

**Business plan
project's**

**drilling of deep wells for oil, gas, gas condensate
production for customers**

Russia, 2019

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This proposal is prepared for the investor, founder, business partner interested in investing funds, approximately – 193 million us dollars, in a high-tech drilling company, with a payback of the project, for three years and subsequent, possible, annual return of up to 60% on the invested capital.

1. INTRODUCTION – OVERVIEW OF THE DRILLING SERVICES MARKET IN RUSSIA

According to the findings of a new review of the Russian analytical company, at the moment the park of drilling rigs (BOO) in Russia, has about 1.4 thousand units. The growth of the drilling rig fleet, since 2009, was about 18%. But, according to RPI estimates, on average, about 25% of the park is in the non-working Fund for reasons of high wear and technical unsuitability for ongoing work. Currently, in the domestic park of drilling rigs, the dominant place belongs to the BU of Russian producers (Uralmash, VZBT, BOEZ), which account for more than 60%. About 17% of the market is occupied by Chinese companies. The share of BU from Chinese manufacturers has doubled over the past 8 years.

Against this background, depressing look at the numbers of updates of the Russian fleet of B U. According to the RPI, over the 2010-2017 years, the demand for drilling rigs in Russia ranged from 48 to 65 units per year. In value terms, a significant part of the demand was generated by expensive heavy-duty units in the Arctic version for projects in the North-West, Eastern Siberia and Yamal, Russia

In the park of the Russian drilling rigs for more than 40% are aged more than 20 years and 32% aged less than 10 years. According to the RPI, at the end of 2017, Russia recorded an increase in the volume of drilling in production drilling by 11.7% to 27.6 million meters, with a slight decrease in oil production by 0.1% — from 547.5 million tons in 2016 to 546.8 million tons in 2017. This situation may indicate that the growth in oil prices supports the investment activity of oil companies, both in new fields with a view to the future 3-5 years, and on Mature assets. At the same time, some of the least profitable wells are conserved or transferred to other modes of operation, than on the one hand formally the requirement of the agreement with OPEC is fulfilled, and on the other hand, costs are optimized

It is expected that the volume of oil production in Russia in 2018 will grow by about 0.5% compared to 2017, and in the subsequent period, oil production will show moderate growth and reach a peak of 570-574 million tons in 2024-2030. In the long term until 2030, in the drilling market, two main multidirectional trends are projected — a reduction in the cost of drilling simple wells in old fields and an increase in the cost of drilling in new fields.

According to CDU TEK, in 2016, the total investment in production and exploration drilling for all companies producing oil in Russia amounted to 673.5 billion rubles (11.1 billion dollars). The increase in investment in production drilling compared to 2015 is estimated at 19.4%. The

Business plan of drilling company "ЗУБР-1" (ZUBR-1) - services of drilling wells for oil

volume of investments in exploration drilling increased to 9%.The average annual growth rate (CAGR) of drilling investments in 2011-2016 was 13.4%.

For example, the demand for drilling services, the data of the oil company

Table 1

The necessary need to maintain the current level of oil production, drilling, on the example of the customer's business plan

	2019	2020	2021	2022	2023
The drilling of production wells	18	22	22	25	25
The drilling of exploration wells	1	2	2	2	1
The volume of investment, million \$	98	131	131	158	158

2. «SWOT» - PROJECT ANALYSIS

The purpose of the organization of the commercial drilling enterprise, is to make a profit, indefinitely, in the foreseeable horizon.

The main strategy of the project: Fast drilling-fast revenue. Lots of drilling, lots of revenue. Reduced costs - increased profits.

Implementation of the project strategy: it is Proposed to create a modern drilling enterprise that meets the high modern requirements, with the following advantages:

Geographical and economic location of the territory near the oil and gas regions, as well as the availability of qualified labor resources;

Operation of modern drilling equipment that allows drilling wells in difficult geological conditions and in conditions of full autonomy (lack of road infrastructure, linear energy, constant water supply, harsh climate, marshland);

Favorable political and economic processes, and the weak level of technically re-equipped Russian enterprises

Stage of the project, in 2019-2020

Stage 1: Conclusion of the contract and transfer of funds by the investor to the account of LLC "ZUBR-1»;

Stage 2: Conclusion of a contract for the purchase of drilling rigs and equipment, with the manufacturer, with the terms of payment and duration of manufacture, delivery, customs clearance, certification;

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Stage 3: Providing and sending an information letter to a potential Customer about the readiness to provide drilling services ;

Stage 4: An invitation from the Customer, to participate in the tender procedure. The tender, the commercial offer of LLC «ЗУБР-1» (ZUBR-1), is planned to declare 10 % lower, competitors and offer more options to reduce costs, increase oil production by the Customer;

Stage 5: Signing of the contract between the Customer and the contractor, newly created drilling company «ЗУБР-1» (ZUBR-1);

Stage 6: Purchase and mobilization of drilling rig and equipment, TMC to the place of work;

Stage 7: The formation of a regional office and drilling crews. Contracts with service contractors;

Stage 8: Rid up of drilling rigs and equipment on the pad of the customer's field;

Stage 9: The performance of the contract - construction of wells for the Customer;

Stage 10: Return of funds to the investor within three years;

Stage 11: Participation, winning the tender, conclusion, execution of the next income contract, distribution of profits between the investor and LLC " ZUBR-1, in the ratio of 50 % / 50 %.

3. PROJECT DESCRIPTION

The drilling enterprise of LLC "ZUBR-1" is planned to increase, on seven drilling crews for filling of works on construction of deep wells, for Customers - the oil and gas companies, with payback of initial investments, within three years.

The location of the object

After testing and evaluation of productive formations in drilled exploratory wells, it is planned to conduct active production drilling in the Timan-Pechora gas province, on the Gydan Peninsula , on the Taimyr Peninsula, in Eastern Siberia of Russia or abroad.

Description of drilling operations

Drilling of vertical, directional, horizontal wells will be carried out at an average meter rate- 800\$, without VAT, with a 10% discount to the current rates:

Selection of work technology

It is planned to use "advanced drilling", high-tech rock-cutting tools and drilling equipment, automation of technological descent and lifting processes, moving, reducing energy consumption costs.

Characteristics of the purchased equipment

The initial data for the selection of technological equipment are the Customer's requirements for the quality of drilling and duration of work.

From the history of drilling at the customer's fields: if 10 years ago, out of 100 drilled wells, seven wells were recognized as a marriage, then for 2017, only 2 wells were recognized as a marriage. If 10 years ago the production well was drilled for 70 days, then in 2017-50 days; Thus, the drilling equipment must be ordered, designed, manufactured, tested, under load, to minimize unproductive time and achieve the maximum possible, close to the "Technical limit" indicators of penetration, lifting operations, movement, in all directions of the VAT line, with the drilling tool behind the "finger", large-block installation of the drilling rig. This will reduce the duration of drilling to 40 days per well or bring revenue in ruble equivalent to 3 million \$ per year.

It is also important to generate electricity at minimal cost. A preliminary analysis of the application of measures shows the possibility of saving energy costs, to 75 000\$ per month.

ENVIRONMENTAL PRODUCTION ISSUES

Traditionally, the drilling contractor independently calculates and pays the budget fee for emissions of harmful substances on the basis of passport data of engines. In the case of operation of new power generators, as well as the introduction of measures to reduce energy costs, payments will be insignificant, within a few tens of thousands of rubles per quarter. Waste oil, filter are removed from the drilling and shall be in specialized points of reception.

For utilization of products of vital activity, waste of the dining room, sewage from a bath - Laundry complex, toilets, showers, "shambo", with reproduction of bacteria for which waste - a nutrient medium, in the residential town of drilling crew is mounted.

Drilling mud spills are excluded by a closed process chain. The drilled rock, has 4 category of hazard class and after processing, is disposed of inside the "body" of the sand site.

4. INFORMATION ABOUT THE MAIN PARTICIPANTS OF THE PROJECT

Analysis of price indicators

The average cost of drilling production wells in the fields of subsoil user of the Customer varies about \$ 3.3 million, depending on the depth and complexity of drilling. The cost of

Business plan of drilling company "ЗУБР-1" (ZUBR-1) - services of drilling wells for oil

drilling exploration well is calculated individually and depends, in addition to the above conditions, on the amount of core sampling and testing of productive formations. LLC«ЗУБР-1» (ZUBR-1) is also ready to offer to the Customer, more attractive price offers and the expanded list of options.

The tables below show the cost of well construction approved by the Customer. The name of the Customer, for reasons of confidentiality, do not call.

Table 2

Commercial proposal for the construction of five oil wells					
Name	Length of wells/ intervals of drilling (m)	Amount of days (days)	Date the beginning of	Stage end date	Cost without tax,\$
2	4	5	6	7	8
Construction of wells pad № 5 X field	24 100	413			22 126 142,51
Construction of the well № 1033	4 700	115			4 656 469,10
Mobilization to field , Stage 1		31	15.02.2020	17.03.2020	623 024,45
Rig up, Stage №2		30	17.03.2020	16.04.2020	673 474,72
Drilling and cementing the conductor, Stage No. 3	400	7	16.04.2020	23.04.2020	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	23.04.2020	10.05.2020	1 135 760,00
Drilling and cementing of the production column, Stage №5	2 340	20	10.05.2020	30.05.2020	1 528 303,64
Drilling and cementing of the tail pipe, Stage №6	200	10	30.05.2020	09.06.2020	320 148,48
Construction of the well № 1412	4 900	59			4 163 583,79
Movement rig (15 m), Stage № 8		2	09.06.2020	11.06.2020	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	11.06.2020	18.06.2020	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	18.06.2020	05.07.2020	1 135 760,00
Drilling and cementing of the production column, Stage №5	1 940	18	05.07.2020	23.07.2020	1 267 055,15
Drilling and cementing of the tail pipe, Stage №6	800	15	23.07.2020	07.08.2020	1 280 593,94
Construction of the well № 1417	4 900	59			4 163 583,79
Movement rig (15 m), Stage № 8		2	07.08.2020	09.08.2020	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	09.08.2020	16.08.2020	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	16.08.2020	02.09.2020	1 135 760,00
Drilling and cementing of the production column, Stage №5	1 940	18	02.09.2020	20.09.2020	1 267 055,15
Drilling and cementing of the tail pipe, Stage №6	800	15	20.09.2020	05.10.2020	1 280 593,94
Construction of the well №1418	4 900	59			4 163 583,79
Movement rig (15 m), Stage № 8		2	05.10.2020	07.10.2020	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	07.10.2020	14.10.2020	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	14.10.2020	31.10.2020	1 135 760,00
Drilling and cementing of the production column, Stage №5	1 940	18	31.10.2020	18.11.2020	1 267 055,15
Drilling and cementing of the tail pipe, Stage №6	800	15	18.11.2020	03.12.2020	1 280 593,94
Construction of the well № 1536	4 700	121			4 978 922,04
Movement rig (15 m), Stage № 8		2	03.12.2020	05.12.2020	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	05.12.2020	12.12.2020	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	12.12.2020	29.12.2020	1 135 760,00
Drilling and cementing of the production column, Stage №5	2 340	20	29.12.2020	18.01.2021	1 528 303,64
Drilling and cementing of the tail pipe, Stage №6	200	10	18.01.2021	28.01.2021	320 148,48
Wellhead release, Stage 7		5	28.01.2021	02.02.2021	73 638,24
Rig down, Stage № 9		20	02.02.2021	22.02.2021	376 549,15
Remediation pad Stage № 10		10	20.06.2020	30.06.2020	37 126,46
Mobilization to next Customer		30	22.02.2021	24.03.2021	1 027 221,36
Total:	24 100	413			

Commercial proposal for the construction of fourteen oil wells

Name	Length of wells/ intervals of drilling (m)	Amount of days (days)	Date the beginning of	Stage end date	Cost without tax,\$
2	4	5	6	7	8
	46 780	627			39 291 565,69
Construction of the well № 1463	4 640	114			4 617 281,83
Mobilization to field , Stage 1		31	15.04.2020	16.05.2020	623 024,45
Rig up, Stage №2		30	16.05.2020	15.06.2020	673 474,72
Drilling and cementing the conductor, Stage No. 3	400	7	15.06.2020	22.06.2020	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	22.06.2020	09.07.2020	1 135 760,00
Drilling and cementing of the production column, Stage №5	2 280	19	09.07.2020	28.07.2020	1 489 116,36
Drilling and cementing of the tail pipe, Stage №6	200	10	28.07.2020	07.08.2020	320 148,48
Construction of the well № 1412	4 980	58			3 647 260,76
Movement rig (15 m), Stage № 8		2	07.08.2020	09.08.2020	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	09.08.2020	16.08.2020	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	16.08.2020	02.09.2020	1 135 760,00
Drilling and cementing of the production column, Stage №5	2 620	22	02.09.2020	24.09.2020	1 711 177,58
Drilling and cementing of the tail pipe, Stage №6	200	10	24.09.2020	04.10.2020	320 148,48
Construction of the well № 1417	4 540	54			3 359 887,42
Movement rig (15 m), Stage № 7		2	04.10.2020	06.10.2020	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	06.10.2020	13.10.2020	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	13.10.2020	30.10.2020	1 135 760,00
Drilling and cementing of the production column, Stage №5	2 180	18	30.10.2020	17.11.2020	1 423 804,24
Drilling and cementing of the tail pipe, Stage №6	200	10	17.11.2020	27.11.2020	320 148,48
					0,00
Construction of the well№ 1457	4 320	56			3 784 773,48
Movement rig (15 m), Stage № 7		2	27.11.2020	29.11.2020	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	29.11.2020	06.12.2020	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	06.12.2020	23.12.2020	1 135 760,00
Drilling and cementing of the production column, Stage №5	1 360	15	23.12.2020	07.01.2021	888 244,85
Drilling and cementing of the tail pipe, Stage №6	800	15	07.01.2021	22.01.2021	1 280 593,94
Construction of the well № 1459	5 000	59			4 228 895,91
Movement rig (15 m), Stage № 7		2	22.01.2021	24.01.2021	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	24.01.2021	31.01.2021	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	31.01.2021	17.02.2021	1 135 760,00
Drilling and cementing of the production column, Stage №5	2 040	18	17.02.2021	07.03.2021	1 332 367,27
Drilling and cementing of the tail pipe, Stage №6	800	15	07.03.2021	22.03.2021	1 280 593,94
Construction of the well № 1461	4 400	54			3 268 450,45
Movement rig (15 m), Stage № 7		2	22.03.2021	24.03.2021	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	24.03.2021	31.03.2021	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	31.03.2021	17.04.2021	1 135 760,00
Drilling and cementing of the production column, Stage №5	2 040	18	17.04.2021	05.05.2021	1 332 367,27
Drilling and cementing of the tail pipe, Stage №6	200	10	05.05.2021	15.05.2021	320 148,48
Construction of the well № 1462	4 950	58			3 627 667,12
Movement rig (15 m), Stage № 7		2	15.05.2021	17.05.2021	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	17.05.2021	24.05.2021	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	24.05.2021	10.06.2021	1 135 760,00
Drilling and cementing of the production column, Stage №5	2 590	22	10.06.2021	02.07.2021	1 691 583,94
Drilling and cementing of the tail pipe, Stage №6	200	10	02.07.2021	12.07.2021	320 148,48
Construction of the well № 1460	4 500	58			3 807 573,18
Movement rig (15 m), Stage № 7		2	12.07.2021	14.07.2021	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	14.07.2021	21.07.2021	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	21.07.2021	07.08.2021	1 135 760,00
Drilling and cementing of the production column, Stage №5	1 640	17	07.08.2021	24.08.2021	1 071 118,79
Drilling and cementing of the tail pipe, Stage №6	700	15	24.08.2021	08.09.2021	1 120 519,70
Construction of the well № 1463	4 500	58			3 807 573,18
Movement rig (15 m), Stage № 7		2	08.09.2021	10.09.2021	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	10.09.2021	17.09.2021	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	17.09.2021	04.10.2021	1 135 760,00
Drilling and cementing of the production column, Stage №5	1 640	17	04.10.2021	21.10.2021	1 071 118,79
Drilling and cementing of the tail pipe, Stage №6	700	15	21.10.2021	05.11.2021	1 120 519,70
Construction of the well № 1464	4 950	58			5 142 202,34
Movement rig (15 m), Stage № 7		2	05.11.2021	07.11.2021	104 416,88
Drilling and cementing the conductor, Stage No. 3	400	7	07.11.2021	14.11.2021	375 757,82
Drilling and cementing technical columns, Stage # 4	1 760	17	14.11.2021	01.12.2021	1 135 760,00
Drilling and cementing of the production column, Stage №5	2 590	22	01.12.2021	23.12.2021	1 691 583,94
Drilling and cementing of the tail pipe, Stage №6	200	10	23.12.2021	02.01.2022	320 148,48
Wellhead release, Stage 7		5	02.01.2022	07.01.2022	73 638,24
Rig down, Оran № 9		20	07.01.2022	27.01.2022	376 549,15
Remediation pad Stage № 10		10	20.06.2021	30.06.2021	37 126,46
Mobilization to next Customer		30	27.01.2022	26.02.2022	1 027 221,36
Total:	46 780	627			

Financial condition

In accordance with the investment plans of the co-founder.

Information about management, project office, staff

General Director, initiator, founder, operator of the project - Pavel Vladimirovich Zaytsev. Two educations. Experience-27 years in drilling, exploration, hydraulic fracturing, , workover projects. Worked in Russian and foreign companies in Russia and abroad, "Rosneft", "TNK-BP", Schlumberger, Baker Hughes", "CIS International"... There are recommendations, reviews, articles, corporate magazines, my completed drilling projects. Of the latest achievements - the maximum achieved at this field, a commercial speed - 3014 meters per month. The maximum drilling speed of the section 393 mm-67 m / h ; section 295 mm- 46 m / h, at the customer's fields.

The project office will consist of former chief specialists, with many years of experience in one oil company, who thoroughly know the peculiarities of the oil industry. The drilling crew is planned to choose from the existing composition of another drilling enterprise, going through hard times.

COMPETITION AND ANALYSIS OF MARKET

The drilling market in, Russia

Oil companies-subsoil users: "LUKOIL", "NORTHERN OIL", " LLC "Gazpromneft", Rusneft, "ROSNEFT", etc., to maintain or increase the volume of oil and gas production, constantly attract drilling companies to drill wells and explore new fields.

Logistics, transportation

Depending on the availability of infrastructure, roads near the customer's fields. Nearest to the field of the city, no year-round roads with a firm covering. Delivery of goods occurs mainly by rail. In winter, you can get to the "winter road". This isolation constrains other possible competitors, from regions with developed infrastructure, due to ignorance of the conjuncture of the drilling services market in the region.

Competition

1. LLS "Bashneft-servisnye aktivy drilling".
2. LLC "Neftemash VAC;
3. LLS "Investgeoservis»;

5. LLS "Usinskgeoneft»,
6. LLS "Siberian service company»
7. LLS "Eurasia".

Marketing

As mentioned earlier, the market of drilling services is quite localized in the of Russia. High production rates, in combination with a range of additional services, will allow for many years to be provided with volumes of drilling operations

5. FINANCIAL PLAN

Conditions and assumptions accepted for calculation

For calculation of economic efficiency of the organization of the drilling enterprise the worst conditions are accepted.

Source data

Technical Specification for the construction of wells, oil or gas, where the initial data of wells are specified, are placed by the Customer in the tender documentation. Based on these data, a commercial offer is calculated and offered to the Customer.

Capital expenditure (CAPEX)

Table 4

Name	Cost, including VAT, \$
Rig, power 2000hp (7 units)	119 000 000
Camp, on 60 men.(7 units)	4 242 424
Fuel tanks, V=2000 tonn (7 units)	2 651 515
Crane, 60tonn.(7 units)	2 727 273
Forklift , 7 units.	1 742 424
W/W plates, containers 1400+140 units.	1 060 606
Pipe wrench for drill pipes (7 units)	2 121 212
BOP, на 350 bar (7 units)	636 364
Track (7 units)	424 242
Backhoe loader (7 units)	318 182
Kit fishing tools (7 units)	318 182
communication, office equipment, TV, household appliances, office furniture, documentation (7 units)	318 182
Software 1C, "Tetrasoft", PPE, fire fighting equipment (7 units)	318 182
Inflatable warehouse (7 units)	636 364
Crew bus "KAMAZ" - 30 seats (7 units)	636 364
Semi trailer, for fuel, water, oil (7 units)	212 121
Boiler plant (7units)	212 121
Air heaters, heat guns, street lighting (7 units)	212 121
Chemical laboratory - 7 (units)	212 121
wrenches, welding transformers (7 units)	212 121
Drill pipes OD 127;102mm (7 sets)	5 303 030
Heavy drill pipes -240,178 mm,127 mm, slings , elevators (7 sets)	1 060 606
Total:	144 575 758

Operation costs (OPEX)

The costs of the current period are the costs for the period, for tendering , contract work, office, hiring, training, delivery to/from the place of work, PAYROLL personnel , equipment certification, mobilization and loading and unloading, rig up of equipment, 2500 tons, commodity material values-3500 tons, for each drilling rig. One/seven drilling rigs will require 7 million \$ / 49 million \$, for the first 12 months, before the transfer of payment for the stages of work performed income contracts, customer companies.

Expenditure part

As a standard example, the calculations of the economy, the executed contract for the construction of five wells for 196 days (6.5 months) are shown.) from which it can be seen that even in the worst case scenario (small volumes of well construction, low cost of running meter of drilling, the policy of penalties on the part of the Customer), the invested funds, 1.8 billion rubles., in each drilling crew, pay off in three years. In order to protect the privacy of confidential information, the enterprise, drilled wells, provided a conditional letter "X".

The budget, at various loadings of drilling crews, the enterprise "X", on the example of one operating crew, with the hired services, maintenance, transport.

The amount of work depends on the cost of the won tender and the contract with the Customer.

Option 1: 100 % load volumes of work, drilling crew, 12 months;

Option 2: 75 % workload, drilling crew, 9 months;

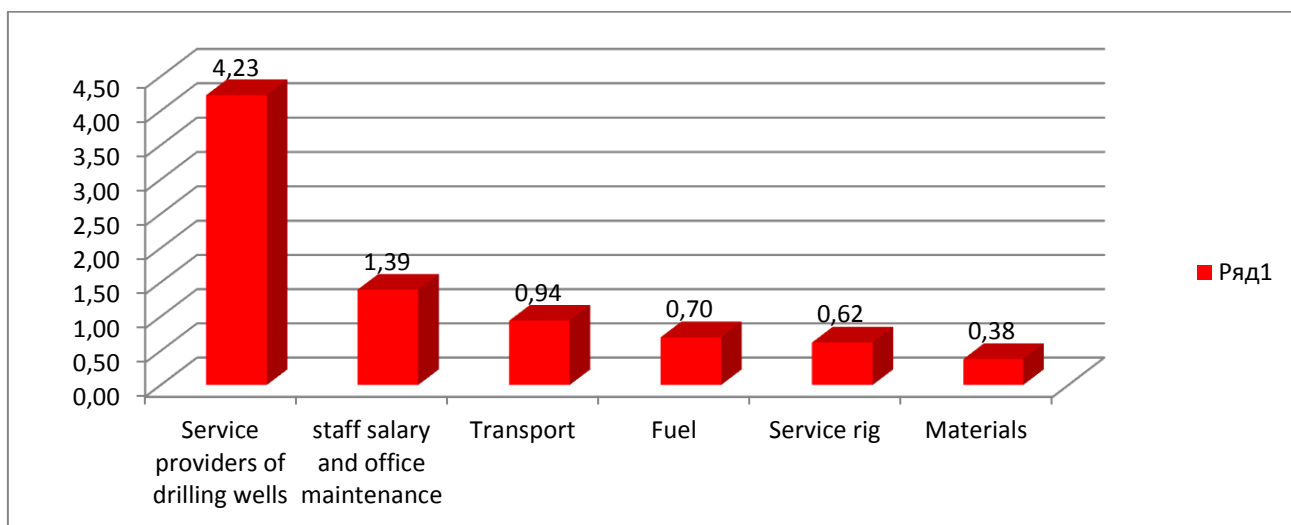
Option 3: 50% utilization of the volume of work of the drilling crew, 6 months.

An example of a completed contract, the drilling crew of OOO "X" with the actual 50% load, revenues and expenditures:

Table 5

	Income, million \$, without VAT, per year*	14,45	18	23
		loading volumes of work, one drilling crew		
		50%	75%	100%
№	Expenses, million \$, per year			
1	Service providers of drilling wells	4,23	5,28	6,61
2	staff salary and office maintenance	1,39	1,74	2,18
3	Transport	0,94	1,17	1,47
4	Fuel	0,70	0,87	1,09
5	Service rig	0,62	0,78	0,97
6	Materials	0,38	0,47	0,59
	Total expense	8,26	10,32	12,90
	Total profit	6,19	7,86	9,82
	Total profit, %, per year	43	43	43

Graphical display of expenses in the construction of wells



As you can see from the graph, the main expenses are the costs of service related services:

1. Well cementing - 40 %
2. Directional drilling - 25 %
3. Drilling muds - 20 %
4. Bits 13 %
5. Wire line logging of wells - 2 %

If you have your own cementing services and drilling fluids, expenses will be reduced by 50 %
Twice, reduced expenses if you have your own maintenance of the drilling rig, catering, boiler plant, "duty" vehicles, rig up and down, commissioning, service drilling fluids, well cementing. In this case, the expenses will be reduced by 30 %, and the profit will increase to 60 %.

But this is not the full potential for optimization. It is very interesting to buy your own company and use the cost of directional drilling services and directional drilling services pay off in two years. Cost reduction, twice, is possible in the power supply of the drilling rig, by replacing expensive, delivery, diesel fuel, liquefied natural gas.

Thus, the reduction of expenses associated with the construction of wells reduces the payback period, increases the profitability and attractiveness of the enterprise.

An example of a conditionally executed contract, one drilling crew of LLC "ZUBR-1" with planned revenues and expenses, with the worst, average, best scenario.

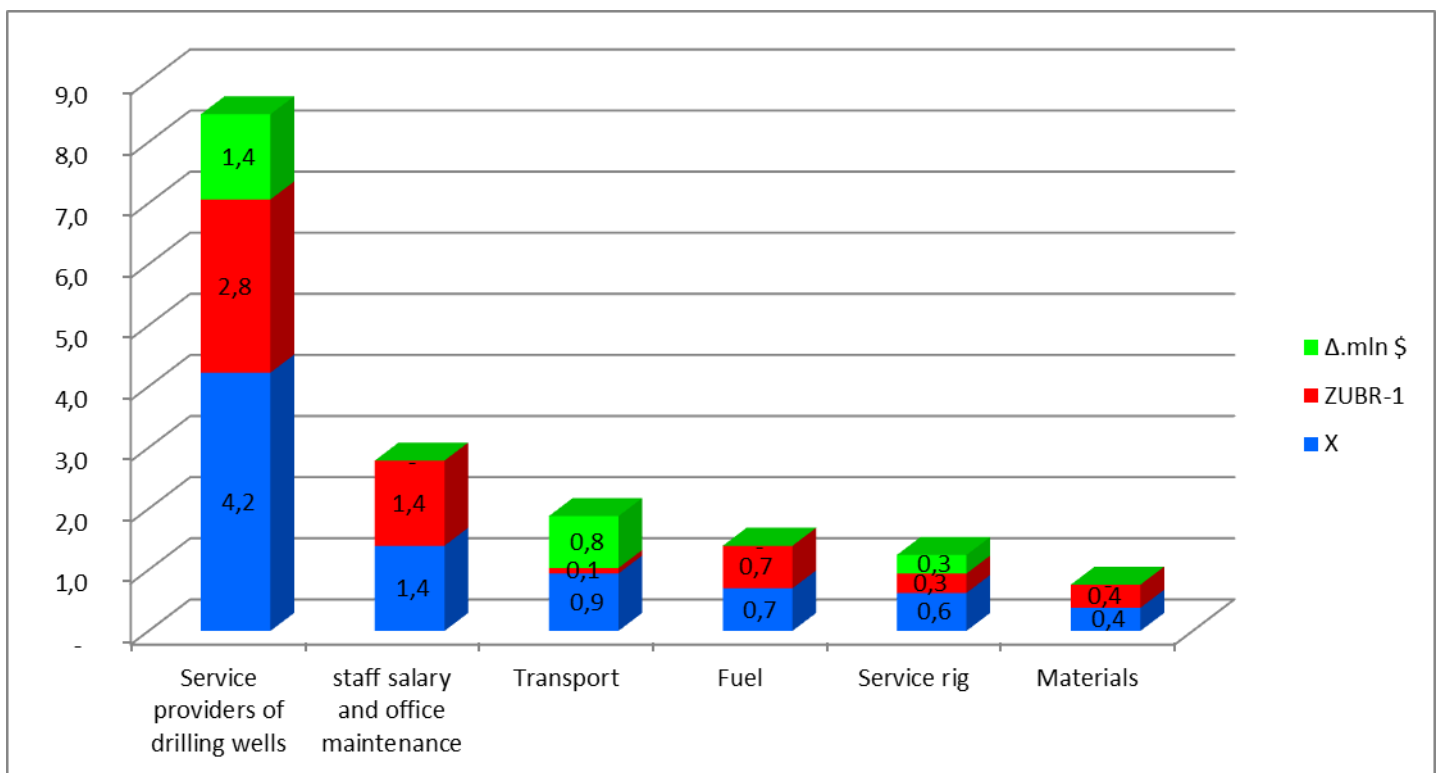
Table 6

Income, million \$, without VAT, per year*		14	18	23
		loading volumes of work, one drilling crew		
		50%	75%	100%
№		Expenses, million \$, per year		
1	Service providers of drilling wells	3	4	4
2	staff salary and office maintenance	1	2	2
3	Transport	0,1	0,1	0,1
4	Fuel	1	1	1
5	Service rig	0,3	0,4	0,5
6	Materials	0,4	0,5	1
Total expense		6	7	9
Total profit		8	11	14
Total profit, %, per year		60	60	60

Compare expenses of LLC "X" and "ZUBR-1"

Table 7

	X	ZUBR-1	Δ.mln \$
Service providers of drilling wells	4,2	2,8	1,4
staff salary and office maintenance	1,4	1,4	-
Transport	0,9	0,1	0,8
Fuel	0,7	0,7	-
Service rig	0,6	0,3	0,3
Materials	0,4	0,4	-



An example of a conditionally executed contract, seven drilling crews of LLC "ZUBR-1" with planned revenues and expenses, with different loading scenarios

Table 8

Income, million \$, without VAT, per year*		98	126	161
		loading volumes of work, one drilling crew		
		50%	75%	100%
№		Expenses, million \$, per year		
1	Service providers of drilling wells	19,83	25	31
2	staff salary and office maintenance	9,76	12	15
3	Transport	0,64	1	1
4	Fuel	4,88	6	8
5	Service rig	2,23	3	3
6	Materials	2,65	3	4
	Total expense	40,0	50	62
	Total profit	60,0	76	99
		60*3=180 mln \$		
	Thus, even in the worst case scenario, with a half-load of drilling crews, the payback is not more than three years.			

Need for initial funds

Funds, 193 million dollars, are needed in 2019, because the equipment is metal-intensive and requires up to 9 months for production and delivery to the object of work.

The total income-expenses, with payment of expenses - profit, to the investor, on initial investments, are given in the following table and extended for horizon - 3 years.

Table 9

	2019 year	2020 year	2021 year	2022 year	2023 year
The approximate cost of construction of wells, seven rig crew, per year, Mln \$		98	98	98	98
The expenses of seven drilling rigs, equipment, transport, goods and materials, service, payroll, office, mln. \$	193	40	40	40	40
Payment of redemption costs per year, \$ million, without taking into account the delay of payment by the Customer. 120 days and taxes		58	58	58	19
Profit of the LLC "ZUBR-1", before taxes, million \$		0	0	0	39

7. RISKS EVALUATION

Drilling rigs and equipment will be ordered from large and well-known manufacturers that do not allow delays or disruptions in the supply of products. The available experience of the team allows to conclude contracts only with proven customers - subsoil users, road carriers of drilling equipment, suppliers of goods and materials.

Further, if we allow the non-winning of the tender for the drilling of production wells, at the same field, or any other, in 2021, in the investment contract, it will be noted that, by agreement of the parties, the drilling equipment can be sold, the funds are transferred to the investor's account.

The residual value of drilling rigs and equipment will be sufficient to cover all costs.

It should be noted that there is an informal interest in the launch of a new, modern, drilling enterprise, on the part of Customers, representatives "Gazpromneft", "Gazprom", "NOVATEK" and other companies.

**Thank you for your attention.
I hope for mutually beneficial cooperation.**