

Live Online, Offsite AUCTION!

**KENTUCKY
BLUE GAS CO.**

KEEPING AMERICA BURNING CLEAN AND BRIGHT

11 am EST, Wednesday, February 20th

Auction Site - 1666 Williamsburg Square, Lakeland, FL

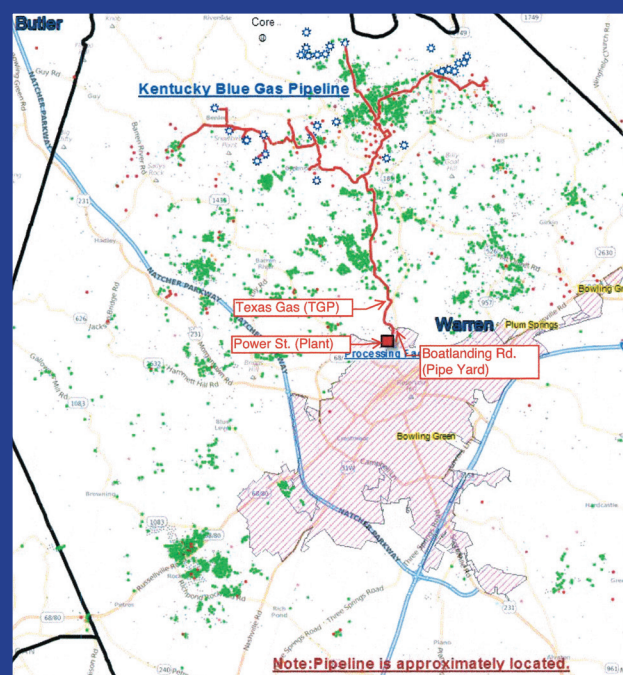
Turn Key Natural Gas & Oil Facility, Including 40± Miles of Pipeline

Kentucky Blue Gas Co. ("KBGC" or the "Company") is a late-stage, private E&P and midstream company based in Western Kentucky with over 50,000 net acres of leasehold focused on the development of the gas/NGL-rich New Albany Shale ("NAS") and, to a lesser extent, conventional, shallow oil. KBGC is seeking to monetize its Western Kentucky acreage position, all of its assets, gas plant and gathering system. KBGC has already de-risked the development potential of the NAS through 19 drilled and producing vertical wells and a fully completed core hole analysis. KBGC has built and operated an extensive gas refrigeration and processing plant capable of 3,000 MCFD, with significant expansion potential. It is capable of stripping NGLs and selling gas into multiple markets. The operation includes a pipeline infrastructure of over 40+ miles of gas gathering lines consisting of 4" and 6" diameter pipe. The gathering system, which represents the only gas processing and sales infrastructure in Warren County, connects all of KBGC's gas wells and third party gas wells in the



service area to the Company's gas plant. In addition, opportunities remain to develop more conventional reservoirs for oil and natural gas.

The Company's E&P operations currently consist of 32 active oil wells and 18 currently shut in. Of KBGC's gas wells, 3 are active and 36 have been shut-in. With modest economic improvements, KBGC can quickly bring these shut-in wells back on-line as all production and midstream infrastructure, including compression, remains in place. KBGC has drilled 19 vertical New Albany Shale and 11 other oil and gas wells since 2009 and has leased 46,132 acres with New Albany Shale development potential.



Note: Pipeline is approximately located.



Plant Located at: 425 Power Street, Bowling Green, KY 42101

Dates to Remember

Wednesday, February 6th Bidder Information Seminar
Thursday, February 7th Onsite Preview
Tuesday, February 19th Onsite Preview
Wednesday, February 20th AUCTION!

SELECTED COMPANY HIGHLIGHTS

1. Expansive Acreage with Multi-Pay Formations with Gas, NGL and Oil Potential
2. New Field New Albany Shale Discovery with Secondary Conventional Oil and Gas
3. Over 46,000 total acres with an additional 7,000+ high-potential acres within pipeline available via farmout agreements
4. Multiple sales outlets and potential for direct sales of unprocessed gas to industrial users and municipalities. Co-generation opportunities also exist.
5. Ability to acquire third-party / stranded gas from producers at highly attractive economics
6. Ready position to execute on a high-potential horizontal development opportunity.
7. Low well costs given depth (approx. 1200 ft.) while still providing compelling return / risk profiles. Historical average completed well costs for vertical wells are \$127,000. Horizontal well estimates range between \$500,000-700,000
8. Replacement cost for the entire operation/facility would approach \$15 million.



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IMPORTANT NOTICE TO ALL BIDDERS: All the information contained in this flyer/brochure was obtained from sources believed to be correct, but is not guaranteed. Buyers shall rely on their own information, judgement, and inspection of the property and records. All announcements from the Auction block take precedence over any printed or advertised material. This property will be sold subject to any applicable Federal, State, and/or Local Government Regulations. All acreages, measurements, & other figures described in this brochure are approximate and therefore not necessarily to scale. Not responsible for accidents or injuries. All properties subject to sale prior to auction. 130220 Produced by Brenmar Advertising, Inc. (863)644-6687

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