inclusive of reviews of reserve reporting and all aspects of reserve and field operations, due diligence for investors or client's acquiring operated oil and gas properties. CEC Energy Consultants has recently provided these services to prolific companies such as Ultra Petroleum, Energy Partners LLC, The Houston Exploration Co., Spinnaker Exploration, Tortoise Investment Advisors, Capital Partners Inc., Pritchard Capital, Vista Research, Petrie Parkman, Burlington Resources, and Devon Energy.

CEC Energy Consultants also generated drilling and acquisition prospects, leases and drills the prospects with internally generated investment partnership funds, as well as provides project management services to operators of non-strategic properties. CEC's project management services allows a company to out source non-strategic assets, allowing production and revenues to continue to be credited towards quarterly earnings, and company personnel and investment resources to be focused on other more important projects that directly impact the company's financials. CEC provides all operations, geologic and engineering expertise to maintain and develop the non-strategic asset base, and to provide investment capital if the company desires.

**President & Chief Executive Officer**

BRISTOL RESOURCES CORPORATION

**1985-1999**

TULSA, OKLAHOMA

Responsible for providing leadership, management, and technical direction for all aspects of the Company's business to include, reserves, marketing, engineering, geology, risk management, administration and finance.

The Company's acquisition and development activities for the period of 1994-1997 resulted in a cash-on-cash return of 375% and a net cost of only \$0.54/mcfe of remaining proved reserves. No acquisitions were made in 1998 due to the reluctance to acquire with declining commodity prices, and the company was ultimately sold in 1999, when prices began to rise to enable the shareholders to monetize their investment.

**Engineering Manager**

ANDOVER OIL COMPANY/SANTA FE MINERALS

**1980-1985**

TULSA, OKLAHOMA

Responsible for all reserves, engineering, marketing and operations in the eastern half of the United States. Responsible for the company's reserve reports, reservoir and production engineering, generating development drilling prospects, marketing of company's oil and gas production, and all acquisition and divestiture efforts for the Company. Managed a staff of twenty-five people consisting primarily of technical professionals, with an annual capital drilling budget of \$75 million per year and \$500 million per year for acquisitions. Company principals desired to sell company to monetize return on investment, which was sold to Santa Fe Minerals in 1984. Declined transfer to Dallas, Texas, with the Company, as Vice President of Engineering.

**District Engineering Manager**

AMOCO PRODUCTION COMPANY

**1975-1980**

HOUSTON, TEXAS

Responsible for various engineering and operations responsibilities for the Company, in all the major basins in Texas and New Mexico. The last responsibility was to set up and head the engineering staff of a new district operations office in Hobbs, New Mexico, which at that time, was the most active drilling district of all of Amoco's domestic operations. Responsible for all engineering, production, and drilling operations for Southeastern New Mexico. Managed a staff of forty engineers and fifteen technical support staff, with an annual capital budget of \$100 million per year of drilling projects and a \$40-50 million per year recompletion and workover expenditure budget. Re-located to Tulsa, Oklahoma to provide a stable home-life for children and family.

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## EDUCATION

### **Bachelor of Science Degree**

UNIVERSITY OF TEXAS AT EL PASO

**1970-1975**  
EL PASO, TEXAS

### **GRADUATE WORK IN PYSCHOLOGY**

UNIVERSITY OF TULSA

**1990-1992**  
TULSA, OKLAHOMA

**Registered Petroleum Engineer - State of Texas**

**1980-Present**

**Society Affiliations - SPE, AAPG, SEG, HGS, SPWLA, IPAA**

**Software Licenses Owned & Utilize** – Spotfire, Petra, Petralseis, Aries, Phdwin, Power Tools, NeuraSection, Crystal Ball, Lesa and JLog.

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## PERSONAL

Born - December 1, 1951

Married, 4 children

6'1", 190 lbs.