AEG Affiliated Energy Group's Working Interest in U.S. Oil Project Yields 200,000 Barrels of Oil Thus Far

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AEG Affiliated Energy Group

- AEG Affiliated Energy Group Louisiana oil project has produced 200,000 barrels of oil to date
- Project focuses almost entirely on oil rather than natural gas
- Project's first well came online April 2015, at initial rate of 670 BOPD plus 1500 MCF/Day
- May look into technologies to eventually determine whether to frack an additional zone above present objective

AEG Affiliated Energy Group announced today that its initial well has been completed and came on line in April 2015, having since produced close to 200,000 barrels of light sweet crude, plus a half BCF of natural gas. Sometimes referred to as Louisiana Light Sweet, the oil earns a premium to WTI. In October 2013, AEG announced that it and its affiliates acquired a ten percent working interest in a conventional oil project in Louisiana.

AEG
Affiliated Energy Group
Mergers and Acquisitions Division
Specializing in Retail Energy Markets.

The project continues to be focused almost entirely on oil rather than natural gas with present objectives near 13,000 feet. Pursuant to the initial test report, the well came online in April 2015 at an initial test (flowback) rate of 670 Barrels of Oil per Day plus 1500 MCF per Day, with no water.

"When the time comes, we'll determine whether the operator will recomplete or test some potentially separate zones near this main objective," said Chad Price, EVP of AEG's Commercial Energy Division. "AEG is also interested in further evaluating an opportunity related to a 'tight' shale zone above the main objective when we're done producing other potentially productive lower zones. Although, we'll defer to the present operator."

"We envision and are evaluating investments and acquisitions of additional conventional oil exploration projects, many of which we believe are undervalued and underexplored due to the present emphasis on certain shale projects," said Rob S. Potosky, Esq.

In more downstream activities, AEG's team recently completed a $10MM+ credit facility for a New York based retail energy and gas client. The company also assisted with two M&A projects in the Midwestern gas and electricity markets. This followed five mergers and acquisition deals and/or debt financing deals specifically involving retail gas and electricity providers over the past five years, with the parties to such transactions headquartered across three continents.

“This initial upstream project has furthered our strategic objective to accelerate AEG’s expansion and operations further upstream in the North American energy markets,” said Price. “Our working interest was acquired through a 100 percent cash investment with the AEG Group. AEG is seeking to acquire working interests in two additional oil exploration projects over the next 12 months.”

Additional highlights from this recently completed well include:

- Profitable production even at lower oil prices, due to it being a conventional (non-fracked) well with no debt and no associated interest payments
- Production receives a negotiated Louisiana Light Sweet crude premium to WTI
- AEG’s Team is pleased with the operator and will be seeking participation on additional opportunities with this operator

Regarding present market conditions, AEG’s team is pleased that the ban on crude oil exports has been removed in the U.S. AEG is interested in additional conventional and nonconventional working interest (and production) purchase opportunities, primarily in oil relative to natural gas.

“Generally speaking, AEG’s team prefers decreasing the choke and production on all wells in which AEG is involved, until oil may go back above $50,” said Potosky. “However, we defer to operators who wish to produce below this threshold even if we do not always agree with it.”

“AEG’s team is currently reviewing other onshore and offshore oil storage options and derivatives contracts with regard to the hedging of such physical oil production,” said Price.

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