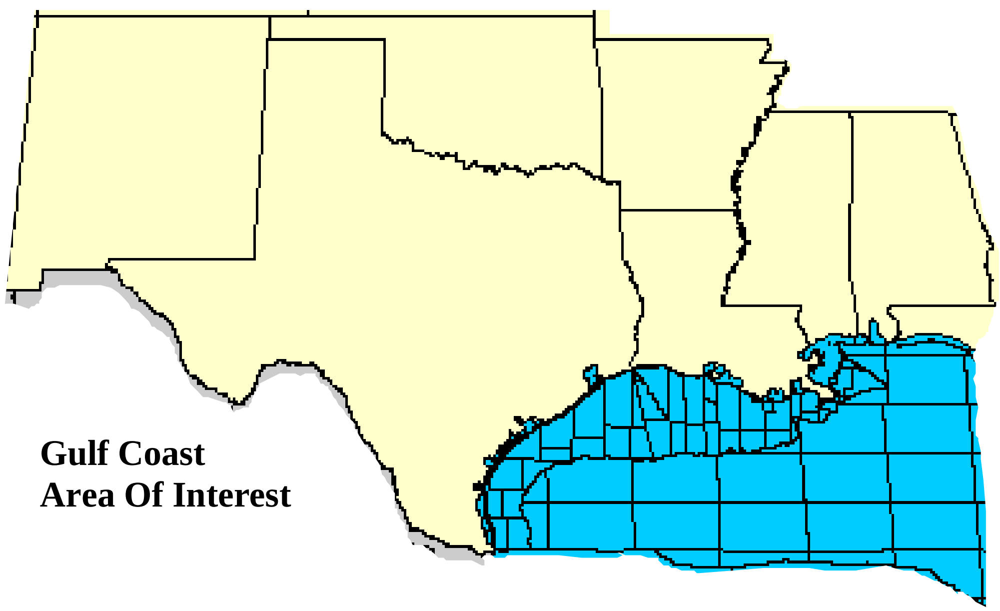
Prospectus to Raise US$2,000,000.
For Dynamic's Gulf Coast AOI

H. Roice Nelson, Jr. and Dr. Sam LeRoy
04 December 2000



Gulf Coast Area Of Interest

Access to this Prospectus is limited to Qualified and Sophisticated Investors. This means Investors must have a net worth in excess of US$1,000,000. (one million U.S. dollars), and be willing and able to risk the loss of the entire investment in Dynamic Oil & Gas Corporation's Gulf Coast AOI (Area-Of Interest). This Prospectus includes confidential and proprietary information, and it is delivered to the recipient with the express understanding that such information shall not be disclosed to anyone except persons in the recipient's organization that have a need to know the information for purposes of considering a relationship with Dynamic. The Prospectus was put together on 02 December 2000, and will be updated as additional and relevant information becomes available. If the recipient decides to not pursue a relationship with the company, please return this Plan immediately.

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Dynamic Gulf Coast AOI Prospectus Contents:

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Executive Summary Dynamic's Gulf Coast AOI (Area-Of-Interest)

Dynamic Oil & Gas Corporation (Dynamic) has prepared this Prospectus to raise US$2,000,000. and to seek a five-year 50% Business Partner. The monies will be used to fund: (1) exclusive business relationships within the AOI (Area-Of-Interest) with identified and receptive key technology providers; (2) purchase of leases in already identified exploration gaps, which will be used to demonstrate the power of Dynamic's technologies; and (3) development of 20 CLPs (new exploration Concepts, Leads [places and ways to look], and drillable Prospects), from which the Business Partner will be required to select three to drill and operate at their own costs, within twelve months of funding this prospectus, as a demonstration project to be used by Dynamic and the Business Partner to raise a US$100 million exploration fund for exploiting the AOI.

Funding this Prospectus is the next logical step in Dynamic's efforts to apply both internally-developed and under-appreciated commercial technologies to find previously untapped hydrocarbon reserves in the hydrocarbon prolific Gulf Coast AOI. Within the continental USA, this AOI accounts for the majority of historical hydrocarbon discoveries, and virtually all major discoveries made over the last 20 years. This investment provides a demonstration project, in addition to allowing Dynamic to obtain exclusive access to key commercial technologies and the hiring of a professional team of experts to collect and data mine the AOI using state-of-the-art region growing, principal component or factor analysis, and self-training classification pattern finding techniques.

The Business Partner's investment steps are: (1) fund this Prospectus for US$2,000,000.; (2) rank 20 CLPs provided by Dynamic within 6-9 months of funding, select three, and drilled them; (4) make the drilling results available to Dynamic; and (5) support raising an exploration fund of US$100,000,000. to exploit the most prospective portions of the entire AOI. In addition to all rights (except for a 3% overriding royalty interest or performance bonus to Dynamic) on 3 demonstration wells, estimated at US$1,000,000. each, projections show the Investor(s) will receive 3,300% return on their investment over the 5 years following raising the exploration fund (US$100,000,000). These returns will be from 20% ownership in any fields Dynamic discovers during this timeframe.

Dynamic was founded on May 22, 1991 in Houston, Texas for the purpose of commercializing the Global Basin Research Network dynamic replenishment research (see http://www.ldeo.columbia.edu/GBRN/doe_report/081593/0893.html. This proposal represents a unique opportunity resulting from technical advances over the last decade in understanding relationships between porosity, temperature, pressure, dynamic pressure shields, fluid migration, trapping, and fluid extraction. The principals associated with Dynamic developed these technologies, and are cataloging related Best Practices, in order to find and produce previously invisible hydrocarbons. Dynamic is the virtual oil company, and is exploiting how recent price increases have created economic incentives.

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Definitions:

- **AMI or Area of Mutual Interest**: geographically bounded regions where two or more parties agree to work together for the exploration for and exploitation of hydrocarbon reserves (see Appendix for Confidentiality and AMI Agreement).
- **AOI or Dynamic's Area-Of-Interest**: New Mexico, Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Alabama, and the adjacent State and Federal Offshore Leases.
- **Assessment of Strategic Fit**: A formal analysis of the strengths of a stakeholder or an oil company in a certain geographical region or AMI, and the ranking of that stakeholder or company against other companies exploring for and exploiting hydrocarbon reserves.
- **CLPs**: New exploration Concept(s), Lead(s), and Prospect(s).
- **Concept**: A new trend, a new way to identify hydrocarbons, new theories, new models, new hypotheses, and new ways to measure the presence of hydrocarbons, all of which can be represented as dimensions in a statistical or mathematical space
- **Dynamic Replenishment**: Recharging of hydrocarbon reservoirs either from bipassed or deep biotic reserves and vertical migration tied to regional faulting.
- **Investment**: Money committed for definition of potential **CLPs** (Concept(s), Lead(s), and Prospect(s) in the AOI or an AMI. A subscription agreement will be forward to those Prospective Participants who so request.
- **Leads**: A description of where and how to look for hydrocarbons, Leads can be bypassed pays, pays deeper than current drilling, undrilled fault blocks, previously unidentified stratigraphic traps, geochemical traps, pressure seals, etc.
- **Performance Bonus or Overriding Royalty**: The equivalent of or a percentage of ownership in the production from a hydrocarbon reserve.
- **Prospects**: Lead(s), with well defined hydrocarbon trapping closure, usually confirmed today with a 3-D seismic survey. Structural closure can be due to anticlinal rollovers, updip faults, fault wedges, horst blocks, grabens, salt controlled closure, etc. Stratigraphic closure can be due to updip pinchouts, updip lithology changes, carbonate fracturing, channels, deltas, barrier beach bars, turbite sands, etc. Geochemical closures can be due to secondary porosity, temperature gradients, etc. Pressure closures can be due to pressure shields, geopressure, etc.
- **Risked CLPs**: Concept(s), Lead(s), and Prospect(s) which have been ranked or graded based on new exploration concepts, hydrocarbon source, migration pathways, reservoir rocks, seals, trapping, timing, drilling issues, transportation, economics, etc.

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Data Mining Technology:

Dynamic has access to all of the technology of the Dynamic Professional NetWork. These technologies includes state-of-the-art experience in geology (chronotectonics, structural styles, faulting patterns, chronostratigraphy, lithostratigraphy, diagenesis, geopressure, pressure shields, etc.), geochemistry (fluid generation, fluid sources, etc.), petrophysics (log analysis, stratigraphic correlation, low resistively sands, fluid prediction, etc.), traditional geophysics (satellite data processing and interpretation, gravity, magnetics, electrical, acquisition, processing, interpretation, etc.), reflection seismology (real-time acquisition, 4-D seismology, velocity analysis and time-to-depth conversion, AVO lithology prediction, seismic attribute analysis, fluid indicators, migration pathway prediction, trapping identification, etc.), and engineering (dynamic replenishment, frac jobs, etc.).

Probably more important than these traditional technologies, our combined experience allows us to identify where we have blind spots in physical space, concept space, as well as measurement space. Most exploration and development today is based on discovering the distribution of oil and gas reserves in physical space. Workstations and visualization tools have been developed to a remarkable degree to optimize this search through 3-D space. Reserves are also found based on concepts of how and why accumulations form. In concept space there are theories, models, and hypotheses which can be represented as dimensions in a statistical or mathematical space. Because of the harsh environments hydrocarbons naturally occur in, the actual reserves themselves are found based on physical measurements. Technologies which allow us to measure physical properties, can be extended to project measured properties as dimensions in a statistical or mathematical space. This allows identification of regions of measurement space with sparse or excessive coverage, both of which can be useful in an exploration, an exploitation, or a development program.

Reserves live in places we have not looked, in places where we don't know what to look for, in places where we don't think we need to look, in places we can't see clearly or at all, and where we lack the engineering tools to produce reserves at a profit. By looking at the data, and creating feedback loops between generating concepts and testing concepts, Dynamic has identified technologies to find these hidden reserves. The key technologies Dynamic has, allow us to mine data in information space, looking for correspondence between successful performance and all known factors, whether they be spatial, conceptual, or measurement based. In using state-of-the-art pattern finding technologies in information space, Dynamic looks for missing regions of knowledge, fills these blind spots by looking in new places, in new ways in old places, in new play fairways, in new concepts, and using new tools.

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Dynamic recognizes there has been significant payoff-per-effort in exploration and development cycles. In the Gulf of Mexico a plot of millions of barrels oil equivalent added by 100 wildcat wells shows a major climb to almost 1 billion barrels between 1930 and 1950 with the initial shelf exploration. However, this growth was followed by a steady decline down to less than 100 million barrels of oil equivalent from 100 new wildcats until the early 1970s when “bright spot technology” was discovered. From 1968 to 1972 addition of new barrels climbed back up to 500 million barrels of new oil equivalent added by 100 wildcat wells. This was followed by increased reserves based on subsalt exploration and then deep water exploration.

Using state-of-the-art pattern finding and data mining technologies, Dynamic intends to lead the next cycle of increasing production for a similar number of wildcat wells. We will use all of the information management tools available, and have and will continue to invent many of our own new tools to insure we retain a competitive advantage. Data mining and information tools we have access to and are using to identify CLPs include:

Cluster Analysis

A cluster of data is a non-random segregation of products into separate groups. Although there is no way to determine the correct (or even optimal) number of clusters, Dynamic anticipates identification of first order trends using cluster analysis. One must specify the number of clusters as an input parameter in order to run the program. Alternatively, the number of specified clusters can be progressively increased through several iterations. Each iteration of the analysis will deliver a "solution"; however, there are no strong criteria to determine which is the correct solution. The major problem in cluster analysis is "cluster validity." Another problem is that the results are commonly "assessed by visual inspection of a graph" (a dendrogram) which, by virtue of its two dimensional nature, cannot accurately portray the relationships between clusters. We anticipate our access to N-D immersive environments will minimize this issue. A final problem is that the output is produced in a form difficult to understand or use by decision-makers. Also we see an opportunity for visualization to assist in communication of results.

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Principal Component or Factor Analysis

Although Principal Component Analysis has similar problems to cluster analysis, except for a change in jargon, Dynamic will also use these technologies when appropriate. Mathematical purists can substitute "cluster validity" with "determination of significant eigenvectors" and "assessed by visual inspection of a graph" with "problems tied to projection" in the above discussion. Problems are further exacerbated due to the inability to describe and defend the concept that an eigenvector or a "factor" in any fundamental context of business decisions. However, Dynamic intends to use correlate any "factor" derived from mathematical or concept space into holistic synergistic data models in order to identify trends and to be better able to rank CLPs.

Self-Training Classification of Data

Our primary data mining tool is based on the concept of self-training classification of data. Ten years in development and testing, in conjunction with our partner Residuum Energy, Inc., Dynamic has developed new, more powerful, "data mining" software and procedures to produce maps and cross-sections using data sets that are cleared of the artifacts and inconsistencies commonly present in large data bases, removing a major obstacle to construction of databases containing millions of data points..

Proprietary "data cleaning" technologies insure reliable data is used in the analysis and when necessary can provide a "best estimate" correction based on analysis of the entire data matrix. Utilizing these tools Residuum Energy, Inc. has completed individual studies each involving 20,000+ wells and 40+ formation tops The software has the capacity to handle much larger data sets.

Data mining, pattern recognition, and self-training classifiers produce superior understanding of the data, types of activities, and customer trends. Dynamic sees a unique opportunity to use these data mining technologies in locating subtle traps in semi-mature hydrocarbon basins. This is accomplished by exploiting the giant databases that now exist for such basins. Well-based information, stratigraphic, engineering and production data, can be combined with other sources of commonly available information, such as gravity, aeromagnetic, and seismic, to yield a database with rich potential for understanding future hydrocarbon development.

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Introduction to Automated Self-Classification

Competitiveness in the modern business environment is increasingly driven by information technology that permits strongly based timely decisions. The formation revolution was made possible first by the spreadsheet concept and then by the ready availability of large capacity data storage, fast data retrieval and transmission, and good database design. The first stage in information technology centered on rapid assessment of large data volumes following spreadsheet and relational database paradigms. The second stage in the information revolution concerns development of digital "explorers" whose function is to:

1. Detect complex patterns and relationships among the data and
2. Report these findings in a manner useful to decision-makers.

This section discusses a new sort of data explorer program called a "Self-Training Classifier". Self-training classifiers are designed to determine complex relationships in large databases without being driven by pre-existing hypotheses. This seems at first glance to represent a leap backwards in that it is not driven by pre-existing theory concerning the underlying root causes of business dynamics. However, macro and micro economic theory is neither very robust nor complete enough to answer the day-to-day needs of corporate practice. A key concept being pursued is that data is deterministic, in that it does speak, and data is a precursor to decision making. Understanding the structure of and relationships within data results in better decisions.

Dynamic has constructed a numerical procedure tailored to both the complexity of data and the objectives of the data analysis. Tailored to overcome the obstacles encountered by previous attempts to extract information from data complexes it is designed to explore an n-dimensional data space and return with significant insights easily understood by decision- makers.

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Delineation of Data Structure

Corporate data consist of a complex of inter-correlated data. The simplest representation of this is displayed in a simple spreadsheet consisting of rows and columns. Commonly rows represent a physical or economic entity and columns define a set of attributes of that entity. For instance, rows can represent products and column represents various attributes of each product. An attribute (such as weight) commonly varies from product to product, as does another attribute (say cost). In addition the cost of a product may in some way depend on its weight. The pattern of non-random relationships present in a spreadsheet among attributes and products is defined as the data structure. Exploratory data analysis is the procedure designed to ferret out these relationships and report them in a manner appropriate for decision-making. Each row in a spreadsheet represents an entity (a product, a person, a company) and the columns represent values of a set of variables associated with that entity. Graphically, an entity represents a point defined by its location with respect a set of axes. The value of an entity can be displayed by its location on an axis (labeled for instance "cost"), each axis representing a variable. If only cost and weight are the only variables, a point on graph paper can represent a product. However, the number of variables (columns in the spreadsheet) is commonly far more than two. If we have "n" variables (columns) then a point defined by its position measured against "n" axes can represent the product.

Self-Training Classification

We cannot visualize the location of a points graphed into a space containing ten axes that are all mutually perpendicular for this would require an ability to "see" in more than three-dimensions. The relationships between samples in this n-dimensional space carry large amounts of information. Dynamic's proprietary technology is designed to allow us to explore this hyperspace by proxy and then report to us in a framework intelligible to us mere mortals and represents the most highly evolved procedure as an n-dimensional self-training classifier. Self-training implies that the data structure itself defines the output rather than an a priori assessment of the important underlying factors. Thus, patterns in n-space determined by relative positions of product locations define the associations between products and variables. The Dynamic approach differs in many ways from other self-training classification procedures. A major difference is that the analysis does not equate the degree of practical importance of a class with the fraction of the variability of the total data set that it accounts for. We recognize, for example, that a few parts per million of dioxin on an industrial site impacts a corporation far more than several tens of percent of iron. In this respect, it differs from procedures such as principal component analysis or factor analysis, which were described above.

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General Characteristics of Archetypes and Hybrids

The basic idea behind this technology is that entities such as products or people can be analyzed with respect to archetypes or "end-members". An end member is defined in the same terms as a product, that is, as a set of values of the same variables as used in the original spreadsheet. An end member therefore may be represented by a real product or may be defined by a set of variables that can potentially be a product. An archetype is defined as "a model of all things of the same type". Commonly real entities may approach an archetypal state but seldom attain it. Also many entities may be hybrid, i.e., a mixture of archetypes. For example, there may be three sorts of customer, each sort represented by an archetype defined by their buying habits; and all customers may be defined by a characteristic set of proportions that represent the "mix" of archetypes in that individual.

Polygons, Polyhedrons... Polytopes-the basis for classification

A polytope is a polygon of any dimensionality. A two-dimensional polytope is a polygon; a three-dimensional polytope is a polyhedron, and so on. We are interested in a certain sort of polytope generalized into any number of dimensions. In two dimensions it is a triangle, in three dimensions it is represented by a tetrahedron (a four sided pyramid), and so on into higher dimensions. The number of corners (vertices) of each polytope is one higher than the number of dimensions in which it resides. Thus a triangle (a two dimensional polytope) has three vertices. In the context of the following discussion, each vertex can represent an archetype or kind of entity and any point within or on the Polytopes represents classification of an entity in terms of relative proportions of an archetype. Obviously, an infinite number of Polytopes can enclose a cloud of data. The challenge we faced was to derive a special or unique Polytopes, sensitive to the data structure and carrying the most easily interpretable information. The developers worked, on a variety of "bottom line" problems such as environmental fingerprinting, litigation support, petroleum exploration and production strategy, medical image analysis, and mineral exploration. Success or failure in any of these fields is predicated on sound data analysis coupled with an inherently effective means to transmit the results to decision-makers. Automated self-classification technology is designed to require few assumptions about data structure. Therefore it is not necessary to assume the existence of, normal frequency distributions, of the linkage of the magnitude of variance to the degree of importance, or that the data is clustered.

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Capacity

The maximum number of archetypes is defined by the nature of the data matrix. The maximum potential number of archetypes derived must be equal to or less than the number of columns (cases) or rows (attributes) whichever is the lesser in the data matrix. Practice has shown that at least 15 to 10 cases should be included. The maximum number of cases that can be analyzed in a single analysis is virtually unlimited.

Other Procedures

In the absence of a strong underlying theory, self-training is a prudent approach. However, as described above, the self-training classification can be accomplished in at least three very different ways: cluster analysis, principal component / factor analysis, and Polytopic Vector Analysis (PVA). The first two procedures have been used and refined for decades. As described above both have inherent problems that limit generalized application.

Dynamic has a close working relationship with principals Chroma Energy, who have developed factor analysis tools for deriving patterns from 3-D seismic surveys. They have developed tools which can be used to provide a qualitative estimate of potential reservoirs, including estimation of where reservoir quality rock is and is not present, as well as the ability to distinguish between thick and thin beds. They limit pattern finding based on spatial extent, morphology, and anticipated reservoir characteristics.

In addition, two of the principal contributors to the Global Basin Research Network (GBRN), Albert Boulanger and Dr. Wei He, have also been involved in developing and applying factor analysis. They have been involved with Dynamic since 1991, and have a very close working relationship with the principals. Following the major effort with the GBRN Albert and Wei have continued to be key contributors in research associated with time-lapse (4-D) seismic, the Lamont Portfolio Consortium, and subsequent work with C.E.S., LLC (see www.ces-enterprise.com) and vPatch Technologies (see www.vpatch.com). Of immediate interest to Dynamic is their groundbreaking work in reconciling and normalizing multiple 3-D seismic surveys covering the same area in order to allow scientific exploration of acoustic impedance changes over time, new inversion technologies, manifolding and differencing 4-D seismic surveys, cataloging over 200 region growing algorithms, developing new algorithms for automatic seismic interpretation, procedures to identify permeability pathways, and development of new tools to handle and visualize very large data sets.

Dynamic, thanks to the Dynamic Professional NetWork described below, will use the best and most cost-effective solutions to provide our investors and Business Partner's quality CLPs within 12 months of funding within the Gulf Coast AOI.

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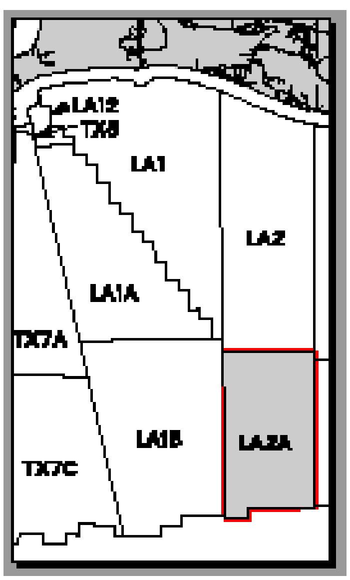
Investment Opportunities for Current Dynamic AMI Agreements

As of 04 December 2000 we have defined 5 Areas of Mutual Interest (AMIs) within our AOI, each of which have high probability of containing major undiscovered reserves. Although these are separate investment opportunities, we have included these brief descriptions in this Prospectus because the AMIs will be ranked among active exploration areas when the US$100,000,000. exploration budget is raised. Each AMI has already produced very large amounts of hydrocarbons. Remaining reserves will occur as bypassed pay in known fields and in subtle traps not easily resolved using conventional seismic procedures. An attractive aspect of each AMI is the fact surface infrastructure already exists for gathering, transporting, and refining newly discovered hydrocarbons.

Each AMI has been heavily drilled and contains large numbers of producing wells. Therefore a rich database can be assembled that can be used to guide further exploration. Besides stratigraphic tops, the data includes such information as results of Drill Stem Tests, properties of produced fluids and gasses, decline curves, gravity and magnetic data, and seismic data. Experience in other areas indicates that a systematic "data mining" approach to this data can produce new play Concepts, Leads, and drillable Prospects (CLPs). Data mining is a new procedure in petroleum sciences and is a young field in general. Dynamic Oil & Gas Corporation has assembled the best experts to guide the data mining effort. We propose to link this new data mining approach to the expertise of geological and geophysical explorationists who have in-depth experience in each AMI. The results will provide a competitive edge in locating lower risk prospects.

1. **East Cameron South Addition AMI**. Not yet funded



First phase budget: US$800,000.

Funds will be used to obtain potential field and spec 3-D seismic data across four blocks under AMI, to perform prestack depth migration processing on the spec seismic survey, and to do an integrated interpretation of the data to determine if there is a sand fairway across the prospect, and to qualify a good subsalt prospect.

A second phase budget commitment of US$25 million is anticipated for a planned 20,000+ foot well through the salt weld. Risk of sands not being present will be addressed in Phase 1. Anticipated production is beneath geopressure.

Team Leader: H. Roice Nelson, Jr

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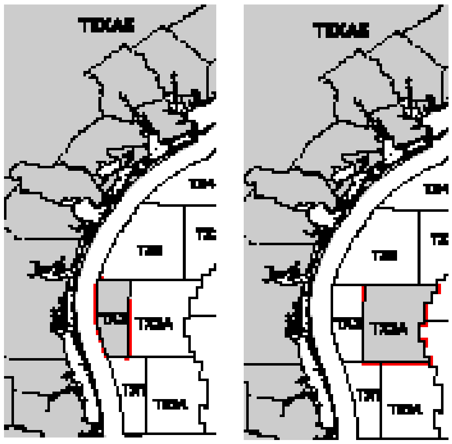
2. **North Padre Island AMI**.



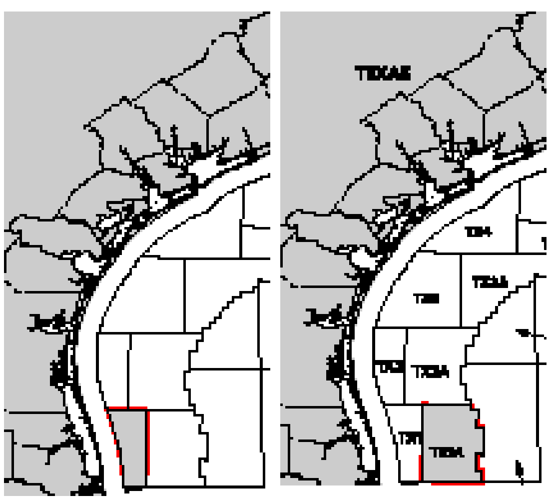
First phase budget: US$275,000.
Not yet funded.

Funds will be used for data transcription, reprocessing of 2,000 miles of seismic data to extract velocity information, due to a 35% velocity change across the area, and AVO processing. Five strong leads and one prospect are currently defined. All six CLPs are close to existing production. The prospect is available for farmout on a third for a quarter basis. US$1.5-2.0 million dollar well cost, will earn 75% interest in the block.

Second phase budget will include purchase of 6 leases in the fall of 2001 for approximately US$1.2 million total. We anticipate 10 leads coming out of the seismic reprocessing and to be able to successfully bid on six blocks.

Team Leader: Dick Coons

3. **South Padre Island AMI**.



First phase budget: US$225,000.
Not yet funded.

Funds will be used for data transcription and reprocessing of 1,000 miles of seismic data. There is a 25%-35% velocity change across the area. The structure in the shallow water portion of the area is low relief, and thus velocity changes significantly affect the depth structural highs relative to the travel-time structural highs. The leads are small, and yet one submarine fan which has been defined covers about 80 square miles, or portions of 10 blocks. The uncertainty for this area is the amount of sand. The task is to accurately map the deep water depositional features from the seismic.

Second phase budget will include bidding on 6-10 leases in the fall of 2001 for approximately US$1.6 million total. We anticipate 5 leads, which will cover relatively large areas, and to be able to successfully bid on eight blocks.

Team Leader: Dick Coons

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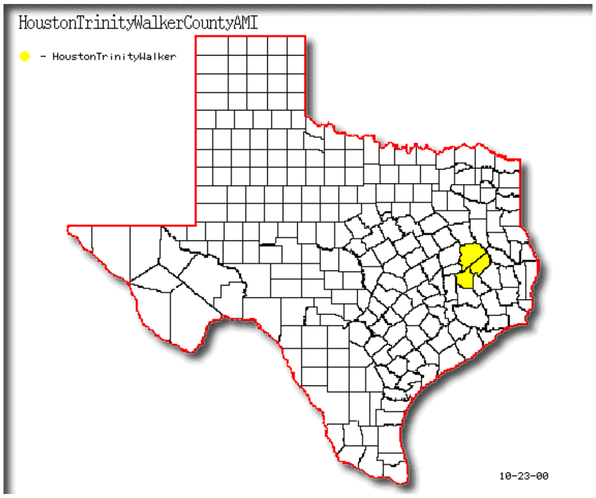
4. **Houston, Trinity, and Walker County AMI**.



First phase budget: US$200.000 to repurchase leases and study speculative seismic data in the area.

Second phase budget will include a well test to exploit the Cotton Valley Reef Trend and test the identified undrilled and deep Lovelady Prospect. We anticipate the 20,000 foot test well will cost US$3.0 million.

Team Leader: Alf Klaviness

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5. **Offshore Eastern Louisiana AMI**.

The Dynamic Offshore Eastern Louisiana AMI includes the Federal Lease Blocks in Grand Isle (Figure 1), Grand Isle South Addition (Figure 2), West Delta (Figure 3), West Delta South Addition (Figure 4), South Pass (Figure 5), South Pass South and East Additions (Figure 6), Main Pass (Figure 7), and Breton Sound (Figure 8).

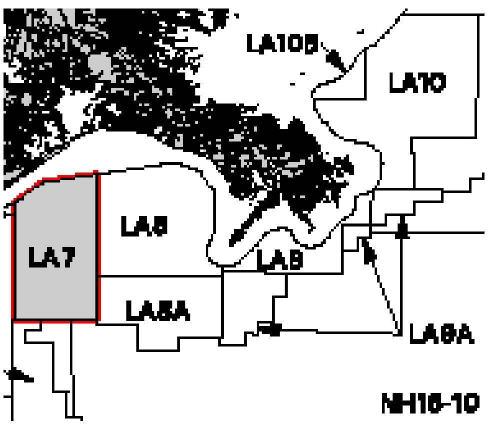

Figure 1. Grand Isle

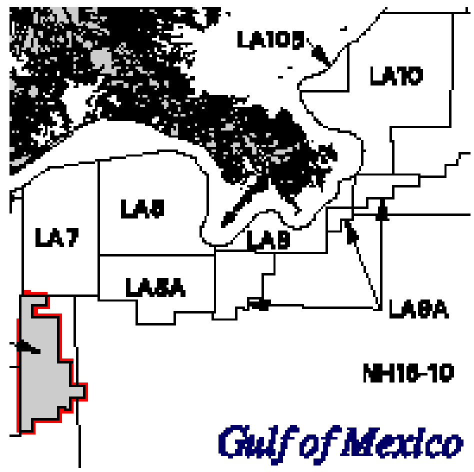

Figure 2. Grand Isle South Addition

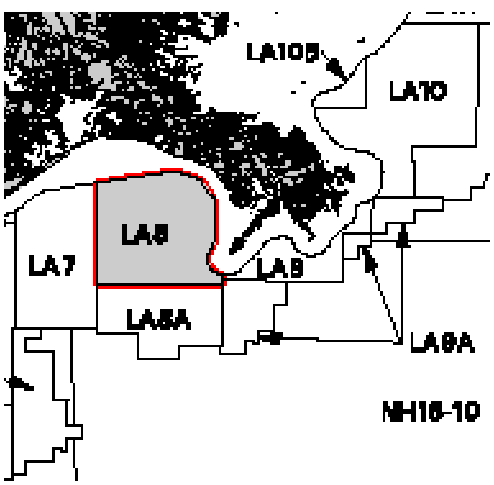

Figure 3. West Delta

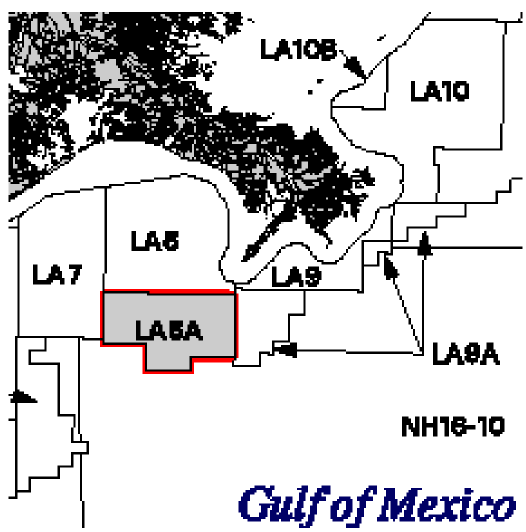

Figure 4. West Delta South Addition

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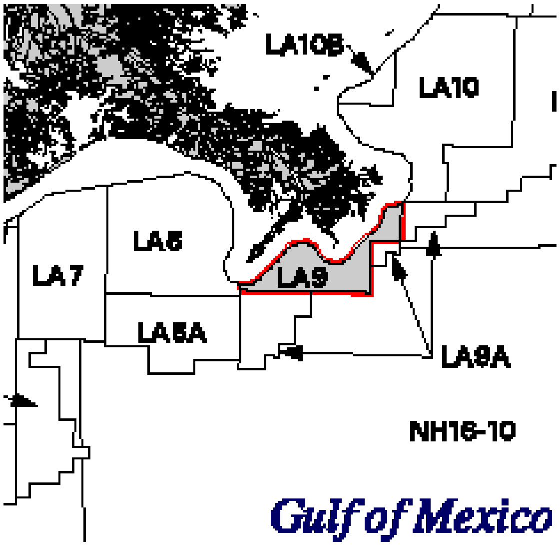

Figure 5. South Pass

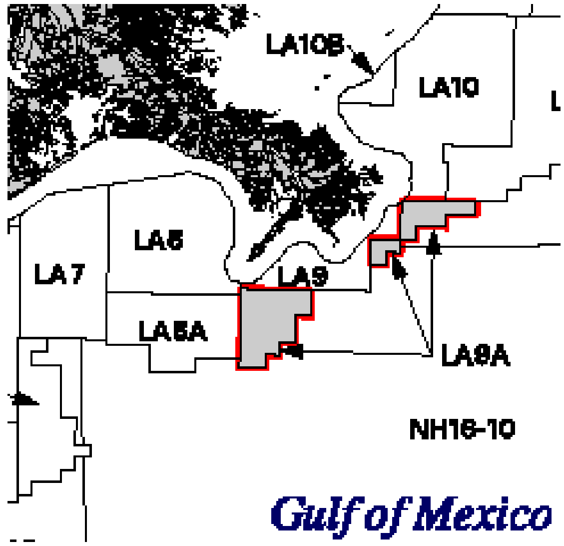

Figure 6. South Pass South and East Editions

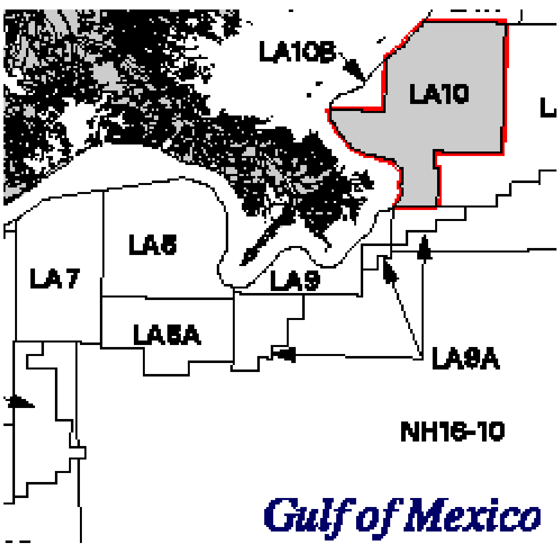

Figure 7. Main Pass

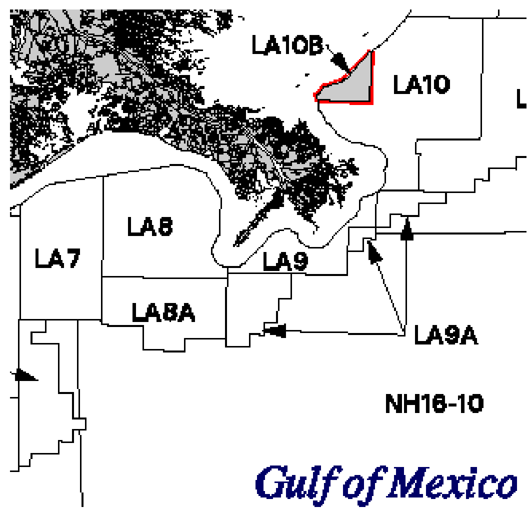

Figure 8. Breton Sound

Phase one budget: US$2.0 million. Not yet funded.

Phase one funds will be used for a 12 month study which will require building infrastructure, data acquisition, data mining, pattern finding, new exploration concept generation, lead identification, prospect definition, assessment of strategic fit analysis, and the ongoing costs of operations. This AMI proposal is being taken to companies with an extensive lease position in the AMI. The second phase budget is US$50 million. Team Leader: Dr. Sam LeRoy

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Details of the Gulf Coast AOI

The Dynamic Gulf Coast AOI is defined above as including New Mexico, Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Alabama, and the adjacent State and Federal Offshore Leases, as shown in Figure 9 below:

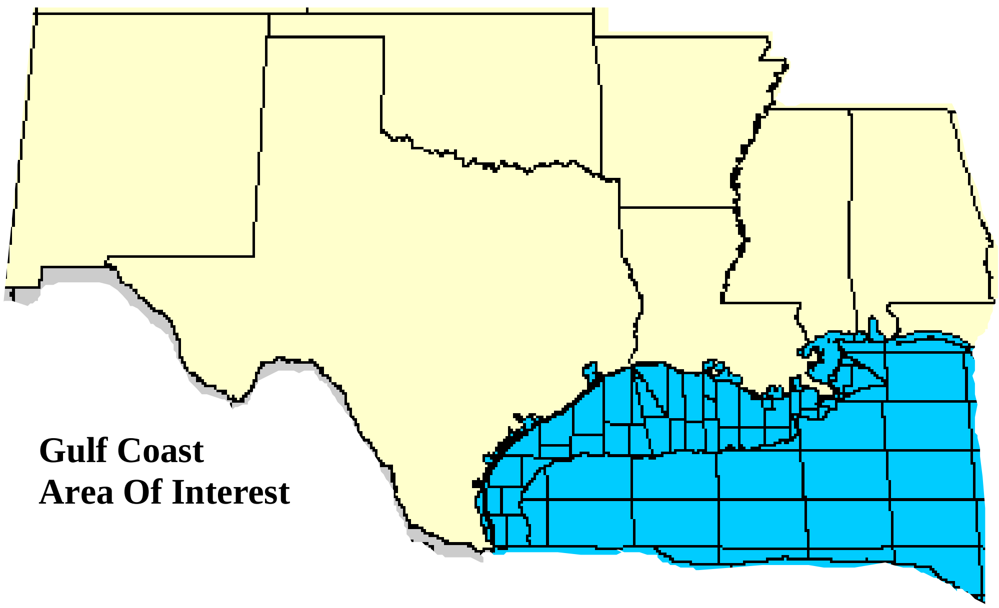

Figure 9. Extent of Dynamic's Gulf Coast AOI.

The Eastern Offshore Louisiana AMI (which includes Federal Water Lease Blocks within Breton Sound, Grand Isle, Grand Isle South, Main Pass, South Pass, South Pass East and South Additions, West Delta, and West Delta South Addition as defined in the section above) covers than 1% of the geographic area encompassed by the Gulf Coast AOI. It is significant to note that in the Eastern Offshore Louisiana AMI, Dynamic commits to identify 200 new exploration Concept(s), Lead(s), or Prospect(s) at less than $10,000 each within 12 months of finalizing fundraising for this or an equivalent AMI. This is possible because the first area Dynamic studies will demonstrate a new statistical class of data-mining driven definitions of exploration and exploitation opportunities.

It is the opinion of Dynamic principals as well as the Dynamic Professional NetWork that the best place to look for hydrocarbons is where there is current hydrocarbon production. For example, Table 1 below shows that 11.7% of the Proven Development Producing (PDP) and Proven Active Non-Producing (PDNP) fields are within the boundaries of the Offshore Eastern Louisiana AMI. These fields include 31.12% of proven oil reserves and 11.95% of proven gas reserves in the Gulf of Mexico. They represent 36.68% of oil production through 1997 and 12.74% of gas production through 1997. And these fields

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represent 12.99% of remaining proven oil reserves and 8.68% of remaining proven gas reserves in the Gulf of Mexico Outer Continental Shelf as of December 31st, 1997 according to Mineral Management Services.

Table 1 below summarizes relative production in the Offshore Eastern Louisiana AMI versus the entire Gulf Coast AOI. Dynamic has assembled a first class team of proven oil finders to study the Gulf Coast AOI. The team has access to the latest developments in pattern finding and data mining tools and we are firmly convinced this will provide a unique opportunity to identify at least buffalo class fields, hidden among the Gulf Coast elephants. The key to Dynamic's success will be letting the data present trends and patterns in N-dimensional information space, and then translating those trends and patterns into physical space in order to be able to predict bypass pays, undrilled fault blocks, missed stratigraphic plays, geopressure seals, thermal anomalies, and previously unidentified geochemical CLPs.

Table 1.--Estimated oil and gas reserves for 957 proved and 51 unproved fields by area, Gulf of Mexico, Outer Continental Shelf, December 31, 1997, MMS

(Reserves: oil expressed in millions of barrels at 60 F and 1 atmosphere; gas in billions of cubic feet at 60 F and 15.025 psia.)

Area(s)	Number of fields: Proved active prod	Proved active nonprod	Proved active nonprod	Unproved active	Unproved studied	Expired nonprod
Grand Isle	13	2	1	0	0	2
Main Pass & Breton Sound	47	1	10	8	4	7
South Pass	12	1	0	0	0	1
West Delta	19	1	5	0	0	2
Totals Offshore Eastern Louisiana AMI:	***91***	***5***	***16***	***8***	***4***	***12***
		112				
GOM Total:	755	34	168	67	51	126
		957				
Ratio AMI :TO: GOM Total:	12.05%	14.71%	9.52%	11.94%	7.84%	9.52%
		11.70%				

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Table Continued . . .

Area(s)	Original proved reserves		Cumulative production through 1997		Remaining proved reserves	
	Oil	Gas	Oil	Gas	Oil	Gas
Grand Isle	931	4,329	871	3,891	60	438
Main Pass & Breton Sound	981	5,480	820	4,488	161	992
South Pass	1,017	4,124	928	3,390	89	734
West Delta	1,326	4,997	1,219	4,489	107	508
Totals Offshore Eastern Louisiana AMI:	***4,255***	***18,930***	***3,838***	***16,258***	***417***	***2,672***
GOM Total:	13672	158422	10463	127640	3209	30782
Ratio AMI :TO: GOM Total:	31.12%	11.95%	36.68%	12.74%	12.99%	8.68%

Location, Location, Location.

Most petroleum basins on continental margins contain trends of concentrated oil and gas accumulations. Usually structural in nature, the richest parts of these trends often mark the overlap of good conditions in trap, reservoir, seal and source-migration history. The Gulf of Mexico Basin itself is marked by distinct geographic zones of intense hydrocarbon accumulation.

Figure 10 on the next page shows cumulative production in Barrels Oil Equivalent (BOE) per 400 square kilometer area. For the offshore, this map is essentially saying "how much hydrocarbon would you buy if you leased 16 contiguous federal lease blocks?" Concentrations range from 0 to 1.5 billion BOE. Attractive prospective structures with good reservoir sands occur under almost the entire area. The next question to ask is "what creates the concentration patterns seen in the Gulf Coast AOI?" Good sealing shales are well developed between reservoir quality sands in this basin. This leaves source and migration as candidates for factors which control whether seemingly equivalent areas will produce 25 million or 500 million BOE.

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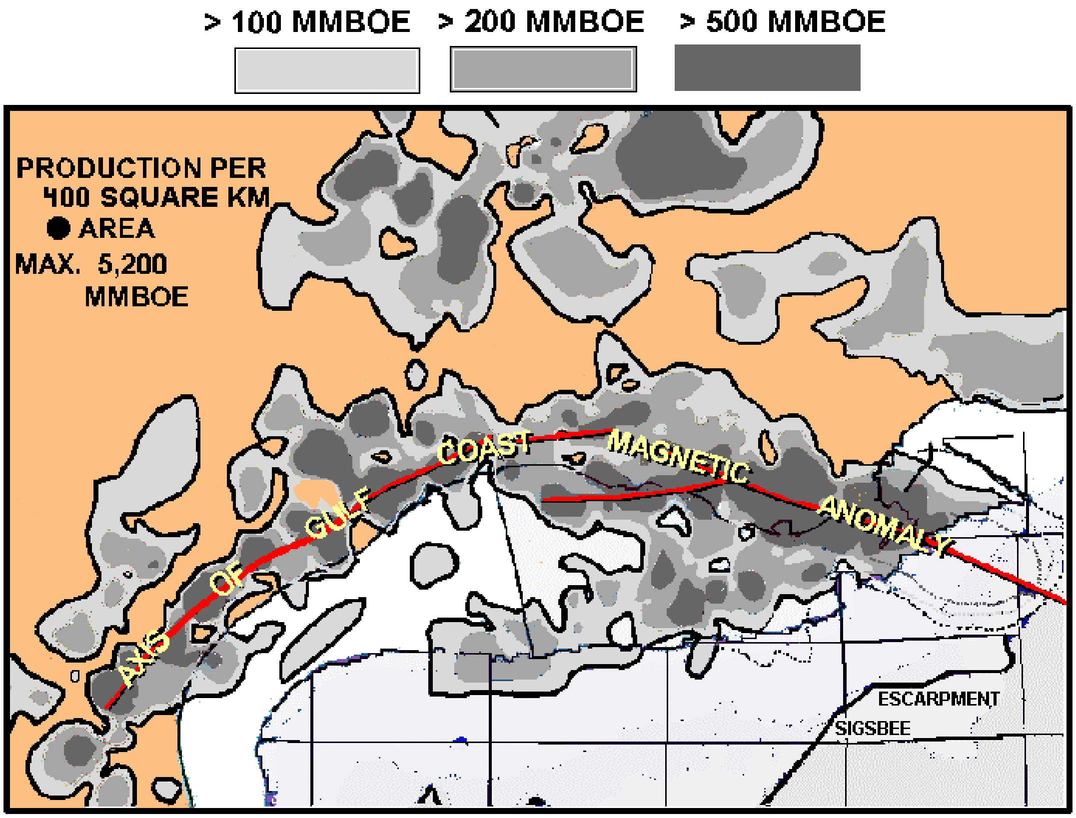

Figure 10. Concentrated volumes of known hydrocarbons.

Deeply buried crustal features seem to be the primary control on the location of these rich concentrations. For example, in Figure 10 the axial line for the Gulf Coast Magnetic Anomaly (GCMA) is shown. The anomaly runs along the coast and then moves offshore at the Birdfoot Delta. The anomaly also runs along the axis of the main Tertiary producing trend in the northern Gulf Basin. Along this rich zone, ages of producing reservoirs range from Eocene to Upper Miocene. Trapping structures vary from growth-fault rollovers to salt dome flanks. The common thread that ties these fields together is their association with the anomaly. Magnetic and gravity modeling of the GCMA indicate that it most likely represents a boundary between thinned continental crust and oceanic or extremely attenuated continental crust. We expect the data-mining approach to lead to improved understanding of oil and gas migration through deep-seated geopressure anomalies. This in turn should lead to new exploration and development targets – Concepts, Leads, and Prospects (CLPs).

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Large integrated oil companies have regularly gone through and reworked exploration and production study areas from the ground up in order to get a new set of eyes and experience to look at the data and see if invisible or hidden hydrocarbons can be identified. This reworking has occurred every time a new exploration concept is identified, as highlighted in Figure 11 below for the Gulf Coast AOI:

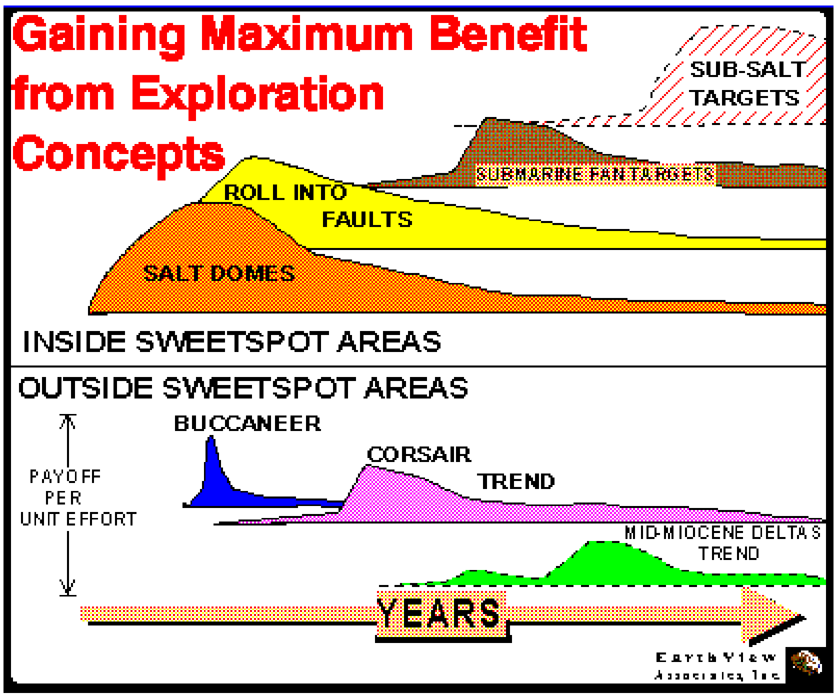

Figure 11. Seven Exploration Concepts across time.

Except for the East Cameron South Addition AMI, neither Dynamic, nor any member of the Dynamic Professional NetWork who is working this AOI, have written agreements, leases, performance bonus or overriding royalty interests, nor working interest participation within this study area. However, the team has extensive experience and a proven track record of finding hydrocarbons in the Gulf Coast, and in similar basins with similar geology, as well as similar structural and stratigraphic styles.

A data mining study as comprehensive as Dynamic is proposing in this Prospectus has never been undertaken before. Based on experience in doing subset studies, the Gulf Coast AOI Team has no doubt that there will be significant new breakthroughs, that will have direct application in other geologic basins around the world. Again to state specific deliverables, Dynamic commits to identify 20 new exploration CLPs, within 12 months of finalizing fundraising, and with a business partner to drill 3 exploratory wells to demonstrate the power of the technologies. The goal is then to go and raise a US$100 million drilling fund, to exploit the technologies within the AOI.

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Summary - Factors leading to the Gulf Coast AOI hydrocarbon concentrations.

The payoff to looking at a frontier basin comes when the "sweetspots" are found and produced. By looking within the Gulf Coast AOI with the new data-mining and pattern recognition tools, Dynamic can gain useful insight into how and where to find the best remaining reserves. The proposed project will improve our picture of the detailed mechanisms which connect deep structure with the main pay levels in the Gulf Coast (see Figure 12). The empirical association between deep structure and pay means that explorers who can predict the connection between source with reservoir will be rewarded with world-class discoveries. Table 2, below, shows that major discoveries continue to be found within the Gulf Coast AOI. This is further shown by Technical Supplement 2.

HYDROCARBON CONCENTRATION CONNECTS TO DEEP STRUCTURE

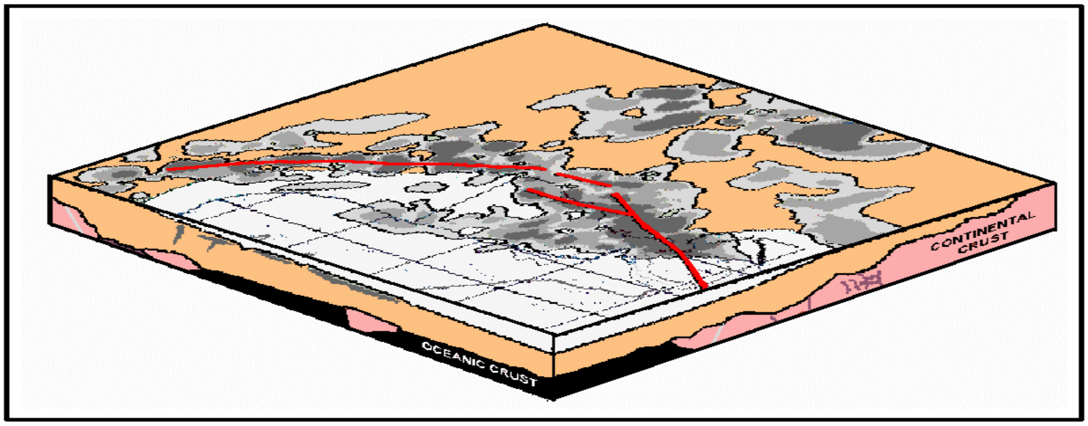

Figure 12. - 3-D view of concentrated volumes of known hydrocarbons in the US Gulf Coast Basin.

Table 2. Recent reserve additions and ultimate recovery by area on the Gulf of Mexico OCS Shelf.

	1983-1990 Reserve Adds (million BOE)	1991-1998 Reserve Adds (million BOE)[a]	Ult. Recovery 12-31-1998 (million BOE)
South Texas	947	611	1,918
North Texas	938	685	3,192
West Louisiana	1619	1137	8,792
Central Louisiana	2604	2471	14,848
East Louisiana	1443	1353	8,096
MAFLA	163	309	472
Total	7713	6567	37,317

a. Source: NRG Associates, The Significant Oil and Gas Fields of the Gulf of Mexico Database

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Visualization Technology:

Dynamic also has access to state-of-the-art immersive visualization environments. These environments enable human-scale, true 3-D projections of the subsurface to be used to both visually find patterns in existing data and to present results to investors and stakeholders. For example, we know from past studies that once all of the tops in a field are placed in their proper spatial position, it immediately becomes visually obvious where there are gaps in production. Adding geophysical and production data to the geologic data, results in phenomenal understanding of complex spatial information.

It is important to note these immersive environments will provide a natural, intuitive, and understandable way to present the complex results of the study. Because the data will be collected across the traditional functional boundaries of geology, geophysics, and engineering, it will be important to have a common framework upon which to hang all of the data and interpretation results in order to insure comprehensibility. Each discipline has developed ways to present and evaluate data, as is shown by the enginnering production data from South Texas shown in Figure 13 below.

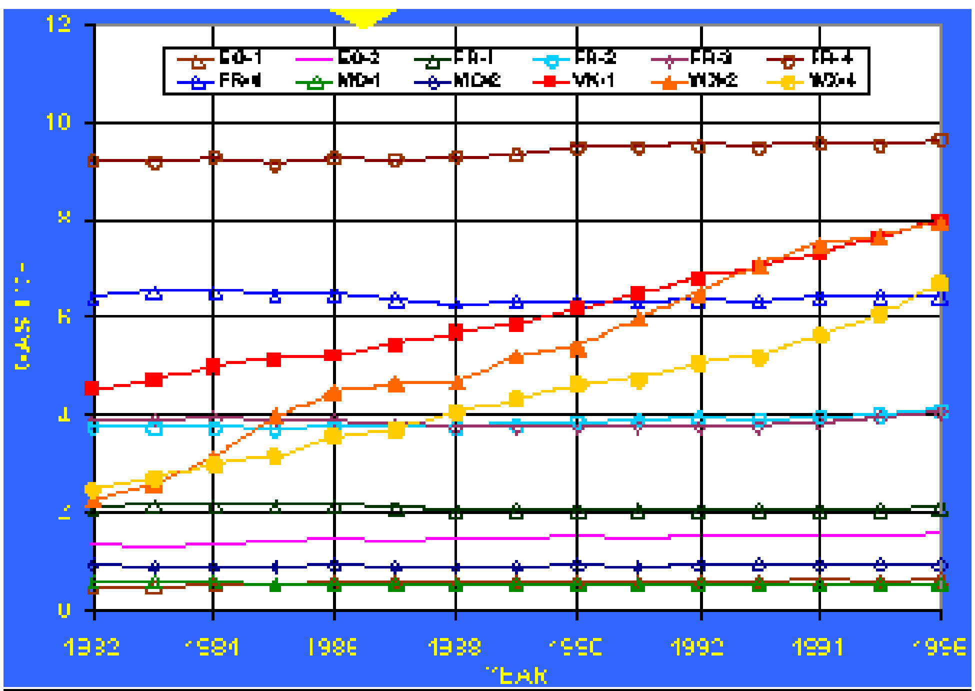

Figure 13. Engineering production history data from South Texas.

Graphs like this are particularly useful for specific functional evaluations. However, they tend to create confusion when presented to stakeholders outside the functional discipline. Figure 14 on the next page illustrates an alternative way to display the same data.

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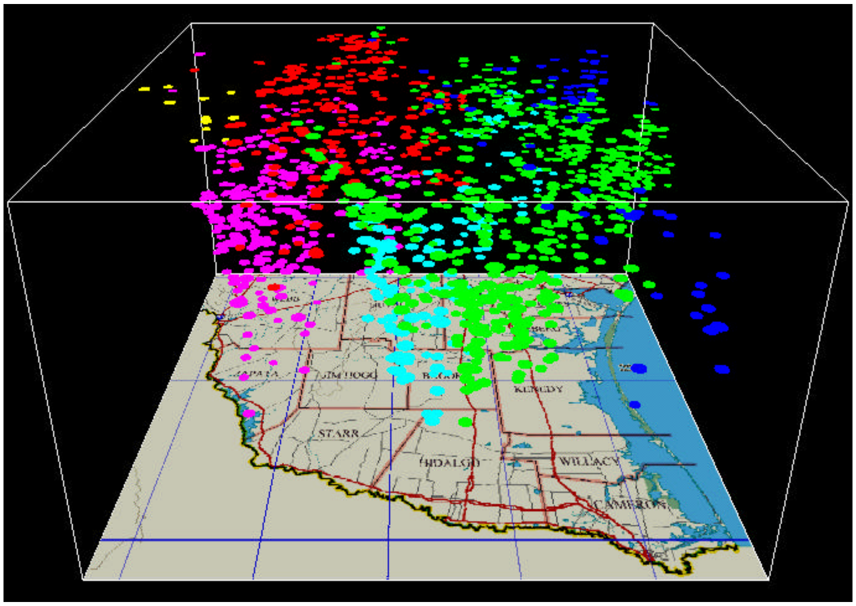

Figure 14. Production history data derived courtesy of NRG Associates from Texas Railroad Commission District 4. Red is Eocene, Violet is Wilcox, Cyan is Vicksburg, Green is Frio, and Blue is Miocene.

Many models require N-dimensional data integration. Multi-dimensional models render major improvements, beyond what can be derived from 2-D maps. Seeing and hearing spatial relationships and anomalies within data and the process of reconciliation of these differences enhances understanding. Since models have embedded knowledge and users can interact with them, visceral understanding of the data can be obtained simply by walking around the model in an immersive environment. To better demonstrate this concept, Figures 15 and 16, on the next page, show a series of photographs of two individuals working in the Houston Continuum Resources Immersive Environment.

Models literally have intelligence, which users can interact with. As users build a model, they transfer the 3-D, image which is in their minds, to the immersive environment. This allows users to better tell their story and to collaborate with colleagues in the same theater, across town, or across the world. With the younger generation being trained in spatial relationships through computer games, there will be a turning away from the limitations of static 2-D paper maps, and they will be replaced by dynamic multidimensional information models that combine elements of virtual reality with more creative representations complex metadata. This change in work flow is an exciting and fundamental difference in how we humans are beginning to interact with the world around us. Because of the economics around E&P, the oil industry is once again leading a major societal and business transformation, demonstrating the impending obsolescence of maps. Dynamic will leverage these developments in exploiting the Gulf Coast AOI.

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Figure 15. Jeff Winston and Roice Nelson in the Continuum Resources Immersive Environment.

Figure 16. Top Left to Right, then Bottom Left to Right show an immersive presentation session.

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Dynamic models have an additional benefit in their ability to range rapidly across many orders of magnitude of space or time, from the microscopic to the regional. As is illustrated in the following review of a South Texas Prospect, this type of dynamic integration is not possible with conventional planar 2-D maps (Figures 17-20).

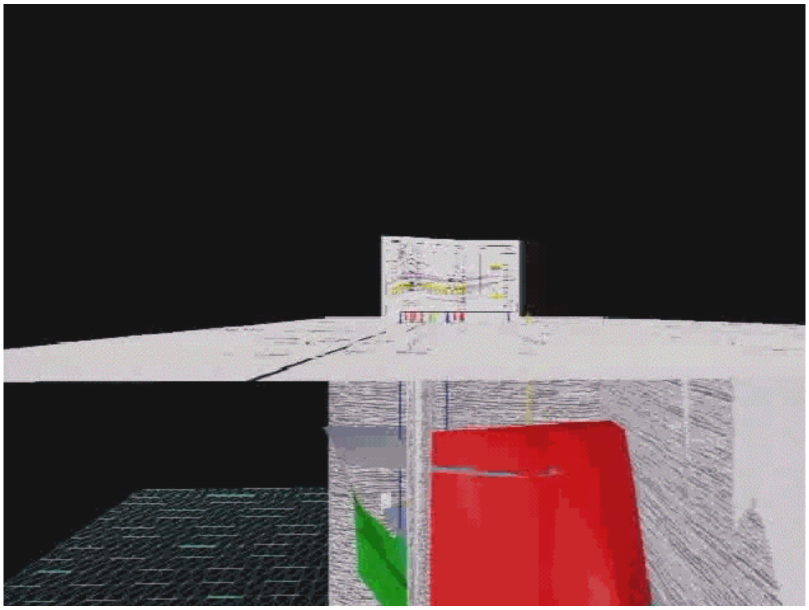

Figure 17. Overview evaluation of a Hidalgo County gas prospect, showing integration of the location map and a geologic cross-section across the top of the prospect with subsurface data.

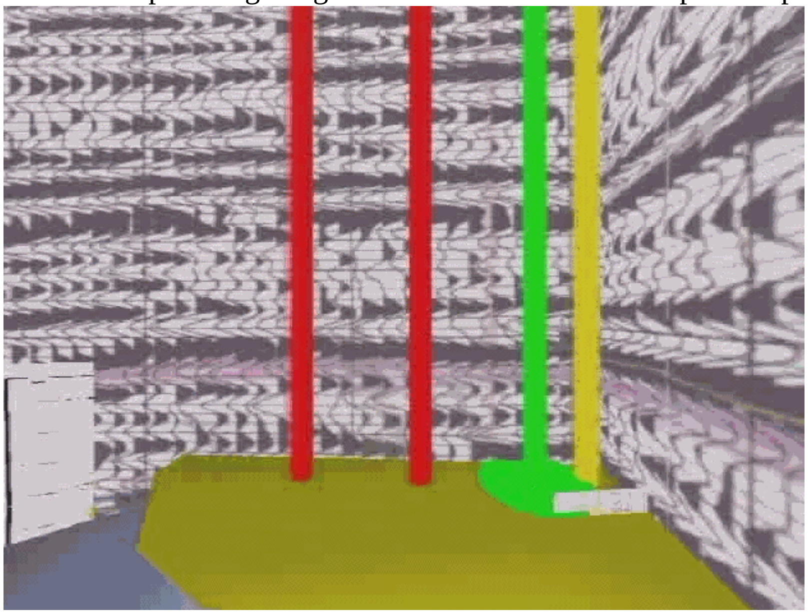

Figure 18. Flying to the prospect, with production (green) and a proposed offset well (yellow).

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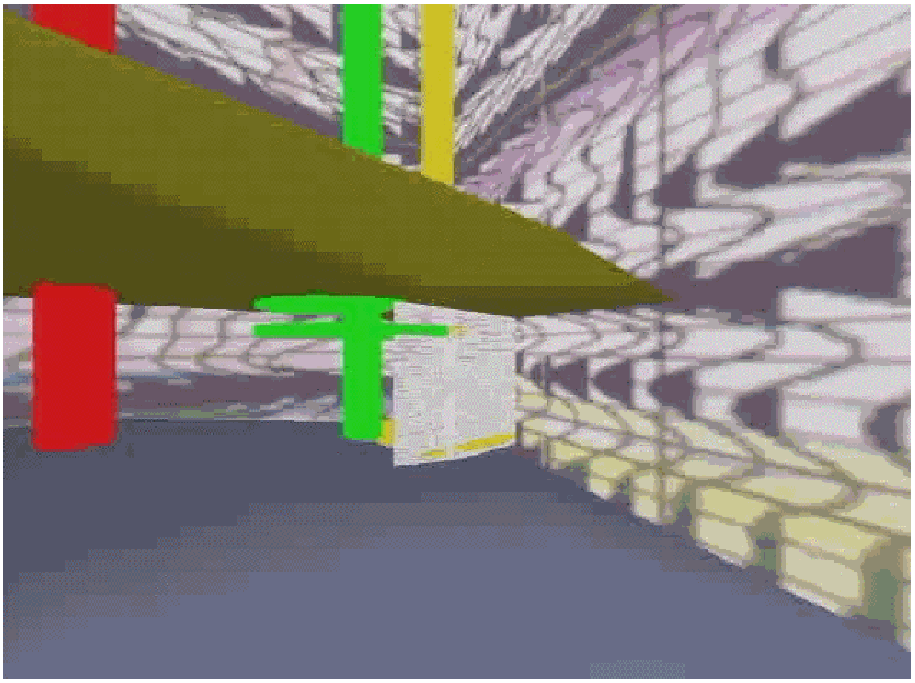

Figure 19. Looking underneath a seismic attribute based interpretation of sands at the prospect.

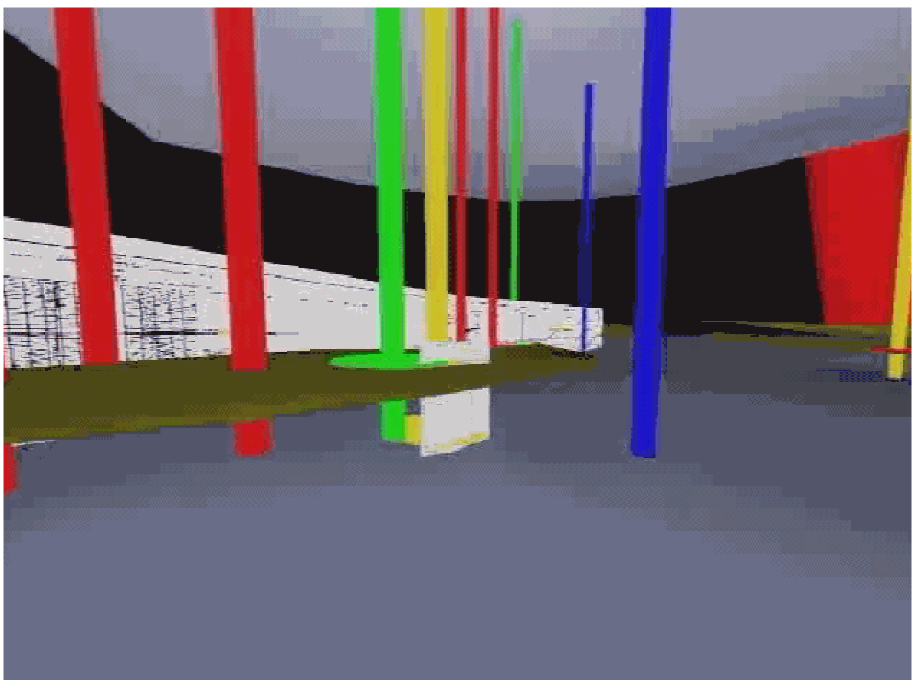

Figure 20. Dissolving paper seismic sections to show dry holes (blue), historical wells for the field (red), other known production (green), and a geologic cross-section.

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Although immersive reality is a subset of the geotechnologies to be used in evaluating the Gulf Coast AOI, it is very visual, and illustrates the power of Dynamic's approach. Therefore, two other examples are included. First (Figure 21-24) shows additional images from the South Texas database study introduced in Figure 14 above.

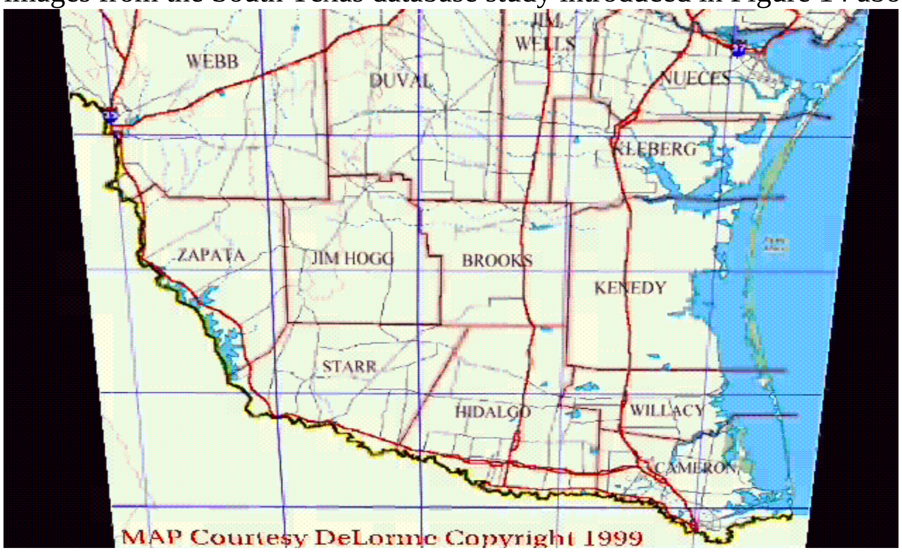

Figure 21. Area covered in Texas Railroad Commission District 4, the southern tip of the Gulf Coast AOI, which is basically south of Corpus Christi and which extends to the two South Padre Island AMI's introduced above in Figures 2 and 3.

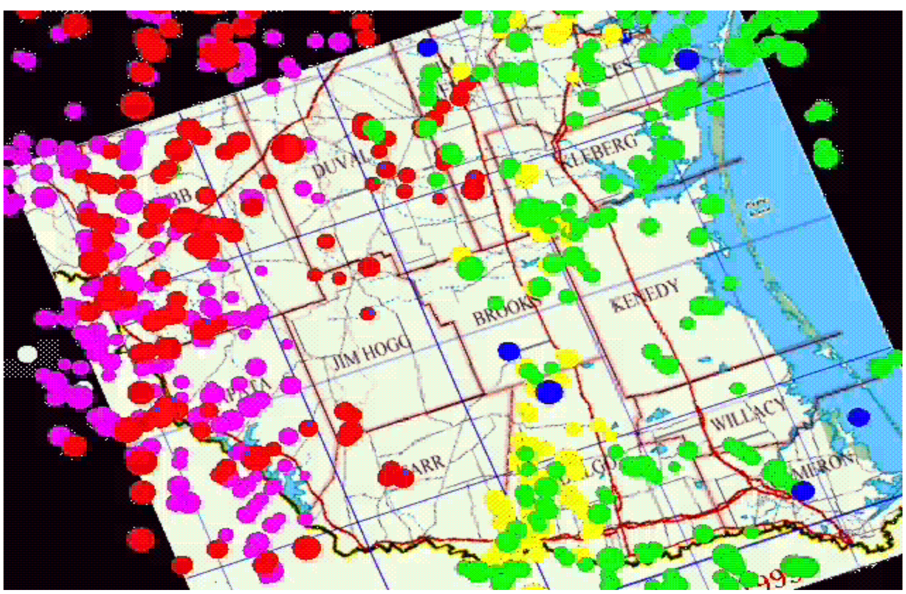

Figure 22. Note the gaps in production around the King Ranch in Kennedy County and up the center of the map offshore from Wilcox production (Violet), and geologically before Vicksburg (Yellow) and Frio (Green) production.

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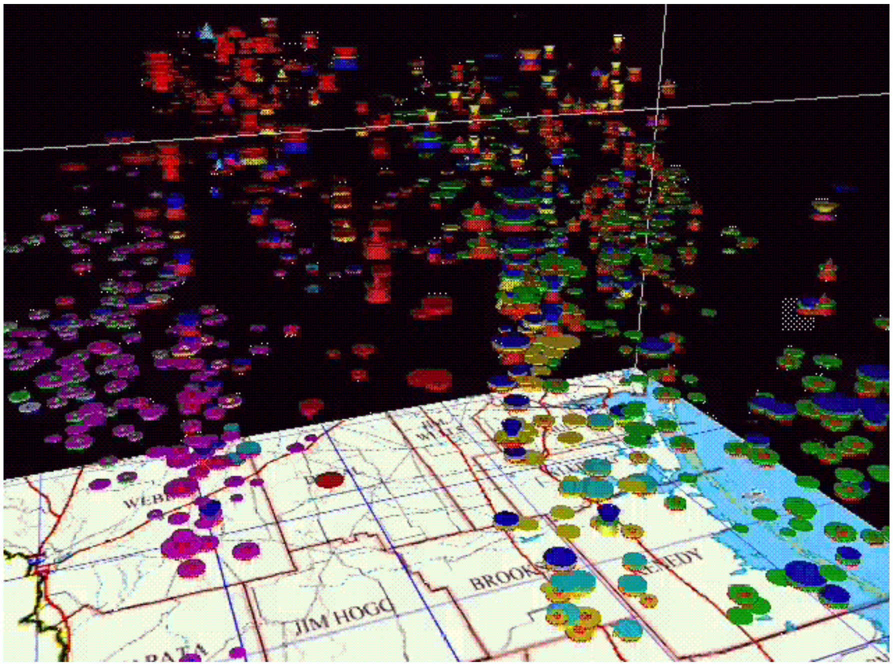

Figure 23. The gap between the Wilcox (Purple) and the Vicksburg (Yellow) shows a slope turbidite play, comming.off of the Wilcox (Violet) in onshore South Texas, which was formed by identical geologic processes as current (expensive) Deep Water plays.

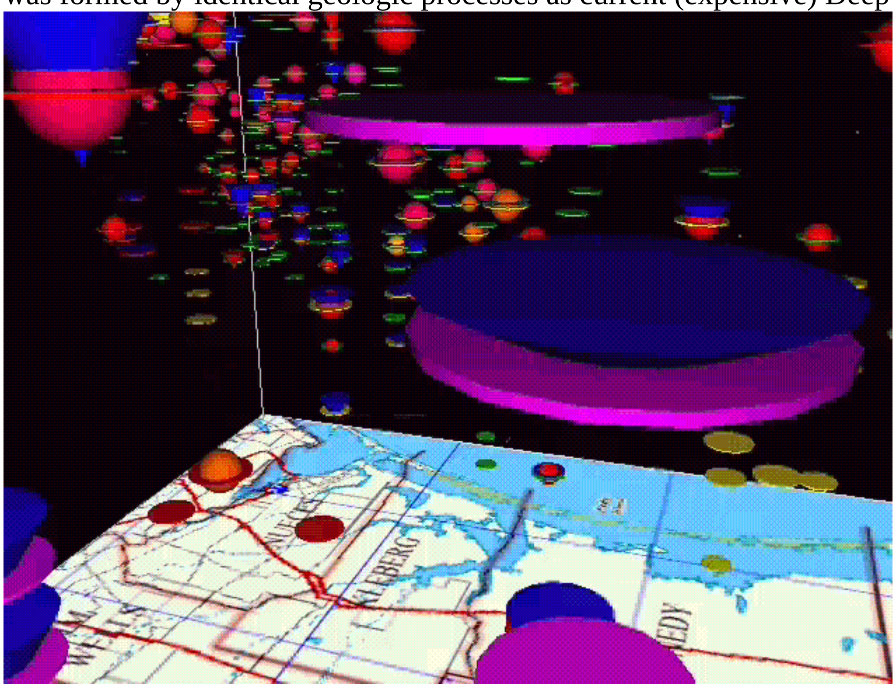

Figure 24. Integration of porosity (Orange spheres) with Stratigraphic Play Types (Blue cones) and with existing production (Wilcox is the Purple discs closes to the front).

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The last Immersive Environment example (Figures 25 and 26) illustrates more details of the East Cameron South Addition AMI, introduced above in Figure 1.

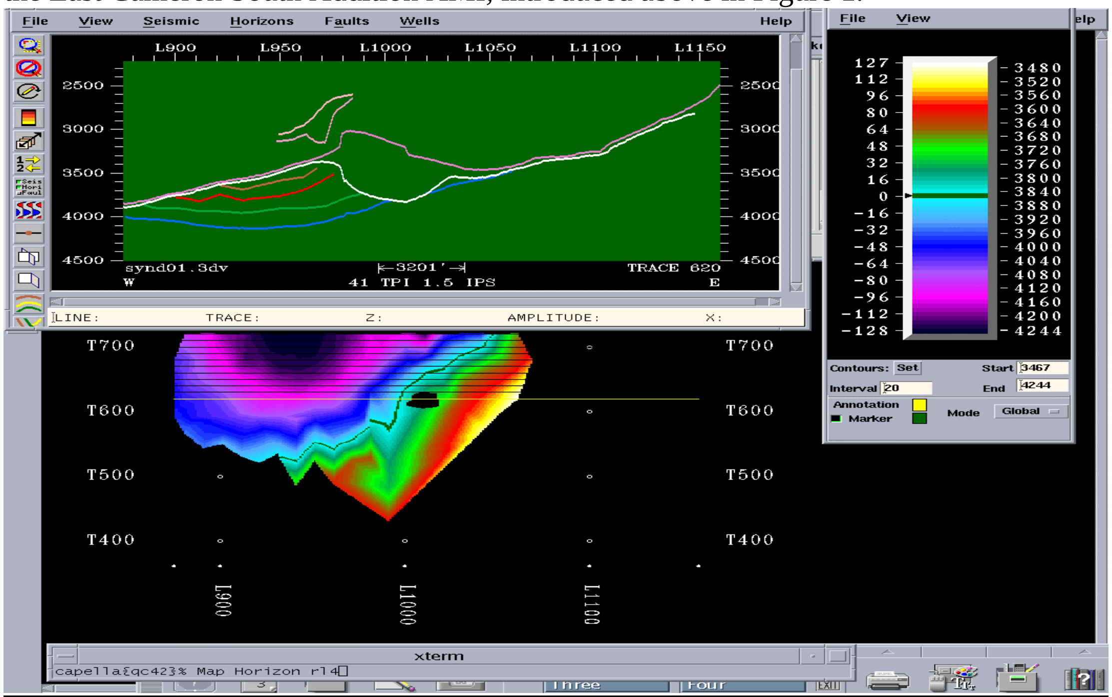

Figure 25. A screen capture off of an interpretation off of a Landmark workstation, showing the salt weld at the top of the prospective section, the salt wing, which is attached to the salt mass, and the up-dip salt mass, which acts as the trapping mechanism.

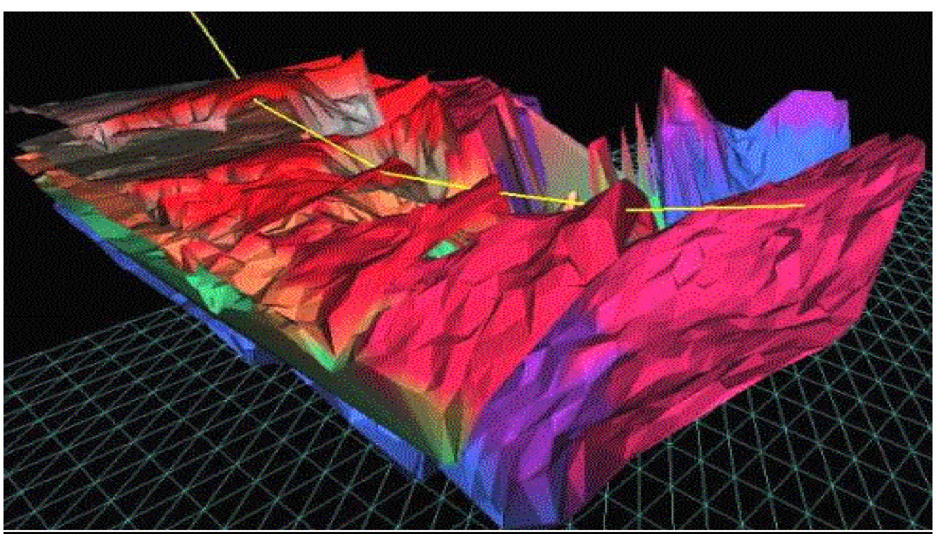

Figure 26. The proposed well path, through the salt weld and underneath the salt mass, as displayed in a human scale immersive environment.

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People

Dynamic Oil & Gas Corporation accomplishes projects with team members who have a proven track record in the area they are being asked to perform in. The process Dynamic uses to form and dissolve a Project team is a key competitive advantage. The process includes the following steps:

- D1 Define AMI
- D2 Form Project Team
  - D21 Identify Required Skills
  - D22 Select Skills
  - D23 Organize Project Team
    - D231 Select Team Leader
    - D232 Select Team Members
      - D2321 Pick Team Members
      - D2322 Train Team Members
    - D233 Define Working Procedure
      - D2331 Set Project budget
      - D2332 Set Project Schedule and Milestones
      - D2333 Define Deliverables
      - D2334 Identify Enhancements and New Opportunities
  - D24 Reconfigure Entities
- D3 Find Leads, Define Prospects, and Determine Strategic Fit with Stakeholders
- D4 Deliver Results and Obtain Customer Acceptance
- D5 Dissolve Project Team and Document Work
  - D51 Capture Contributions of Project Team Members
  - D52 Disband Project Team

The reason this process works is because of people concepts (or soft concepts) like trust, reputation, professional ethics, integrity, and track record. Each Team Member involved in a specific AMI has agreed to this funding proposal, has agreed to participate in "Dynamic Professional NetWork" (NetWork), has or will execute the NetWork Confidentiality Agreement, has or will signed the Confidentiality and AMI Agreement for the area(s) they are working (see Appendix), and have agreed to the terms of the Performance Bonus or Overriding Royalty Agreement. In positioning to keep up with the speed and pressure of today's work world, Dynamic has focused on process and relationships, as well as integrity and trust, and strongly believes the company is built on the proven principles which truly matter in developing a long-term successful professional organization.

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The Team Leader for the Gulf Coast AOI:

- Dr. Sam LeRoy: Over 20 years experience in the oil and gas exploration and production. Interests and talents are tied to geostatistics, developing new exploration concepts, and finding hydrocarbons. Developed a "Statistical Gravity" modeling method for basin analysis on continental margins and applied it in 5 major oil and gas basins, including offshore Eastern Louisiana. Applied seismic stratigraphic methods, including multi-attribute display and analysis procedures, geopressure detection and modeling, and vertical migration of hydrocarbons in the Gulf of Mexico. Workstation experience on SMT, GeoQuest, and Landmark platforms.

Alphabetical listing of Gulf Coast AOI Team Members:

- Dr. William M. Benzing: Over 20 years experience with a major oil company integrating conventional oil and gas exploration technology with geointerpretation technology for the purpose of lowering exploration risk and developing new plays. Offshore, these technologies focus on finding new exploration potential in light of geopressure formation mechanisms in thick deltaic systems. By combining integrated geophysical, geological, and geochemical information, this approach aims at discovering new oil and gas reserves through understanding of the interactions between hydrocarbon generation, migration, and accumulation, including the impact of dynamically formed fluid pressure seals within soft sediments.
- Les R. Denham: Over 35 years of experience in geophysical interpretation and research, with an interest and extensive experience with UNIX systems administration, C, Fortran, Perl, SED, AWK, and NAWK programming, as well as seismic and integrated interpretation. Workstation experience on GeoQuest and Landmark Platforms.
- Dr. Robert Ehrlich: Over 30 years experience in geostatistics and exploration. Has developed new methodologies for pattern finding in large data volumes which allow identification of heretofore unexpected geologic relationships.
- Robert W. Horner: Experienced seismic interpreter and processor, with an interest and talent for finding and organizing data. Experienced on GeoQuest and Landmark workstations.
- Ray G. Kozusko: Proven oil finder with over 19 years of oil and gas exploration experience. Solid skills in leading and conducting integrated exploration / exploitation evaluations. Experience includes five years working offshore Gulf of Mexico, two years in the Niger Delta, West Africa, and three years as the senior geologist responsible for subsurface sedimentology and structural geology evaluations throughout the Gulf Coast.
- Richard Nehring: Strategic information specialist for the North American upstream petroleum industry. Since leaving the RAND Corporation and forming NRG Associates in 1983, Richard has collected and packaged relevant, complete, coherent, and consistent data though the Significant Oil and Gas Fields database. His work is shown in Supplement 1: The Past and Future of the Gulf of Mexico OCS Shelf.

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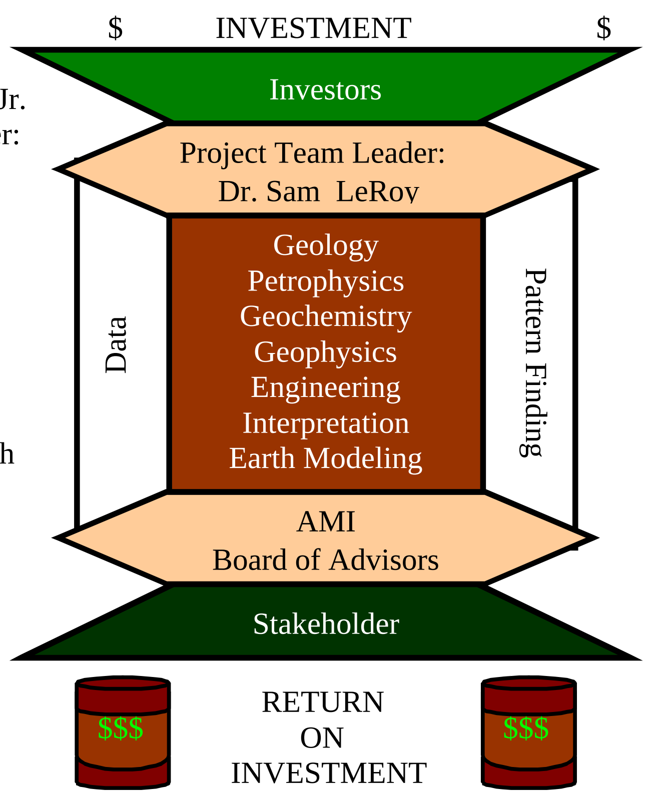
Alphabetical listing of Offshore Eastern Louisiana AOI Board of Advisors:

- David K. Agarwal: Over 35 years of well rounded oil industry experience in 2-D and 3-D interpretation. Former Chief Geophysicist for Newmont Oil Company and Manager of Technology for Cities Service Company International.
- Dr. Roger N. Anderson: Over 25 years at Lamont-Doherty Earth Observatory of Columbia University in New York, having spent the last 10 summers with oil and service companies in Houston, and the author of more than 150 peer-reviewed scientific and technical papers.
- H. Roice Nelson, Jr.: Over 25 years of experience in exploration interpretation and leading edge technology, including development and commercialization of interactive 3-D interpretation techniques (founder of Landmark Graphics Corporation), hypertext documentation (founder of HyperMedia Corporation), and building and presenting geologic models in immersive reality (founder of Continuum Resources International Corporation).
- Others as work and budgets require and allow.

Preliminary Organization and Responsibilities of Project Team Members:

Fund Raising:
H. Roice Nelson, Jr.
Project Team Leader:
Dr. Sam LeRoy
Data Selection:
William Benzing
Data Organization:
Bob Horner
Computer Support:
Les Denham
Pattern Finding:
Dr. Robert Ehrlich
Identifying CLPs:
All
Packaging Results:
Ray Kozusko



Deadlines
Budgets
Integration
Accessibility
Support
Data Mining
Visualization
Reports

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Exploration-Development Strategy

Dynamic Oil & Gas Corporation (Dynamic), which was formed in 1991, consists of geologists, geophysicists, geochemists, geostaticians, petrophysicists, petroleum engineers, computer scientists, and others who are organized into multidisciplinary teams that work on both exploration and production projects. Members of the NetWork have many decades of cumulative experience in the petroleum industry working for major oil companies and independents.

Although some of the state-of-the-art technologies being used appear complicated to the uninitiated, the strategy used by Dynamic and the Network to explore for and develop hydrocarbons is straightforward:

1. Identify opportunities in an area with known hydrocarbon production.
2. Execute an area of mutual interest agreement (AOI).
3. Identify the best experts to manage exploitation of the opportunity.
4. Put together a Prospectus
5. Identify investors to fund exploitation of existing exploration concepts, leads, or prospects to establish cash flow.
6. Collect and capture all relevant data in the AOI or AMI.
7. Find patterns in the data.
8. Classify the data, identifying by-pass pays, undrilled fault blocks, undrilled deep pay, and other potential leads and prospects.
9. Derive geologic and fluid movement processes and new exploration concepts from the classified data.
10. Define visualization parameters which allows hydrocarbon generation, migration, and trapping, as well as leads, prospects, to be automatically displayed for multidisciplinary team evaluation and investor presentations in an immersive environment.
11. Simulate geologic and production processes.
12. Optimize the acquisition and AOI or AMI production plan.
13. Present CLPs [Concept(s), Lead(s), and Play(s)] to investors, along with an optimized plan of how to explore, exploit, and develop the AOI or subset AMIs, and obtain funding.
14. Acquire or farmin to underperforming fields with a significant potential to increase production, or acquire land and drill low risk prospects to establish cash flow.
15. Develop exploration leads and prospects with medium to high reserve potential, recognizing that these usually have medium to high risk using all or part of the initial cash flow to sustain this exploration effort.

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We compete in exploration and production by either using new innovations and technology, or by applying older ideas and technology dovetailed with new approaches. We always emphasize the integration of geophysical well logs, cutting samples and cores, well tests, as well as basic geology, geophysics, and engineering principles. Our strength is in identifying trustworthy experienced experts, and applying integrated technology and concepts to problem solving efficiently.

When we build or help build exploration-development teams and companies, we emphasize the mentor-apprenticeship relationship. This involves having experienced team members work very closely with younger members so there is a true technology transfer of experience. This not only creates a learning environment for the younger members, it results in senior team members honing and expanding their skills. As the younger team members learn and improve their skills, the senior members go on to other projects or AMIs, depending on what is needed by the exploration-development team or company.

Partly because of instant expandability and the ability to simultaneously contract, the Network has worked in most of the major petroleum basins in the world, and yet honors its stewardship by only putting sufficient and sustainable technical expertise on any particular AMI in order to stretch professionals and enable cost efficient results.

Dynamic works with two levels of management: Team Leader and Team Member. Team Leaders are responsible for a project, and they also participate as technical workers. As compensation for work, team members take a reduced fee and a performance bonus or an overriding royalty interest. The success of Dynamic is based on a multidisciplinary data intensive approach, having a very experienced and focused staff who can and will train less experienced staff, low overhead, and no managers.

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Dynamic's Work Flow Model

Dynamic Oil & Gas Corporation divides its work flow into the following five areas:
1, Manage Regional, Play Fairway, and Prospect Data
2, Assess Strategic Fit with Stakeholders
3, Determine Gross Political and Engineering Uncertainty
4, Generate Risked Prospect Models
5, Evaluate CLPs Economic Indicators

Below, in outline form, are more detailed steps Dynamic uses to accomplish each process. Only those steps necessary to accomplish AOI/AMI objects will be executed.

1. Manage regional, play fairway, and prospect data
   - A. Acquire data (see pages 31-35 for types of data to be used)
     - i. Find relevant public domain data
     - ii. Purchase relevant commercial data
     - iii. Collect new data
   - B. Mine data
     - i. Index data by activity using the Knowledge Backbone℠
     - ii. Index data spatially in the Infinite Grid℠
     - iii. Index data temporally with the Timedex℠
     - iv. Integrate indices using the Dynamic Suitability Matrix (see page 30)
   - C. Pattern finding
     - i. Preliminary identification of new exploration concepts
     - ii. Preliminary identification of leads
     - iii. Preliminary identification of prospects
2. Assess the strategic fit with Stakeholder(s)
   - A. Interpret regional data
     - i. Determine regional geometry
     - ii. Determine chronotectonics
       1. Determine depositional setting
       2. Determine chronostratigraphy
     - iii. Identify regional seal
     - iv. Identify regional source
       1. Find seeps
       2. Determine hydrocarbon charge
          - A. Determine maturity of source
          - B. Determine extent of source rock
     - v. Finalize new exploration concepts from data mining and pattern finding
   - B. Evaluate regional economics
   - C. Determine stakeholders with best strategic fit to region being studied

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3. Determine gross political and engineering uncertainty
   A. Risk play fairway geologic model
      i. Determine extent of play fairway seal rocks
         a. Determine extent of play fairway reservoir rocks
            1. Determine extent of play fairway source rocks
            2. Predict Hydrocarbon Migration Paths and Timing
      ii. Evaluate play fairway economics
      iii. Finalize leads and place in context of the play fairway
      iv. Generate risked prospect model
   A, Interpret prospect
      i. Calculate prospect volumes
         a. Integrate well and geophysical data
            1. Interpret geologic data
            2. Interpret geophysical data
         b. Identify structural trap
            1. Identify fault closure
               A. Identify folded closure
         c. Identify stratigraphic trap
            1. Identify seal rocks
               A. Identify reservoir rocks
      ii. Define migration pathway
         a. Define reservoir rock pathway
            1. Identify biotic hydrocarbons
               A. Calculate depth of burial
                  i. Identify source rock
            2. Identify abiotic hydrocarbons
         b. Define fault pathway
   B. Finalize prospects and place in context of both the regional and play fairway

5, Evaluate prospect economic indicators
   A. Construct decision tree
      i. Estimate production forecast
      ii. Estimate operating and capital cost
      iii. Create sensitivity envelope and estimate probability of creating value
         a. Calculate cash flow
         b. Benchmark Against History
      iv. Calculate Economic Measures
   B. Document CLPs , and obtain QC approval from the Board of Advisors and distribute to Stakeholders
   C. Establish development plan

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Dynamic Oil & Gas Corporation Suitability Matrix(SM)

Dynamic Oil & Gas Corporation

locating replenishing reserves

The Dynamic Oil & Gas Corporation Suitability Matrix is a summary of business and technology funnels used to optimize the probability of business success.

The vertical access of the Suitability Matrix(SM) is a summary of principal upstream oil & gas activities Dynamic is involved in. These activities are selected from the Knowledge Backbone(SM) developed by HyperMedia Corporation. This information model is one of the knowledge management tools Dynamic uses (see http://www.walden3d.com/knowledge_backboneSM). Specifically, Dynamic uses the Knowledge Backbone(SM) to index the experience of members of the Dynamic Professional NetWork (see http://www.walden3d.com/network) in order to be able to identify gaps and redundancies in the skills and competencies and experience of consultants assigned to work on specific AMIs. In addition to indexing the best skills, the Knowledge Backbone(SM) also allows Dynamic to index best processes, best solutions, appropriate resources, best practices, benchmarks, lookbacks, case histories, core competencies, etc. Dynamic uses this information model to enable an environment of continuous improvement.

The horizontal access of the Suitability Matrix(SM) is a summary of measurements of time, business activity, interpretation predictions, drilling results, and physical characteristics of the earth. These measurements are a subset of the data Dynamic will mine using tools like automated self-classification to find patterns and to recognize trends. The key concept is that there are things which can be measured (Net Present Value or Porosity or Production or . . .), and if we collect these measurements and organize them in a relevant, complete, coherent, and consistent manner, then the data will tell us where there are new trends, new exploration Concepts, new Leads, and new Prospects (CLPs).

Scoring: 1(never); 5 (always)	Business Success Attributes =	Business Plan				Exploratory Success					Reserves Definition				Drilling Success			Productivity of Wells						Production to Market					
Technologies	Suitability of Technologies for Determining Attributes:	NPV/Growth Mix	Profit/Cost Technology	Time Savings	Probability / Success	Data Mining	Petroleum Systems	Purchase Strategy	Interpretation	Drilling Success	Reserves Volume (OOIP x acre-feet)	Porosity	Water Saturation	Gas/Oil Ratio	Wellpath vs. Stress Field	Drill/Test	Completion	Permeability x Height	Pressure Drop	Viscosity	Compressibility	Drainage Ratio	Skin Factor	Gas/Oil Volume	Sweet/Sour %	Distill	CO2/mcf	Separator	Produced Water
Project Prioritization (A1-A154)																													
79	Efficient Frontier (A3112213-A3112215)	5	5	5	5	5	2	5	3	3	5	2	2	5	2	2	1	1	1	1	1	1	1	5	4	3	2	1	1
80	ID Key Properties (A2-A252)	5	5	5	5	5	3	5	3	3	5	2	2	3	2	2	1	1	3	1	1	1	1	5	4	3	2	1	1
74	Performance vs. Risk	5	5	5	5	5	1	5	4	4	5	1	1	1	2	2	1	1	1	1	1	1	1	5	4	3	2	1	1
Reservoir Description and Calibration (A3-A3112214116)																													
81	Reservoir Description	5	5	5	4	3	5	2	5	3	5	3	3	1	1	5	2	5	2	1	1	4	1	5	1	1	1	1	1
71	4-D Feasibility	1	5	5	3	5	2	4	5	5	2	2	2	4	1	3	1	4	4	1	1	1	1	4	1	1	1	1	1
76	Rapid 4D Fluid Front Locations	3	4	3	4	5	2	2	5	5	4	3	3	4	1	3	1	5	5	1	1	3	1	3	1	1	1	1	1
78	Inversion	4	5	4	5	2	2	2	4	3	5	5	5	5	1	1	1	5	4	1	1	4	1	3	1	1	1	1	1
78	Region Growing/Permeability Path	4	5	5	4	4	3	2	4	3	5	4	4	4	1	1	1	5	3	1	1	5	1	3	1	1	1	1	1
55	Seismic Simulation	3	3	2	3	2	1	2	3	2	3	3	3	3	1	1	1	3	2	1	1	3	1	3	1	1	1	1	1
76	Reservoir Simulation (A312-A3124)	5	5	3	5	2	1	2	3	2	5	5	5	4	1	1	1	5	5	1	1	5	1	3	1	1	1	1	1
Drilling																													
74	Deviated Wellpath Planning (A3114331-A3114331525)	4	4	1	4	2	2	2	3	5	1	1	1	1	5	5	5	5	4	1	1	4	1	3	1	1	1	1	5
52	Permeable Fracture Detection	1	3	1	4 <?>	2	1	1	2	3	1	1	1	1	5	4	5	5<?>	4	1	1	4	1	1	1	1	1	1	4
67	Cost Optimization	5	4	4	1	2	1	1	1	5	1	1	1	3	5	5	5	1	1	1	1	4	4	1	3	1	1	1	3
65	Mud: Audit, Select, Optimize	3	2	2	3	2	1	1	1	5	1	3	1	3	1	4	5	3	2	1	1	4	4	1	3	1	1	1	5
74	Formation Damage Control	4	3	1	4	2	1	1	1	5	1	4	3	1	5	4	5	2	5	4	1	1	4	3	3	1	1	1	3
62	Geopressure Drilling	4	4	1	4	3	1	1	1	5	1	4	3	1	5	3	5	1	2	1	1	1	1	3	1	1	1	1	2
74	Drilling and Completion Fluids	3	3	1	3	2	1	1	1	5	1	4	1	1	5	3	5	1	4	4	4	4	5	1	5	1	1	1	3
52	Asphaltene and Paraffin Remediation	3	1	1	3	2	1	1	1	5	1	1	1	1	1	1	5	1	3	1	1	1	5	2	5	1	1	1	1
65	Impairment Diagnostics	4	1	1	4	2	1	1	1	5	1	4	1	1	1	1	5	1	5	4	4	4	5	1	3	1	1	1	1
48	Over/Underbalanced Drilling	4	1	1	3	2	1	1	1	5	1	4	1	1	1	4	5	1	1	1	1	1	1	1	1	1	1	1	1
58	Horizontal Well Optimization	4	1	1	3	2	1	1	1	5	1	4	1	1	5	5	5	1	1	1	1	1	1	2	2	1	1	1	4
Production (A31121413-A3112141363)																													
92	Rock and Fluid Physics/4D Seismic (A31121414-A3112141444)	4	4	3	5	3	5	1	5	3	4	5	5	3	5	5	3	5	2	3	3	4	3	3	2	1	1	1	1
74	Low Resistivity Pay Detection	4	3	3	4	3	2	1	3	3	5	4	5	3	1	4	3	4	1	4	1	3	3	2	1	1	1	1	1
64	Oil Behind Casing Detection (A31121414-A3112141444)	4	3	5	3	2	2	1	1	1	5	4	5	2	1	3	3	3	1	3	1	2	2	2	1	1	1	1	1
81	Water Flood and Pressure Remediation	5	5	3	5	2	2	1	1	1	3	5	5	5	5	1	1	2	2	2	4	5	4	3	1	1	1	1	5
60	Vp/Vs and AVO Analyses	3	3	2	4	2	2	1	1	3	2	5	5	3	1	1	1	2	1	2	4	2	2	3	1	1	1	1	1
66	Remedial Stimulation	4	3	5	5	2	1	1	1	1	1	2	1	1	5	1	1	5	5	2	2	5	5	2	1	1	1	1	1
61	Compartment Ids	5	4	5	5	2	1	1	1	1	4	4	5	1	1	1	1	1	1	2	4	2	1	3	1	1	1	1	1
63	Maximum Well Potential & Permeability Prediction	5	4	5	5	2	1	1	1	1	4	4	5	1	1	1	1	1	1	2	4	2	1	5	1	1	1	1	1
Operations Optimization (A311223-A3112234)																													
90	Multiple Attribute Visualization (A31121414-A3112141444)	4	4	4	5	4	4	5	5	5	5	2	2	1	5	5	5	5	1	1	1	5	2	5	1	1	1	1	1
86	Identify Complex Connectivity (A313-A31333)	4	3	4	4	3	4	4	4	4	4	4	4	3	5	5	5	4	1	1	1	5	1	4	1	1	1	1	1
81	Integrate Geology, Geophysics, and Engineering	4	5	3	5	4	5	4	4	5	3	1	1	1	5	5	5	3	1	1	1	4	2	4	1	1	1	1	1
62	Track New Wells in Real-Time	3	4	5	5	1	1	1	1	5	2	1	1	1	5	5	5	3	1	1	1	1	1	3	1	1	1	1	1
71	Track Fluids Production (A314-A33)	4	5	5	5	1	1	1	1	5	2	1	1	1	3	5	5	5	1	1	1	4	1	5	3	1	1	1	1
Totals Vertically ^	Totals Horizontally >	132	124	109	135	92	65	66	82	124	99	103	90	75	95	102	105	95	81	55	55	101	70	102	63	40	37	34	59

Equations used by Dynamic to determine BUSINESS SUCCESS Attributes:

BUSINESS PLAN = (NPV x Growth mix) x (Profit from New Technologies / Cost of those technologies) x Cycle-Time-Savings x Probability of Success
EXPLORATION SUCCESS = acres examined (Data Mining) x geologic likelihood (Petroleum System) x acres acquired (Purchasing Strategy) x exploratory targets (3-D Interpretation) x Wildcat Success Rate
RESERVES DEFINITION = time lapse change x acre-ft of pay (including bypassed x porosity x (1-Sw)*(1-Sor/Soi)
DRILLING SUCCESS = well path (stress field) x (drilling and testing) x quality of completion
PRODUCTIVITY-OF-WELLS = permeability x height of perf interval x delta pressure / (viscosity x compressibility x (ln(radius of drainage) + skin effect))
PRODUCTION-TO-MARKET = GOR (Volume-to-Surface) x ($bblo (1-%Sulphur) + $mcf (1-CO2) + $ bblcondensate - $(Separator Maintenance) - $(Produced Water Disposal)

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General Data to be Collected and Mined with Data Mining

	General Data	Location	Maximum Latitude	Minimum Latitude	Maximum Longitude	Minimum Longitude	Culture	Lease holders	Relationships	Lease Bids	Scout Reports	Depth Geopressure	Batymetry	Well Position Data	Well Deviation Surveys	Mud	Cuttings	Cores	Paleontological Data	Logs	Tops	Geologic Age	Porosity	Permeability	Petography	Rock System	Color	Grain Size	Salt	Maps
Project Prioritization (A1-A154)																														
104	Efficient Frontier (A3112213-A3112215)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	1	0	0	1	1	1	0	0	0	0	1	1
95	ID Key Properties (A2-A252)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	1	0	0	1	1	1	0	0	0	0	1	1
84	Performance vs. Risk	1	0	0	0	0	0	1	0	1	0	1	1	0	0	0	0	0	0	0	1	0	1	1	0	0	0	1	0	0
Reservoir Descriptionand Calibration(A3-A3112214116)																														
92	Reservoir Description	1	1	1	1	1	0	1	0	0	1	1	0	1	1	1	1	0	0	1	0	0	1	1	1	0	0	1	0	1
62	4-D Feasibility	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	1	1	1	1	0	0	1	1
62	Rapid 4D Fluid Front Locations	1	1	1	1	1	0	0	0	0	0	1	0	0	0	1	0	0	1	0	0	1	1	1	1	1	0	0	1	1
65	Inversion	0	0	0	0	0	0	0	0	0	0	1	1	1	1	0	0	0	0	1	0	0	1	1	1	1	0	0	0	0
43	Region Growing/Permeability Path	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	1	1	1	1	0	0	0	0
50	Seismic Simulation	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	1	1	1	1	0	0	0	0
82	Reservoir Simulation (A312-A3124)	1	1	1	1	1	0	0	0	0	0	1	0	1	1	0	0	0	0	1	1	0	1	1	1	1	0	1	1	1
Drilling																														
54	Deviated Wellpath Planning (A3114331-A3114331525)	1	1	1	1	1	1	0	0	0	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
55	Permeable Fracture Detection	0	0	0	0	0	0	0	0	0	0	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	0	1
82	Cost Optimization	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	1	1	1	1	0	0	1	1
66	Mud: Audit, Select, Optimize	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	0	1	0	0	1	1	1	1	0	1	1	1
56	Formation Damage Control	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	0	0	1	0	0	1	1	1	1	0	1	1	1
84	Geopressure Drilling	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	0	0	1	0	0	1	1	1	1	0	1	1	1
76	Drilling and Completion Fluids	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	0	0	1	0	0	1	1	1	1	0	1	1	1
26	Asphaltene and Paraffin Remediation	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	0	0	1	0	0	1	1	0	0	0	0		1
18	Impairment Diagnostics	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	0	0	1	0	0	1	1	0	0	0	0	0	1
57	Over/Underbalanced Drilling	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	0	0	1	0	0	1	1	0	0	0	0	0	1
83	Horizontal Well Optimization	1	1	1	1	1	0	0	0	0	0	1	1	1	1	1	0	0	0	1	1	0	1	1	1	1	0	0	1	1
Production (A31121413-A3112141363)																														
81	Rock and Fluid Physics/4D Seismic (A31121414-A3112141444)	1	0	0	0	0	0	0	0	0	0	1	0	1	1	1	1	1	0	1	0	0	1	1	1	1	1	1	1	1
65	Low Resistivity Pay Detection	1	0	0	0	0	0	0	0	0	0	1	0	1	1	1	1	1	0	1	0	0	1	1	1	1	0	1	0	1
61	Oil Behind Casing Detection (A31121414-A3112141444)	1	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	1	1	0	1	1	1	1	0	1	0	1
66	Water Flood and Pressure Remediation	1	0	0	0	0	0	0	0	0	0	1	0	1	1	1	1	1	0	1	1	0	1	1	1	1	0	1	1	1
67	Vp/Vs and AVO Analyses	1	0	0	0	0	0	0	0	0	0	1	0	1	1	1	1	1	0	1	0	0	1	1	1	1	0	1	1	1
62	Remedial Stimulation	1	0	0	0	0	0	0	0	0	0	1	0	1	1	1	1	0	0	1	0	0	1	1	1	1	0	1	1	1
92	Compartment Ids	1	0	0	0	0	0	0	0	0	0	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1
77	Maximum Well Potential & Permeability Prediction	1	0	0	0	0	0	0	0	0	0	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1		1	1	1
Operations Optimization (A311223-A3112234)																														
127	Multiple Attribute Visualization (A31121414-A3112141444)	1	0	0	0	0	0	0	0	0	0	1	0	1	1	0	0	0	1	1	1	1	1	1	1	1	0	0	1	1
135	Identify Complex Connectivity (A313-A31333)	1	0	0	0	0	0	0	0	0	0	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1
139	Integrate Geology, Geophysics, and Engineering	1	1	1	1	1	1	0	0	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
21	Track New Wells in Real-Time	1	0	0	0	0	0	0	0	0	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	Track Fluids Production (A314-A33)	1	0	0	0	0	0	0	0	0	0	1	0	1	1	1	1	0	0	1	0	0	1	1	0	0	0	1	1	1
		30	9	9	9	9	5	5	3	4	5	33	17	29	29	23	17	11	10	24	11	10	32	32	25	24	3	19	20	29

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Regional Geological Data to be Collected and Mined

	Regional Geological Data	Regional Geology	Sedimentation Rates	Rate of Sea Level Change	Geologic Models	Exploration Concepts	General Structural Styles	Depositional System	Chronostratigrahic Reconstruction	Paleo-Bathymetry	Fault Planes	Migration Pathways	Traps	Temperature Gradient	Chronostratigraphic Age of Reservoir Rock	Primary Lithology of Carrier Bed	Minimum Distance of Lateral Migration	Maximum Distance of Lateral Migration	Minimum Distance of Vertical Migration	Maximum Distance of Vertical Migration	Geochemical Data	Piston Cores	Full Thermochemical Data for all minerals involved in Source Formation Specific Lithology	Paleolatitude of Source Rock - Minimum	Paleolatitude of Source Rock - Maximum	Relative Age of Source Versus Reservoir	Total Organic Carbon in Source	Primary Kerogen Types of Source Rock	Source Rock Maturity
Project Prioritization (A1-A154)																														
104	Efficient Frontier (A3112213-A3112215)	1	0	0	1	1	1	1	1	1	1	1	1	1	1	0	0	0	1	1	1	0	1	1	0	0	0	1	1	1
95	ID Key Properties (A2-A252)	1	1	0	0	1	1	1	1	1	1	1	1	0	1	0	0	0	0	0	1	0	0	1	0	0	1	1	1	1
84	Performance vs. Risk	1	0	0	1	1	1	1	1	0	1	1	1	0	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	1
Reservoir Description and Calibration(A3-A3112214116)																														
92	Reservoir Description	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	1	0	0	0
62	4-D Feasibility	0	0	0	1	1	1	1	0	0	1	1	0	0	1	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0
62	Rapid 4D Fluid Front Locations	0	0	0	1	1	0	1	0	0	1	1	0	0	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0
65	Inversion	1	1	0	1	1	0	1	1	0	1	1	0	0	1	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0
43	Region Growing/Permeability Path	0	0	1	1	0	1	1	1	0	1	0	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50	Seismic Simulation	0	1	1	1	0	1	1	1	0	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
82	Reservoir Simulation (A312-A3124)	0	0	1	1	0	0	1	0	0	1	0	1	0	1	0	1	1	1	1	0	0	1	1	0	0	1	1	1	1
Drilling																														
54	Deviated Wellpath Planning (A3114331-A3114331525)	0	0	0	1	1	0	1	1	1	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55	Permeable Fracture Detection	0	0	0	1	1	0	1	1	1	1	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
82	Cost Optimization	0	1	0	1	1	0	1	1	1	0	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
66	Mud: Audit, Select, Optimize	0	0	0	1	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
56	Formation Damage Control	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
84	Geopressure Drilling	0	1	0	1	1	1	1	1	1	1	1	1	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
76	Drilling and Completion Fluids	0	1	0	1	1	0	0	1	1	0	0	0	0	0	1	1	1	1	1	0	0	0	0	0	0	1	0	0	0
26	Asphaltene and Paraffin Remediation	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0
18	Impairment Diagnostics	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
57	Over/Underbalanced Drilling	0	0	0	1	0	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
83	Horizontal Well Optimization	0	1	1	1	1	1	1	1	1	1	1	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Production (A31121413-A3112141363)																														
81	Rock and Fluid Physics/4D Seismic (A31121414-A3112141444)	1	1	1	1	1	0	1	1	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1
65	Low Resistivity Pay Detection	1	0	1	1	1	0	1	0	0	0	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
61	Oil Behind Casing Detection (A31121414-A3112141444)	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0
66	Water Flood and Pressure Remediation	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	1	1	1	1	0	0	1	0	0	0	0	0	0	0
67	Vp/Vs and AVO Analyses	1	0	1	0	1	0	1	1	1	1	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
62	Remedial Stimulation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	0	0	1	0	0	0	1	1	1	1
92	Compartment Ids	0	1	1	1	0	1	1	1	1	1	0	0	1	1	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0
77	Maximum Well Potential & Permeability Prediction	0	1	1	0	1	0	0	0	1	0	0	0	0	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0
Operations Optimization (A311223-A3112234)																														
127	Multiple Attribute Visualization (A31121414-A3112141444)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0
135	Identify Complex Connectivity (A313-A31333)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
139	Integrate Geology, Geophysics, and Engineering	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
21	Track New Wells in Real-Time	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	Track Fluids Production (A314-A33)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
		12	14	13	23	26	14	24	21	15	19	19	16	7	23	12	16	16	16	16	7	5	10	7	3	3	9	7	7	8

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Reservoir Geological Data to be Collected and Mined

Score	Reservoir Geological Data	Field Reviews	Producing Formation	Age of Producing Formation	Depth of Reservoir	Thickness of Reservoir	Number of Reservoirs in Pool Area Distribution	Trap Type Name	Stress Orientation and Magnitude	Type of Faulting	Age of Fault	Classification of Lateral Seal	Initial Sediment Density	Stratigraphy Cycle Link to Depositional Systems	External Form of Sequence	Sedimentary Structure	Thickness of Seal	Seal Pore Pressure	Type of Seal	Primary Formation for Top Seal	Primary Lithology for Top Seal	Primary Formation for Reservoir Rock	Primary Lithology for Reservoir Rock	Anisotropy	Long-Term Compressibility	Yield Strength of Sediment Matrix	Thermal Conductivity of Media	Total Pore Fluid Expansion	Regression Coefficient of Permeability-Porosity	Regression Coefficient of Porosity-Depth Linear
Project Prioritization (A1-A154)																														
104	Efficient Frontier (A3112213-A3112215)	1	1	0	1	1	1	1	0	1	0	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
95	ID Key Properties (A2-A252)	0	0	0	1	1	1	1	1	1	0	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
84	Performance vs. Risk	0	1	0	1	1	1	1	1	1	1	1	0	1	1	1	1	1	1	0	1	0	1	1	1	1	1	1	1	1
Reservoir Description and CAlibration(A3-A3112214116)																														
92	Reservoir Description	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1	0	0	0	0	0	1	1	1	1	1	1	1	1	1
62	4-D Feasibility	1	0	0	1	1	1	1	1	1	0	1	0	1	1	1	1	1	0	0	1	0	1	1	1	0	0	1	1	1
62	Rapid 4D Fluid Front Locations	1	0	0	1	1	1	1	1	1	0	1	0	1	1	1	1	1	0	0	1	0	1	1	0	0	0	1	1	1
65	Inversion	1	0	0	1	1	1	0	1	1	0	1	0	1	1	1	1	1	1	0	1	0	1	1	1	0	0	1	1	1
43	Region Growing/Permeability Path	1	1	0	1	1	1	1	1	1	0	1	0	1	1	1	1	0	0	0	1	0	1	0	0	0	0	1	1	1
50	Seismic Simulation	0	0	0	1	1	1	1	1	1	0	1	0	1	1	1	1	0	0	0	1	0	1	1	1	0	0	1	1	1
82	Reservoir Simulation (A312-A3124)	1	1	0	1	1	1	1	1	1	1	1	0	1	1	1	1	1	0	0	1	0	1	1	1	0	1	1	1	1
Drilling																														
54	Deviated Wellpath Planning (A3114331-A3114331525)	1	1	0	1	1	1	1	1	1	0	1	0	1	1	1	1	1	1	0	1	0	1	1	1	1	0	0	1	1
55	Permeable Fracture Detection	1	1	0	1	1	0	1	1	1	1	1	0	0	0	0	0	1	1	0	1	0	1	1	1	1	0	0	1	1
82	Cost Optimization	1	1	0	1	1	1	0	1	1	0	1	0	1	1	1	1	1	1	0	1	0	1	1	1	1	0	0	1	1
66	Mud: Audit, Select, Optimize	1	1	0	1	1	1	1	1	1	0	1	0	1	1	1	1	1	0	0	1	0	1	1	1	0	0	1	1	1
56	Formation Damage Control	1	1	1	1	1	1	1	1	1	0	1	0	1	0	0	0	0	0	0	0	0	1	1	1	1	0	1	1	1
84	Geopressure Drilling	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1	1	1	0	0	1	0	1	1	1	1	1	1	1	1
76	Drilling and Completion Fluids	1	1	0	1	1	1	1	1	0	0	1	1	1	1	1	1	1	0	0	1	0	1	1	1	1	0	1	1	1
26	Asphaltene and Paraffin Remediation	1	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Impairment Diagnostics	1	1	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
57	Over/Underbalanced Drilling	1	1	0	1	1	0	0	1	1	0	1	0	0	0	0	1	1	0	0	1	0	1	1	1	1	0	1	1	1
83	Horizontal Well Optimization	1	1	0	1	1	1	1	1	1	0	1	0	1	1	1	1	1	0	0	1	0	1	1	1	1	0	1	1	1
Production (A31121413-A3112141363)																														
81	Rock and Fluid Physics/4D Seismic (A31121414-A3112141444)	1	1	0	1	1	1	1	1	1	0	1	1	1	1	1	1	1	0	0	1	0	1	1	1	1	1	1	1	1
65	Low Resistivity Pay Detection	1	1	0	1	1	1	1	0	0	0	0	0	1	1	1	1	1	0	1	1	1	1	1	1	1	0	1	1	1
61	Oil Behind Casing Detection (A31121414-A3112141444)	1	1	1	1	1	1	1	0	0	0	0	0	1	1	1	1	1	0	0	1	1	1	1	1	1	0	1	1	1
66	Water Flood and Pressure Remediation	1	1	0	1	1	1	1	1	1	0	1	0	1	1	1	1	1	0	0	1	1	1	1	1	1	0	1	1	1
67	Vp/Vs and AVO Analyses	1	1	0	1	1	1	1	1	1	0	1	0	1	1	1	1	1	0	0	1	1	1	1	1	1	0	1	1	1
62	Remedial Stimulation	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1	1	1	0	0	1	0	1	1	1	1	1	1	1	1
92	Compartment Ids	1	1	0	1	1	1	1	1	1	1	1	0	1	1	1	1	1	0	0	1	0	1	1	1	1	0	1	1	1
77	Maximum Well Potential & Permeability Prediction	1	1	1	1	1	1	1	1	1	0	1	0	1	1	1	1	1	0	0	1	0	1	1	1	1	0	1	1	1
Operations Optimization (A311223-A3112234)																														
127	Multiple Attribute Visualization (A31121414-A3112141444)	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1	1	1	0	0	1	0	1	1	1	1	1	1	1	1
135	Identify Complex Connectivity (A313-A31333)	1	1	0	1	1	1	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
139	Integrate Geology, Geophysics, and Engineering	1	1	0	1	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
21	Track New Wells in Real-Time	0	0	0	1	0	0	0	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	Track Fluids Production (A314-A33)	1	1	0	1	0	1	0	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		30	28	7	34	31	31	27	29	29	5	30	7	28	27	27	27	26	9	5	28	9	30	29	28	23	11	27	30	30

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Geophysical, Drilling, and Business Data to be Mined

	Geophysical, Drilling, and Business Data	Gravity	Magnetics	Heat Flow	Other Geophysical Data	Navigation Data	Spec 2-D Seismic	Spec 3-D Seismic	Company Seismic	Seismic Impedance Volumes	Seismic Attributes	AVO Data	Check-Shots	Velocity Data	Full Waveform Acoustic Data	Permeability Anisotropy	Terminations	Stratal Patterns	Drilling Data	Appraisal Drilling	Injection Drilling	Infill Drilling	Enhanced Recover Drilling	Business	Earnings Growth	Farm Outs	Farm Ins	Discovery Date	Cumulative Production	Abandonment Date
Project Prioritization (A1-A154)																														
104	Efficient Frontier (A3112213-A3112215)	0	1	1	0	1	1	1	1	1	1	1	1	1	0	1	0	0	1	1	0	1	1	1	1	1	1	1	1	1
95	ID Key Properties (A2-A252)	1	1	1	0	1	1	1	1	1	1	1	1	1	0	1	0	0	0	1	0	1	1	1	1	1	1	1	1	1
84	Performance vs. Risk	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	1	0
Reservoir Description and CALibration(A3-A3112214116)																														
92	Reservoir Description	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	0	0	1	1	0	0	0
62	4-D Feasibility	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
62	Rapid 4D Fluid Front Locations	0	0	0	1	0	1	1	1	1	1	1	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
65	Inversion	1	0	0	1	1	1	1	1	1	1	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
43	Region Growing/Permeability Path	0	0	0	0	1	0	1	1	1	1	0	0	1	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
50	Seismic Simulation	0	0	0	0	1	0	1	1	1	1	0	1	1	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
82	Reservoir Simulation (A312-A3124)	0	0	0	0		0	1	1	1	1	0	0	1	0	1	1	1	1	1	0	1	1	0	0	0	0	0	0	0
Drilling																														
54	Deviated Wellpath Planning (A3114331-A3114331525)	0	0	0	0	1	0	1	1	1	1	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0
55	Permeable Fracture Detection	1	0	0	0	0	0	1	1	1	1	1		1	1	1	0	0	1	1	0	1	1	0	0	0	0	0	0	0
82	Cost Optimization	1	1	1	1		1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	1	1	1	1	0	1	1
66	Mud: Audit, Select, Optimize	0	0	0	0	0	0	0	0	0	1	1	0	1	1	1	0	0	1	1	1	1	1	0	0	0	0	0	0	0
56	Formation Damage Control	0	0	0	0	0	0	1	1	1	1	1	0	1	1	1	0	0	1	1	1	1	1	0	0	0	0	0	0	0
84	Geopressure Drilling	1	0	1	0	0	1	1	1	1	1	1	1	1	1	1	0	0	1	1	0	1	1	0	0	0	0	0	0	0
76	Drilling and Completion Fluids	0	0	0	0	0	0	1	1	1	1	0	0	0	1	1	0	0	1	1	1	1	1	0	0	0	0	0	0	0
26	Asphaltene and Paraffin Remediation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Impairment Diagnostics	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
57	Over/Underbalanced Drilling	0	0	0	0	0	0	0	0	0	0	1	0	1	1	1	0	0	1	1	0	1	1	0	0	0	0	0	0	0
83	Horizontal Well Optimization	0	0	0	0	0	1	1	1	1	1	1	0	1	0	1	0	1	1	0	0	1	1	0	0	0	0	0	0	0
Production (A31121413-A3112141363)																														
81	Rock and Fluid Physics/4D Seismic (A31121414-A3112141444)	1	1	1	0	0	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
65	Low Resistivity Pay Detection	1	0	0	1	0	0	1	1	1	1	1	0	1	1	1	0	1	1	1	0	1	1	0	0	0	0	0	0	0
61	Oil Behind Casing Detection (A31121414-A3112141444)	1	0	0	1	0	0	1	1	1	1	1	0	1	1	1	0	0	1	1	0	1	1	0	0	0	0	0	0	0
66	Water Flood and Pressure Remediation	0	0	0	0	0	0	0	0	0	0	1	0	1	1	1	0	0	1	1	0	1	1	0	0	0	0	0	0	0
67	Vp/Vs and AVO Analyses	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	0	0	1	1	0	1	1	0	0	0	0	0	0	0
62	Remedial Stimulation	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
92	Compartment Ids	1	1	1	1	0	1	1	1	1	1	1	0	1	1	1	1	1	1	1	0	1	1	0	0	0	1	0	0	0
77	Maximum Well Potential & Permeability Prediction	1	0	1	0	0	0	1	1	1	1	1	0	1	1	1	0	0	1	1	0	1	1	0	0	0	1	0	0	0
Operations Optimization (A311223-A3112234)																														
127	Multiple Attribute Visualization (A31121414-A3112141444)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
135	Identify Complex Connectivity (A313-A31333)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1
139	Integrate Geology, Geophysics, and Engineering	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	1	1	0	0	1
21	Track New Wells in Real-Time	0	0	0	0	0	0	1	1	1	1	0	0	1	0	0	0	0	1	1	1	1	1	0	0	0	0	0	0	0
39	Track Fluids Production (A314-A33)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1		1	1	1	1	1	0	0	1	0
		15	10	12	11	12	15	27	27	27	28	25	14	30	22	30	10	13	22	22	8	23	23	7	5	8	9	4	7	6

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Production, Engineering, Facilities, and Transportation Data

	Production, Engineering, Facilities, and Transportation Data	Production	Casing	Relational Database Tables	Engineering	Temperature	Pressure	Engineering Plans	Fluid Mass Flux	Pore Fluid Salinity	Rate of Fluid Flow	Cold Water Hydrostatic Pressure	Dynamic Viscosity	Fluid Density	Reference Fluid Density	API Gravity Value of Reservoir	Methane Content of Reservoir	Methane-Hydrocarbons Ratio	Carbon-Dioxide Content of Reservoir	Oil Sulfur Content of Reservoir	Nitrogen Content of Reservoir	Heating Value of Reservoir	Emulsified Oil Viscosity	Material Balance Model	Water Saturation Model	Facilities and Transportation	Facilities	Age of Facilities	Inventory of Facilities	Environmental Condition Facilities	Distance to Pipeline	Distance to Pumping Station	Transportation Network	Floating Production System
Project Prioritization (A1-A154)																																		
104	Efficient Frontier (A3112213-A3112215)	1	1	0	0	0	1	0	0	0	0	0	0	0	0	1	1	1	0	0	0	0	1	0	1	1	1	1	1	1	1	1	1	0
95	ID Key Properties (A2-A252)	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	1	0	1	1	0	0	0	1	1	0	0	1
84	Performance vs. Risk	1	1	0	0	0	1	1	0	0	0	0	0	0	0	1	1	1	0	0	0	0	1	0	1	1	0	0	0	1	1	0	0	0
Reservoir Description and CALIbration(A3-A3112214116)																																		
92	Reservoir Description	1	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
62	4-D Feasibility	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0
62	Rapid 4D Fluid Front Locations	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0
65	Inversion	0	0	0	0	0	1	0	1	0	0	1	0	1	1	0	1	1	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0
43	Region Growing/Permeability Path	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50	Seismic Simulation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0
82	Reservoir Simulation (A312-A3124)	1	1	0	0	0	1	0	1	0	0	1	1	1	1	0	1	1	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0
Drilling																																		
54	Deviated Wellpath Planning (A3114331-A3114331525)	0	0	0	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55	Permeable Fracture Detection	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
82	Cost Optimization	1	1	0	1	0	1	1	0	0	0	0	0	0	0	0	1	1	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0
66	Mud: Audit, Select, Optimize	1	1	0	0	0	1	0	0	0	0	1	0	1	1	0	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0
56	Formation Damage Control	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0
84	Geopressure Drilling	1	1	0	0	0	1	0	0	0	0	1	1	1	1	0	1	1	1	1	1	0	1	0	1	0	0	0	0	0	0	0	0	0
76	Drilling and Completion Fluids	1	1	0	0	0	1	0	1	1	1	1	1	1	1	0	1	1	1	1	1	0	1	0	1	0	0	0	0	0	0	0	0	0
26	Asphaltene and Paraffin Remediation	1	0	0	0	0	0	0	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Impairment Diagnostics	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
57	Over/Underbalanced Drilling	1	1	0	0	0	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1	0	1	0	1	0	0	0	0	0	0	0	0	0
83	Horizontal Well Optimization	1	1	0	0	0	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Production (A31121413-A3112141363)																																		
81	Rock and Fluid Physics/4D Seismic (A31121414-A3112141444)	0	0	0	0	0	1	0	1	0	0	1	1	1	1	0	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0
65	Low Resistivity Pay Detection	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	1	1	1	0	0	0	0	0	0	0	0	0
61	Oil Behind Casing Detection (A31121414-A3112141444)	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	0	0	0	0	0	0	0	0	0
66	Water Flood and Pressure Remediation	1	0	0	0	0	1	0	0	0	0	1	1	1	1	0		0	1	0	1	0	1	1	1	0	0	0	0	0	0	0	0	0
67	Vp/Vs and AVO Analyses	0	0	0	0	0	1	0	0	0	0	1	1	1	1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
62	Remedial Stimulation	1	0	0	0	0	1	0	0	0	0	1	1	1	1	0	0	0	1	0	1	0	1	1	1	0	0	0	0	0	0	0	0	0
92	Compartment Ids	1	0	0	0	0	1	0	0	1	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0
77	Maximum Well Potential & Permeability Prediction	1	0	0	0	0	1	0	0	1	1	1	1	1	1	0	0	0	0	0	0	0	1	1	1	0	0	0	0	0	0	0	0	0
Operations Optimization (A311223-A3112234)																																		
127	Multiple Attribute Visualization (A31121414-A3112141444)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
135	Identify Complex Connectivity (A313-A31333)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
139	Integrate Geology, Geophysics, and Engineering	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
21	Track New Wells in Real-Time	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	Track Fluids Production (A314-A33)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0
		24	17	3	5	3	28	9	10	9	9	17	15	18	17	6	23	22	20	18	20	7	26	12	20	6	4	4	4	6	6	4	4	4

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Investment Use

The budget for US$2,000,000. investment is included on the next page. The largest single expense is for leases (US$600,000.), needed to demonstrate the value of Dynamic Technologies with proven discoveries. The second largest expense is US$480,000. to tie up 12 month exclusive business relationships within the AOI with a vetted database vendor, the owner of the automated self-classifier, and the owners of advanced seismic pattern finding technologies. The third largest expense is for people (US$357,000.) Because of the opportunity to participate in the success with a performance bonus or an overriding royalty interest, this work is being done at a full-time equivalent of US$10,000. per month (including benefits), which is between 25% and 75% of the normal consulting rates of the people committed to work this project. There is a budgeted expense for raising the investment (US$90,000. calculated as a standard Lehman Brothers fee and US$60,000. for the three exploratory wells). Dynamic will license or purchase appropriate data and technology not currently in-house (US$255,000.+ US$200,000. for spec seismic data).

Most of the initial data mining and pattern finding will be done on the vetted well database, along with supporting geological and geophysical potential field data sets. Dynamic anticipates most of the new exploration Concepts and Leads will be derived from this data. The primary source of this data is from Richard Nehring and Associates, and Richard has committed to spend about one week per month consulting for Dynamic in order to get the most possible information out of this. Appropriate portions of the Dwight's/PI database (now ISH Energy Group) will be purchased, in addition to needed electric logs from A2D and check-shot and other well data from Velocity Databank. As mentioned above, the best available gravity and magnetics databases will be integrated. There is a small budget for other data and for Travel and Living Expenses for the year.

Based on Concepts and Leads derived from this and related public domain data, Dynamic will turn as many leads as possible, within budget constraints, into drillable Prospects. If the Business Partner has data and properties within the AOI, they are encouraged to make their in-house databases available to the team, in order to maximize the number of Prospects delivered at the end of the study.

Fairfield has DMO P-Wave seismic data available out to about the 100 foot water depth for US$125,000. per block in the transition zone. Fairfield is also shooting a multi-component survey between 100 and 250 feet of water which will be available in April of 2001. This data is priced at US$325,000. per block. The pattern finding techniques Dynamic is using will have particularly strong application to these data. Dynamic will only obtain enough data to turn Leads into 20 Prospects within the AOI. Western Geophysical, now part of Schlumberger, Seitel, and other contractors have . The Business Partner will work with Dynamic's management and with the Team Leader in order to insure responsibility to approve and account for all expenditures within the AOI.

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Gulf Coast Area-Of-Interest Start-Up Budget

Description	1Q2001	2Q2001	3Q2001	4Q2001	1Q2002	2Q2002	3Q2002	4Q2002	1Q2003	2Q2003	3Q2003	4Q2003	TOTAL
Investment													
Business Partner(s) #1	$2,000,000			$3,000,000									$5,000,000
Total Inflow	**$2,000,000**	**$0**	**$0**	**$3,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$5,000,000**
Expenditures													
(1) 12 Month Exclusive Business Relationships within Area-Of-Interest:													
Vetted Databases	$60,000	$60,000	$60,000	$60,000	$0	$0	$0	$0	$0	$0	$0	$0	$240,000
Automated Self-Classifer	$30,000	$30,000	$30,000	$30,000	$0	$0	$0	$0	$0	$0	$0	$0	$120,000
Seismic Patterns	$30,000	$30,000	$30,000	$30,000	$0	$0	$0	$0	$0	$0	$0	$0	$120,000
Total Technology Tie-Up	**$120,000**	**$120,000**	**$120,000**	**$120,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$480,000**
(2) Lease Purchases	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$600,000**
(3) Development of 20 CLPs:													
People													
Sam LeRoy	0.8	0.8	0.5	0.5	0	0	0	0	0	0	0	0	
William Benzing	0.5	0.5	0.25	0.25	0	0	0	0	0	0	0	0	
Ray Kozusko	0.5	0.5	0.25	0.25	0	0	0	0	0	0	0	0	
Roice Nelson	0.5	0.5	0.25	0.25	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Landman	0.5	0.5	0.5	0.5	0	0	0	0	0	0	0	0	
Technical Support	0.5	0.5	0.5	0.5	0	0	0	0	0	0	0	0	
Total FTE	3.3	3.3	2.25	2.25	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	4
Total at Discounted Rate	$99,000	$99,000	$67,500	$67,500	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$357,000
Lehman Brothers Fee for Capital	$90,000	$0	$0	$60,000	$0	$0	$0	$0	$0	$0	$0	$0	$150,000
Technology													
Infrastructure	$9,000	$6,000	$6,000	$6,000	$0	$0	$0	$0	$0	$0	$0	$0	$27,000
Workstation Time	$6,000	$6,000	$12,000	$12,000	$0	$0	$0	$0	$0	$0	$0	$0	$36,000
Pattern Finding	$5,000	$10,000	$10,000	$10,000	$0	$0	$0	$0	$0	$0	$0	$0	$35,000
Immersive Environments	$6,000	$6,000	$6,000	$6,000	$0	$0	$0	$0	$0	$0	$0	$0	$24,000
Data													
Collection of Public Data	$6,000	$3,000	$3,000	$3,000	$0	$0	$0	$0	$0	$0	$0	$0	$15,000
Gravity Data	$9,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$9,000
Magnetic Data	$9,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$9,000
IHS Energy Group & A2D	$9,000	$3,000	$3,000	$3,000	$0	$0	$0	$0	$0	$0	$0	$0	$18,000
Velocity Databank	$3,000	$3,000	$3,000	$3,000	$0	$0	$0	$0	$0	$0	$0	$0	$12,000
Fairfield or Western or Seitel or TGS Spec Seismic	$50,000	$50,000	$50,000	$50,000	$0	$0	$0	$0	$0	$0	$0	$0	$200,000
Reprocessing Velocity for Pressure	$0	$0	$15,000	$15,000	$0	$0	$0	$0	$0	$0	$0	$0	$30,000
Other	$3,000	$3,000	$3,000	$3,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$28,000
Travel & Living Expenses	$3,000	$3,000	$3,000	$3,000	$0	$0	$0	$0	$0	$0	$0	$0	$12,000
Total Demonstration CLPs	**$307,000**	**$192,000**	**$181,500**	**$241,500**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$962,000**
Three Exploration Wells	$0	$0	$0	$2,940,000	$0	$0	$0	$0	$0	$0	$0	$0	$2,940,000
Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Outflow	**$477,000**	**$362,000**	**$351,500**	**$3,351,500**	**$55,000**	**$55,000**	**$55,000**	**$55,000**	**$55,000**	**$55,000**	**$55,000**	**$55,000**	**$4,982,000**
Cash Flow	**$1,523,000**	**$1,161,000**	**$809,500**	**$458,000**	**$403,000**	**$348,000**	**$293,000**	**$238,000**	**$183,000**	**$128,000**	**$73,000**	**$18,000**	

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Anticipated Return-on-Investment

Dynamic anticipates generating 20 new exploration Concepts, Leads, and Prospects (CLPs) within a few months of receiving the US$2 million investment, to high-grading areas to lease and to leasing enough property to prove the value of this data mining approach.. Of these 20 CLPs, the business partner is expected to select 3 (three), which they will drill as a demonstration project to enable raising a US$100,000,000. exploration fund. Updated projections of return-on-investment for these three wells will be part of Dynamic's responsibilities under the funding of the AOI.

Once Dynamic's data mining concepts are demonstrated, and an exploration fund is raised, Dynamic conservatively anticipates being able to discover, on average, 6 new fields each year for five years, with each new field averaging 10 MBOE each. This implies 30 new reservoirs resulting from the exploration fund. Reservoirs in the Gulf Coast AOI have between 5 and 25 million BOE (Barrels of Oil Equivalent). Cutting this average down to 10 million BOE per new field, implies 300 million BOE for the 30 discoveries. Using a discounted price of US$10. per BOE in the ground, implies the value of will be in excess of US$3. billion.

On the next page is a Pro Forma Gulf Coast AOI Return-On-Investment Spread-Sheet for the AOI. For US$100,000,000. in investment, Dynamic projects a total value in the ground of US$3,120,000,000. Offsetting estimated exploration expenditures of US$204,000,000. still leaves a net value in-the-ground of US$2,916,000,000. Assuming a worst case 40% tax, and no offsetting expenditures, still works out to a simple return-on-investment of over 1500% over 10 years, or an average return of about 1.6-times the initial investment per year. Again, these numbers were calculated based on 30 discoveries averaging 10 million BOE each and depleting these reserves over five years (i.e. 10 million BOE / 5 years = 2 million BOE / year x US$10./BOE in the ground = US$20 million return per year). This is a very conservative estimate, especially considering (1) the lack of technical focus fields in some parts of the AOI have received over the last few decades due to more exciting subsalt and deepwater plays; (2) the potential of multiple stacked pays in small bypassed fault blocks; and (3) the potential of dynamic replenishment, which means finding reservoirs which do not deplete as traditional reservoirs, and could produce extensive reserves beyond traditional expectations.

Note that because the initial Business Partner receives 20% of all overriding royalty interests Dynamic generates between year 1 and year 5, they end up receiving over US$170,000,000. for their initial US$2,000,000. Investment and the US$3,000,000. drilling fund. Using the total US$5,000,000. investment, this works out to a return-on-investment of over 3,300%, or an average return of about 34-times the initial investment per year..

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Gulf Coast Area-Of-Interest Return-On-Investment

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
INVESTMENTS											
Investment #2	$100,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$100,000,000
RESULTS: Joint Venture Return from New Drilling assuming a budget of US$100 million to buy leases, fields, and farm-ins, as well as drilling and infrastructure.											
This model ssumes each new field averages 20 MBOE extracted over six years at US$10. per BOE in the ground.											
New Hydrocarbon Field 01 at 10 MBOE		$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000					$100,000,000
New Hydrocarbon Field 02 at 10 MBOE		$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000					$100,000,000
New Hydrocarbon Field 03 at 10 MBOE		$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000					$100,000,000
New Hydrocarbon Field 04 at 10 MBOE		$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000					$100,000,000
New Hydrocarbon Field 05 at 10 MBOE		$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000					$100,000,000
New Hydrocarbon Field 06 at 10 MBOE		$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000					$100,000,000
New Hydrocarbon Field 07 at 10 MBOE			$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000				$100,000,000
New Hydrocarbon Field 08 at 10 MBOE			$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000				$100,000,000
New Hydrocarbon Field 09 at 10 MBOE			$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000				$100,000,000
New Hydrocarbon Field 10 at 10 MBOE			$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000				$100,000,000
New Hydrocarbon Field 11 at 10 MBOE			$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000				$100,000,000
New Hydrocarbon Field 12 at 10 MBOE			$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000				$100,000,000
New Hydrocarbon Field 13 at 10 MBOE				$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000			$100,000,000
New Hydrocarbon Field 14 at 10 MBOE				$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000			$100,000,000
New Hydrocarbon Field 15 at 10 MBOE				$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000			$100,000,000
New Hydrocarbon Field 16 at 10 MBOE				$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000			$100,000,000
New Hydrocarbon Field 17 at 10 MBOE				$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000			$100,000,000
New Hydrocarbon Field 18 at 10 MBOE				$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000		$120,000,000
New Hydrocarbon Field 19 at 10 MBOE					$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000		$100,000,000
New Hydrocarbon Field 20 at 10 MBOE					$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000		$100,000,000
New Hydrocarbon Field 21 at 10 MBOE					$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000		$100,000,000
New Hydrocarbon Field 22 at 10 MBOE					$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000		$100,000,000
New Hydrocarbon Field 23 at 10 MBOE					$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000		$100,000,000
New Hydrocarbon Field 24 at 10 MBOE					$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000		$100,000,000
New Hydrocarbon Field 25 at 10 MBOE						$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$100,000,000
New Hydrocarbon Field 26 at 10 MBOE						$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$100,000,000
New Hydrocarbon Field 27 at 10 MBOE						$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$100,000,000
New Hydrocarbon Field 28 at 10 MBOE						$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$100,000,000
New Hydrocarbon Field 29 at 10 MBOE						$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$100,000,000
New Hydrocarbon Field 30 at 10 MBOE						$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$100,000,000
Total Value In-The-Ground	$100,000,000	$120,000,000	$240,000,000	$360,000,000	$480,000,000	$600,000,000	$480,000,000	$360,000,000	$260,000,000	$120,000,000	$3,120,000,000
Exploration Expenditures											
Leases (US$500,000/field)	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$0	$0	$0	$0	$3,000,000
Data (US$1,000,000/year)	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$0	$0	$0	$0	$6,000,000
Geotech (US$1,500,000/field)	$1,500,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000	$15,000,000
Drilling (US$6,000,000/field)	$0	$36,000,000	$36,000,000	$36,000,000	$36,000,000	$36,000,000	$0	$0	$0	$0	$180,000,000
Total Exploration Costs	**$3,000,000**	**$39,000,000**	**$39,000,000**	**$39,000,000**	**$39,000,000**	**$39,000,000**	**$1,500,000**	**$1,500,000**	**$1,500,000**	**$1,500,000**	**$204,000,000**
Net Value In-The-Ground	**-$3,000,000**	**$81,000,000**	**$201,000,000**	**$321,000,000**	**$441,000,000**	**$561,000,000**	**$478,500,000**	**$358,500,000**	**$258,500,000**	**$118,500,000**	**$2,916,000,000**
Cumulative Net Value	**-$3,000,000**	**$78,000,000**	**$279,000,000**	**$600,000,000**	**$1,041,000,000**	**$1,602,000,000**	**$2,080,500,000**	**$2,439,000,000**	**$2,697,500,000**	**$2,816,000,000**	**$2,816,000,000**
Taxes at 40%	**$0**	**$31,200,000**	**$80,400,000**	**$128,400,000**	**$176,400,000**	**$224,400,000**	**$191,400,000**	**$143,400,000**	**$103,400,000**	**$47,400,000**	**$1,126,400,000**
Cumulative Net After Taxes	**-$3,000,000**	**$46,800,000**	**$198,600,000**	**$471,600,000**	**$864,600,000**	**$1,377,600,000**	**$1,889,100,000**	**$2,295,600,000**	**$2,594,100,000**	**$2,768,600,000**	**$2,768,600,000**
Value to Investor #2 (60%)	$0	$28,080,000	$119,160,000	$282,960,000	$518,760,000	$826,560,000	$1,133,460,000	$1,377,360,000	$1,556,460,000	$1,661,160,000	$1,661,160,000
Return Business Partner #1 (20%)	$0	$9,360,000	$39,720,000	$94,320,000	$172,920,000	$0	$0	$0	$0	$0	$172,920,000
Value to Geotechologists (10%)	$0	$4,680,000	$19,860,000	$47,160,000	$86,460,000	$137,760,000	$188,910,000	$229,560,000	$259,410,000	$276,860,000	$276,860,000
Dynamic Value (10%, 20% 5 yrs)	$0	$4,680,000	$19,860,000	$47,160,000	$86,460,000	$275,520,000	$377,820,000	$459,120,000	$518,820,000	$553,720,000	$553,720,000
Investor #2 Return	-$100,000,000	-$71,920,000	$19,160,000	$182,960,000	$418,760,000	$726,560,000	$1,033,460,000	$1,277,360,000	$1,456,460,000	$1,561,160,000	1561%
Business Partner #1 Return	-$5,000,000	$4,360,000	$34,720,000	$89,320,000	$167,920,000	$167,920,000	$167,920,000	$167,920,000	$167,920,000	$167,920,000	3358%

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Risk

Dynamic has selected the Gulf Coast AOI to focus its new data mining technologies in order to minimize risk. There are hydrocarbons present. There is extensive data available at a reasonable price. The pattern finding and data mining techniques described in this Prospectus are known to work. The primary risks are (1) the relationship of information space technologies to physical reality, and (2) the price of oil.

Dynamic believes its technologies will significantly improve the 50% drilling success ratio currently enjoyed in this mature petroleum province. A 75+% success ratio minimizes the physical reality risk.

Henry Groppe, who has been watching oil prices for 52 years, expects prices to stay in the range of US$30./BOE. He notes non-OPEC oil production peaked in 1998. He further states that all of OPEC reached maximum production capacity 10 years ago, except for the United Arab Emirates, Kuwait, Saudi, and Venezuela, and Iraq. Iraq will be the principal incremental producer. Just as prices climbed above $2./BOE decades ago and never dropped below this benchmark again, Groppe expects prices in the future to always be above $20./BOE.

As described above, Dynamic will work with the Business Partner to package and sell the CLPs and to obtain a good lease position. Dynamic anticipates an exploration fund Joint Venture business relationship will be formed to exploit CLP defined opportunities. Dynamic's goal in selling these CLPs is to earn a performance bonus or retain an overriding royalty interest equivalent to 2-5%, and then to distribute any bonuses or royalties generated to Investors and professionals who help work up the CLPs. This is a strong motivation for Dynamic to perform as defined in this Prospectus. For example, if Dynamic is successful in selling the top 10 CLPs for an average of 2% overriding royalty interest, and the discoveries average 5 million BOE, then at a discounted price of US$10. per BOE in the ground, the value to participants of this AMI is US$10 million (10 CLPs x 5 million BOE/CLP x $10/BOE x 2%). Of this US$10 million, The first 60% goes pro-rata to the investors in the US$100,000,000. exploration fund. Then 20% goes to the initial Business Partner,10% remains in Dynamic, and the last10% goes to team members who worked up the CLPs.

Additional funds will be raised, if AOI Investors and Stakeholders agree. These funds will become the basis of a separate sub-AOI AMIs, and will be used for more detailed work in some portions of the AOI or for the purchase of leases or fields. The objective is to maximize return on investment for everyone who participates in this Gulf Coast AOI.

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APPENDIX. Confidentiality and AOI Agreement

To be signed by anyone reviewing AOI data

To: ______________________ (Prospective Participant)

Re: Gulf Coast AOI
From: Dynamic Oil & Gas Corporation (Dynamic)

Gentlemen:

The purpose of this letter is to establish an understanding and agreement between Dynamic Oil & Gas Corporation (herein after referred to as Dynamic) and ______________________ (herein after referred to as "Prospective Participant"), with regards to Dynamic's disclosure of CLPs [Concept(s), Lead(s), and Prospect(s)] within the boundaries of the subject AOI to Prospective Participant and the review of data relevant thereto.

Dynamic is disclosing information and data to Prospective Participant in connection with Prospective Participant's possible interest in negotiating a business transaction with Dynamic. Prospective Participant acknowledges that, but for the information and data disclosed by Dynamic, it would not presently have access to the CLPs and would not at this time be in a position to independently proceed with efforts to drill a well within the Gulf Coast AOI (herein after referred to as the "Property"). Accordingly, in consideration of the disclosure by Dynamic of the Property CLPs and related information and data to Prospective Participant, it is agreed as follows:

1. Prospective Participant shall keep, save and hold as confidential the Property CLPs and all information, studies, compilation, analysis, data, records, maps, interpretations, models, visualizations, and simulations of whatsoever character, kind, or nature relative to the Property (collectively herein after referred to as "Data"), which Dynamic discloses to Prospective Participant.

2. Prospective Participant shall not, without Dynamic's prior written consent, disclose, furnish, nor reveal Data to any individual or entity which is not a party hereto and, similarly, shall not permit or authorize any of its agents, employees, or representatives to disclose, furnish or reveal Data to any individual or entity which is not a party hereto.

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3. Prospective Participant, its agents, representatives, and employees shall use the Data solely for the purposes of evaluating or implementing a possible transaction between Prospective Client and Dynamic.

4. Prospective Participant shall be responsible for and shall indemnify and hold harmless Dynamic for any costs, charges, or damages sustained by Dynamic due to any breach of this agreement by Prospective Participant, its agents, representatives, or employees.

5. Notwithstanding the aforementioned provisions, it is agreed and understood that Prospective Participant may disclose any information, studies, compilation, analyses, data, records, maps, interpretations, models, visualizations, and simulations that Prospective Participant may presently have or hereafter may lawfully obtain from any party who legally is entitled to such Data. Prospective Participant may also disclose Data that is filed in public records and may disclose Data in response to a judicial or administrative process from a court or governmental body of competent jurisdiction with lawful authority to demand the production of the same.

6. Prospective Participant agrees to be responsible for enforcing the confidentiality of the Data provided by Dynamic and agrees to take such action, legal or otherwise, to the extent necessary to prevent any disclosure by any of its agents or employees.

7. At any time at the request of the Company and promptly on the conclusion of the Prospective Participant's review of the Data without the requirement of any request therefor, the Prospective Participant will deliver to the Company all the following then in the Prospective Participant's possession or subject to disposition by the Prospective Participant: (I) the originals and all copies of all Data and any extracts or analysis thereof, and (ii) the originals and all copies of all drawings, files, lists, memoranda, notebooks, notes, records, and other documents (including all thereof stored in computer memories or on disks, on microfiche or by any other means) which relate to the Data, whether compiled, made or prepared by the Consultant or by any other person.

8. Prospective Participant recognizes the effort and expense that Dynamic has expended relevant to the Property CLPs to be disclosed and, accordingly, in addition to any equitable or other relief that Dynamic is entitled, if during the term of this agreement Prospective Participant acquires from any party other than Dynamic (a) an interest in the Property, or (b) a right to acquire an interest in the Property, then Prospective Participant shall deliver to Dynamic a 10% of 8/8ths overriding royalty interest in the lease or interest acquired on the Property. Such overriding royalty interest shall be calculated on the same basis as the lessor's royalty interest is calculated.

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9. Should Prospective Participant, as of the date of execution of this agreement, already have an interest in any lease or leases covering all or a portion of the Property, and should Prospective Participant drill, cause to be drilled, or in any other way participate in any well to develop Dynamic's CLPs, then Prospective Participant shall deliver to Dynamic 5% of 8/8ths overriding royalty interest in production from the lease or leases owned by the Prospective Participant prior to this agreement or an equivalent performance bonus.

10. In the event Dynamic deems it necessary to initiate any action to enforce Prospective Participant's obligations hereunder, Prospective Participant agrees to reimburse Dynamic, if it prevails, all costs and expenses, including reasonable attorney's fees incurred by Dynamic in this regards.

11. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas.

12. This Agreement shall inure to the benefit of and bind the respective successors, heirs, representatives, and permitted assigns of the Parties.

13. This Agreement is the full and complete agreement of the Parties with respect to the Confidentiality and AOI Agreement for the Gulf Coast Louisiana AOI Property, supersedes and cancels all prior communications, understandings, and Agreements between the Parties, whether oral or written, expressed or implied, in respect to that subject matter. This Agreement may not be amended, except by a written instrument signed by the authorized representative of each Party.

The provisions of this agreement shall remain in force and effect for a period of two (2) years from the date of this agreement or until all of the Property is no longer under lease, whichever is sooner. If during the term of this agreement Prospective Participant should acquire the right to acquire or earn an interest in the Property, or a lease or other interest in all or part thereof, the above referenced overriding royalty or performance bonus shall be assigned to Dynamic within forty-five (45) days of acquisition of the aforesaid right or interest by Prospective Participant.

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Please indicate your acceptance of the terms and conditions expressed herein by signing this agreement in the space provided below and returning an original executed copy to Dynamic.

Sincerely,

____

H. Roice Nelson, Jr.
Finder
Dynamic Oil & Gas Corporation

AGREED and ACCEPTED

This _____ Day of ______________ (Month), _____ (Year)

Prospective Participant

By: ______________________

Title: ______________________

Company: ______________________

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APPENDIX. Confidentiality and AOI Agreement

Executed copy to be returned to Dynamic Oil & Gas Corporation

To: _________________________ (Prospective Participant)

Re: Gulf Coast AOI
From: Dynamic Oil & Gas Corporation (Dynamic)

Gentlemen:

The purpose of this letter is to establish an understanding and agreement between Dynamic Oil & Gas Corporation (herein after referred to as Dynamic) and ______________________ (herein after referred to as "Prospective Participant"), with regards to Dynamic's disclosure of CLPs [Concept(s), Lead(s), and Prospect(s)] within the boundaries of the subject AOI to Prospective Participant and the review of data relevant thereto.

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5. Notwithstanding the aforementioned provisions, it is agreed and understood that Prospective Participant may disclose any information, studies, compilation, analyses, data, records, maps, interpretations, models, visualizations, and simulations that Prospective Participant may presently have or hereafter may lawfully obtain from any party who legally is entitled to such Data. Prospective Participant may also disclose Data that is filed in public records and may disclose Data in response to a judicial or administrative process from a court or governmental body of competent jurisdiction with lawful authority to demand the production of the same.

6. Prospective Participant agrees to be responsible for enforcing the confidentiality of the Data provided by Dynamic and agrees to take such action, legal or otherwise, to the extent necessary to prevent any disclosure by any of its agents or employees.

7. At any time at the request of the Company and promptly on the conclusion of the Prospective Participant’s review of the Data without the requirement of any request therefor, the Prospective Participant will deliver to the Company all the following then in the Prospective Participant’s possession or subject to disposition by the Prospective Participant: (I) the originals and all copies of all Data and any extracts or analysis thereof, and (ii) the originals and all copies of all drawings, files, lists, memoranda, notebooks, notes, records, and other documents (including all thereof stored in computer memories or on disks, on microfiche or by any other means) which relate to the Data, whether compiled, made or prepared by the Consultant or by any other person.

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Please indicate your acceptance of the terms and conditions expressed herein by signing this agreement in the space provided below and returning an original executed copy to Dynamic.

Sincerely,

____

H. Roice Nelson, Jr.
Finder
Dynamic Oil & Gas Corporation

AGREED and ACCEPTED

This _____ Day of ______________ (Month), _____ (Year)

Prospective Participant

By: ______________________

Title: ______________________

Company: ______________________

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Technology Supplement 1: Example from Baseball of Self-Training Classification

An Example from Baseball Analysis of the hitting statistics of Baseball players is a useful way to demonstrate the strengths of the automated self-classification technology. In addition to ready availability of statistical data, there is a consensus regarding types of players and the value of each type. Therefore this context serves a means to understand and verify the significance of our results. The data consists of the detailed hitting statistics of a sampling of baseball players including members of the Hall of Fame, current players who bear promise of being elected to the Hall of Fame, as well as a sample of players new to the major leagues. For many of the more famous players, their entire career, year by year, has been entered. The data for each player's year includes six measures of batting prowess. A batting average includes two parts. If a player bats, say, .300, he also has an "out" average of .700. The data includes all the components of the batting average, the components of the batting average arising from singles, doubles, triples, and home runs plus two components of the "out average', strike outs and non-strikeouts. This yields six variables that can represent the hitting of a player in each season. These six variables do not exhaust those available in baseball in that similar numbers are available in terms of fielding performance, walks, etc. However we will use the smaller set of variables because the analysis started to evolve for us from a demonstration to an obsession. We show that all of the outfielders can be classified in terms of four "archetypes". Of course no single player may be a pure type but commonly is a hybrid between two or more types.

Table I Archetypal Players*

	Player 1	Player 2	Player 3	Player 4
Singles	26.2	0	0	18.9
Doubles	5.2	0	0	7.1
Triples	0	0	16.2	0
Home Runs	0	6.8	0	9.6
Strikeouts	0	93.2	83.8	0
Other Outs	68.6	0	0	64.4

* Note: Values in percentage. The sum of the first four rows in any column = batting average.

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The object of the analysis is not to necessarily provide new insights into baseball but to illustrate the validity of automated self-classification analysis capabilities within a well-known framework. We argue that any business-related data will similarly be easily interpretable with the customary framework shared by business executives. Table 1 lists the batting attributes of four archetypal players. Baseball addicts can easily describe each archetype.

In the paragraphs below we discuss the characteristics of each archetypal player and compare their resemblance to actual players. Before this, however, we point out that many archetypes share common characteristics but to different degrees. Both Players I and 4 do not strike out but have dissimilar batting averages (.314 and .356 respectively). Player 1 is a singles hitter and Player 4 hits for extra bases. Both Player 1 and 4 hit about the same number of doubles. Players 2 and 3 tend to strike out as opposed to flying out. Both have miniscule averages (0.007 and 0.016 respectively) but player 2 tends to hit home runs and Player 3 hits triples. Player 2 is the only archetype that hits triples, which is a result of superior base running speed.

<u>Player 1</u>

Player 1 (column 1, table 1) has a batting average of .314 (the sum of rows 1-4 in column 1, table 1). The batting average is composed of singles (.262) and doubles (.052). Player 1 flies out but never strikes out. The real player resembling Player 1 most closely is Pete Rose, especially in the latter part of his career. In fact, Rose actually is located at a vertex of the classification tetrahedron in 1983 (a value of 1.00 Player 1) and so defines Player 1.

Other players with high degrees of Player 1 include John Cangelosi, Tony Gwynn and Lou Brock. Cangelosi has been consistent in this regard for his entire career examined in this analysis (I986-1998) having a greater than 0.8 resemblance, whereas both Gwynn and Brock display some variability over time. Tony Gwynn has strongly resembled Player 1 in some years (e.g. 1982-1986, 1990-1993, 1995-1995) where his score on Player 1 is about 0.8. In the intervening years his score declines coincident with a significant rise in his resemblance to Player 4 (Hall of Fame Superstar, as discussed below). Lou Brock, in contrast, has only an intermediate degree of resemblance to Player 1 in his early years (.5-.7) along with a relatively strong resemblance to Player 2 (.1 -.15, strikes out a lot). In his later years his resemblance to Player 1 soars (.8-.9) as his resemblance to Player 2 decreases. Players with very low resemblance to Player 1 (>O.I) are generally superstars at the height of their careers: Greg Vaughn (0.08, 1996 (before and after his trade from Milwaukee to San Diego), Sammy Sosa (0.08,1996 and 0.00,1998) and Willy Mays (0.00 1995, 0.08 1962, 0.06 1964 and 0.02 in 1965).

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Player 2

Player 2 represents an archetype that is impossible to exist in pure form in the Major Leagues. Player 2 hits exclusively home runs but has an abysmal batting average (0.007) and strikes out rather than flies out. Players who have a relatively high resemblance to Player 2 include Willy Mays, Reggie Jackson and, in some years, Sammy Sosa. Thus all tend to strike out if they don't hit the home run. They differ significantly from Joe DiMaggio and Ted Williams who have very low resemblance to Player 2.

Player 3

Player 3 in his pure form has never existed in the Major Leagues. He is purely a triples hitter with a modest batting average of 0.162. Generally, hitting a triple requires superior base running speed and so achieving a triple is more than a function of just power hitting. The actual player most resembling Player 3 is Willy Mays in 1958 (0.21) and it is not a coincidence that Mays is second in triples in the major league record book (behind Mike Tieman) and led the league, in stolen bases during four seasons. The high value for Mays for Player 3 as well as a high resemblance to Player 4 (home run superstar) indicates the uniqueness of Will Mays. Other players with similar values of Player 3 include Joe DiMaggio and Lou Brock.

Player 4

Player 4 is the archetype of the baseball superstar. He has a batting average of 0.359 and hits more home runs than any other archetype. He however never hits triples indicating a lack of speed on the bases. Only when combined with significant values of Player 3 does he become the epitome of a hitter. Of all hitters, Ralph Kiner most resembles Player 4. In 1949 he essentially was Player 4 with a value of 0.93. If we combine his scores that year with Player 3, Kiner achieves a score of 1.00, which by these standards makes him the greatest hitter in the set of players analyzed. Bill James in The Historical Baseball Almanac echoes this evaluation. Other players who strongly resemble Player 4 include: Greg Vaughn (I998), Joe DiMaggio (entire career), Willy Mays (1954-1965), Ted Williams and Mel Ott (1929).

Most of the Major League Players can be considered to be mixtures of archetypes 1,2, and 4. The player who represents the most uniform blend of these three archetypes is Reggie Jackson, "Mr. October', one of the most maddeningly inconsistent stars in baseball. Jay Buhner is a similar mixture but unfortunately has been unable to display the late season spud of Jackson.

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Discussion

From this demonstration we can see that successful players are not alike with respect to a single characteristic but that they all contain high amounts of various combinations of three of the four archetypes. Some players are binary mixtures (Sosa), while others may contain significant amounts of Player 1 (the journeyman) but like DiMaggio, achieve maximum values in other categories (Player 2, the home run king). Comparison between players can turn up surprises. For instance, in terms of hitting, both Joe DiMaggio and Ralph Kiner are similar but the values suggest that Kiner was the better hitter. Kiner, albeit in the Hall of Fame, has garnered little recognition because, we imagine, he played for Pittsburgh and did not have the luxury of having played for the storied Yankees. Any two players can be compared on the basis of the relative amounts of only four archetypes. Commonly, the number of archetypes does not increase as rapidly as the number of variables. That is, if we further refine the at-bat record by including bunts, sacrifice flies, hitting into double plays, advancing the runner, etc., the number of archetypes will change little, if at all. In many cases, a characteristic that is "minor' to a statistician can be of major importance in the "real" world whether it be baseball or commerce. For instance, the maximum value of Player 3 (triples) is 0.13 for Willy Mays (I952) and Mays consistently scored above 0.05 in this category. The reason for the low variance is that triples are a rare event in any baseball game and so do not account for much of the batting average. In statistical jargon, this characteristic absorbs little variance and so is likely to be ignored in variance-driven decision making. Yet this characteristic alone, serves to differentiate Mays from all of the other players in the analysis.

The logic behind this demonstration can be easily generalized into a number of business related situations. A balance sheet subdividing revenues and expenditures by category by month or year is an exact analogy to the baseball example. The spending decisions of customers are another. Comparing a set of companies within an industry is yet another. A business can be classified in terms of archetypal units of income and expenditure and the "mix" of archetypes can be monitored continuously. Similarly, customers can be classed in terms of archetypal membership (derived from the data itself.) and this, in turn, can be used to predict their future behavior. The gist of this report is that this technology represents a new way to evaluate data complexes and to report the data in a fashion that is simple and understandable to decision-makers.

Relevance of the Baseball Example to Hydrocarbon Exploration

Simply change baseball players to oil and gas reservoirs, and baseball statistics to production histories, properties of produced fluids and gasses, decline curves, results of Drill Stem Tests, stratigraphic tops, gravity data, magnetic data, seismic data, etc. The same type of patterns, groupings, and classifications as were derived in the baseball example will naturally fall out of the data. Remember, a key concept being pursued is that data is deterministic, in that it does speak, and data is a precursor to decision making. Understanding the structure of and relationships within data results in better decisions.

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