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SOUTH TIGRE LAGOON FIELD

A DEVELOPMENTAL DRILLING PROGRAM IN AN
UNDERDEVELOPED DEEP SEATED SALT DOME IN THE
HEART OF THE PROLIFIC LOWER MIOCENE TREND

IBERIA AND VERMILION PARISHES, LOUISIANA

3811 Turtle Creek Blvd. • Suite 850 • Dallas, Texas 75219

Economic Summary for Oil and Gas Properties

South Tigre Lagoon Field
State Lease No. 19944, Well No. 1
Iberia Parish, Louisiana

Completion Cost: \$10,451,000
(See AFE, Previous Page)

PV 10: \$58,000,000

IRR: 80%

ROI: 10:1

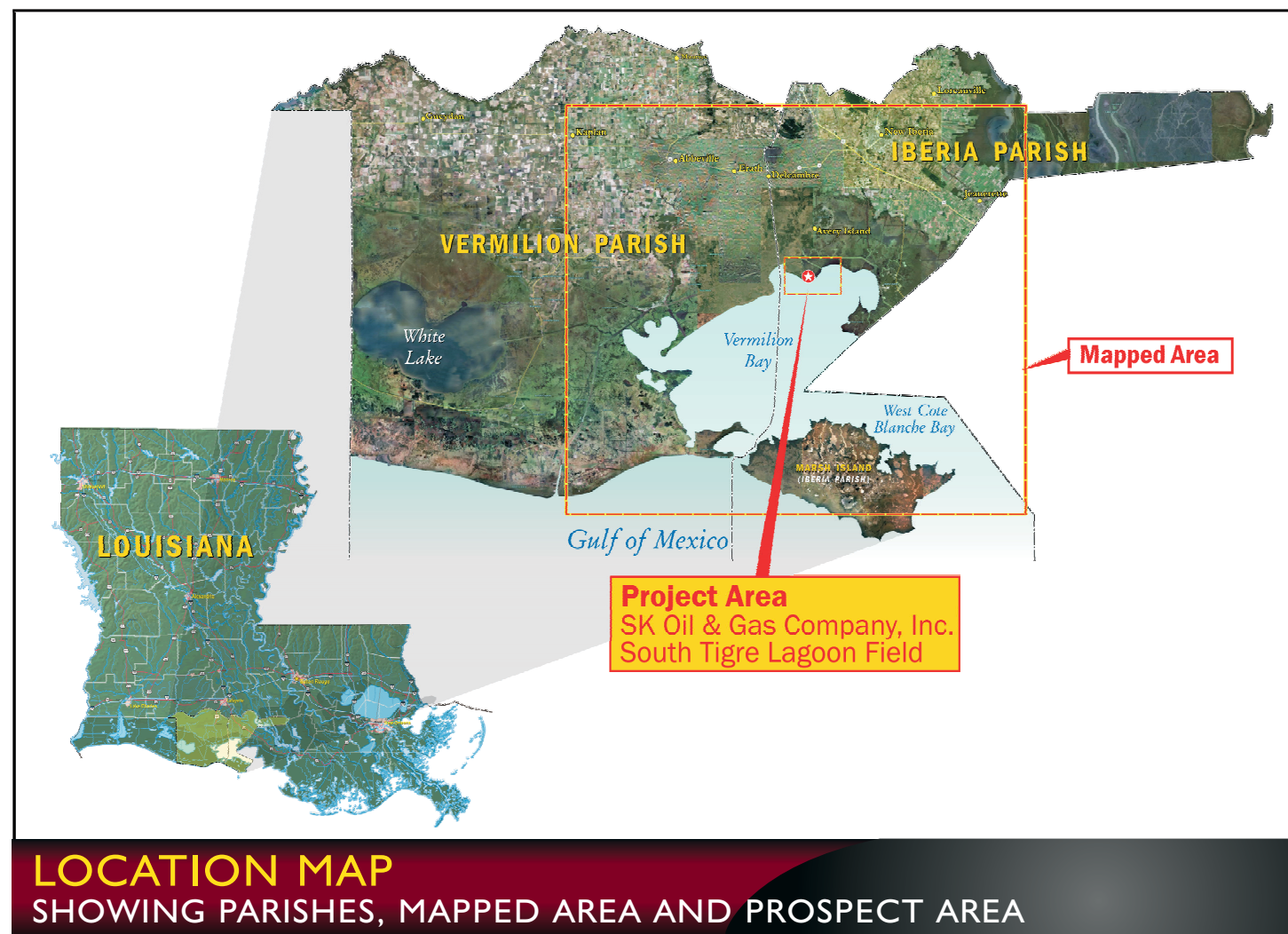
AUTHORITY FOR EXPENDITURE							
General Information							
Operator:	Palm Resources			Location:	T14S - R5E		
Lease:	South Tigre #1			Location:	Vermilion		
Date Prepared:	1/30/2010			Location:	0		
Prepared By:	Jerry Wetzel			Field:	S. Tigre Lagoon		
Work:	Drill & Log			State:	LA		
				Country:	USA		
Well Data							
TVD:	16500'			2nd Intm/Prod:			
MD:	16500'			Liner:	7-5/8"	14400'	
WD:	8'			2nd Liner:			
Drive Pipe:	20	"	200'	Prod Liner:	5 1/2"	16,500'	
Conductor:				Tieback:	5-1/2"	14200'	
Surface:	17 1/2"		3000'	2nd Tieback:			
Intermediate:	9-5/8"		12000'	Prod Csg/TB:			
Rig Type:	Barge			Tubing:	2 7/8"	16500'	
Description							
Drilling, P&A, Case and Completion AFE for the proposed well							
		Drilling	P&A	Dry Hole	Case/T&A	Completion	Total
Days		59	3	62	4	8	Cmpltd/Tstd
							71
Intangible Cost Estimate							
100	Location	\$488,600	\$34,600	\$523,200	\$22,000	\$33,600	\$544,200
200	Drilling Tools	\$1,809,000	\$76,200	\$1,885,200	\$103,100	\$169,140	\$2,081,240
300	Mud and Chemicals	\$543,310	\$18,270	\$561,580	\$9,360	\$38,720	\$591,390
400	Rental Tools	\$184,487	\$12,524	\$197,011	\$27,570	\$54,120	\$266,177
500	Cementing	\$130,000	\$45,500	\$175,500	\$104,000	\$0	\$234,000
600	Services	\$423,929	\$5,454	\$429,382	\$11,421	\$146,393	\$581,743
700	Transportation	\$233,050	\$12,450	\$245,500	\$15,800	\$52,000	\$300,850
800	Supervision	\$180,050	\$8,850	\$188,900	\$11,800	\$13,200	\$205,050
Total Intangible Cost Estimate		\$3,992,426	\$213,848	\$4,206,273	\$305,051	\$507,173	\$4,804,650
Tangible Cost Estimate							
					\$0	\$0	
900	Tubular Goods	\$1,314,600	\$0	\$1,314,600	\$484,500	\$243,870	\$2,042,970
1000	Wellhead Equipment	\$25,500	\$0	\$25,500	\$2,000	\$80,000	\$107,500
1100	Casing Equipment	\$108,800	\$0	\$108,800	\$107,000	\$0	\$215,800
1200	Completion Equipment	\$0	\$0	\$0	\$0	\$50,000	\$50,000
1300	Lease Equipment	\$0	\$0	\$0	\$0	\$0	\$0
1400	Production Sales Expense	\$0	\$0	\$0	\$0	\$0	\$0
Total Tangible Cost Estimate		\$1,448,900	\$0	\$1,448,900	\$593,500	\$373,870	\$2,416,270
Insurance							
					\$0	\$0	
1500 Insurance	20 MM	\$132,000	\$0	\$132,000	\$0	\$0	\$132,000
Well Cost							
					\$0	\$0	
ESTIMATED WELL COST		\$5,573,326	\$213,848	\$5,787,173	\$898,551	\$881,043	\$7,352,920
CONTINGENCY	15%	\$835,999	\$32,077	\$868,076	\$134,783	\$132,156	\$1,102,938
Leasehold, Seismic		\$750,000	\$0	\$750,000	\$0	\$0	\$750,000
COST OF MONEY		\$0	\$0	\$0	\$0	\$0	\$0
Gathering Line		\$0	\$0	\$0	\$0	\$1,000,000	\$1,000,000
WIND DOWN		\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ESTIMATED WELL COST		\$7,159,324	\$245,925	\$7,405,249	\$1,033,334	\$1,013,199	\$10,205,858
ROUNDED TO NEAREST \$1,000		\$7,158,000	\$246,000	\$7,405,000	\$1,033,000	\$2,013,000	\$10,451,000
Summary of Operations							
Current Plan: Drill a straight hole to a TD of 16,500' and evaluate.							
Plug and abandon well if unproductive.							
C&C open hole. Run & cement 5-1/2" production liner & tieback							
Prep for completion. P/U workstring. Clean out casing. Run bond log. Test casing. Displace mud with brine.							
Set packer. TIH w/ tubing. Sting into packer. Space out. Land. Set tree. Perf thru tbg.							
NU tree cap. Secure well & release services. Test well.							

Kentex Energy LLC, Palm Resources and SK Oil and Gas Partners V, LLP

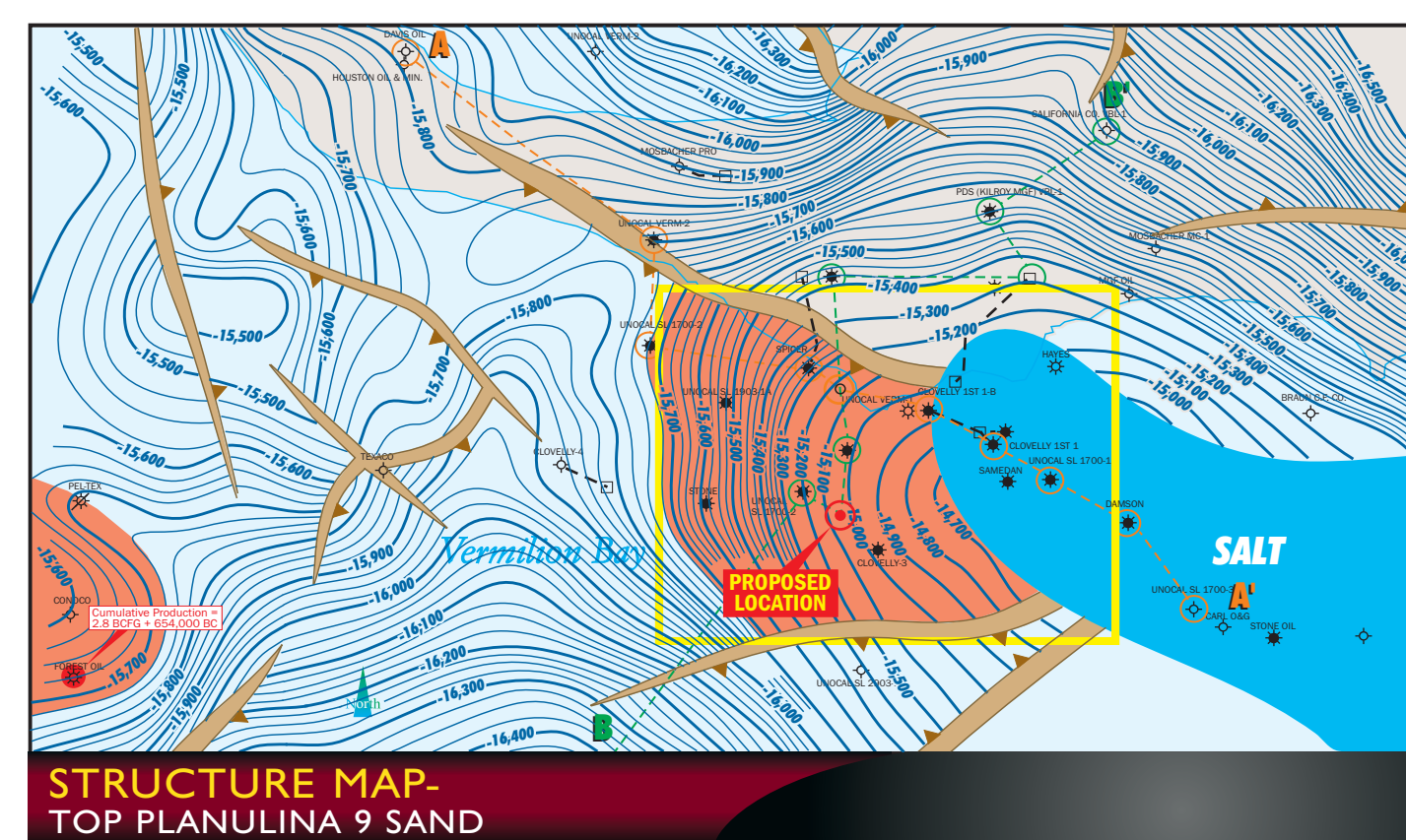
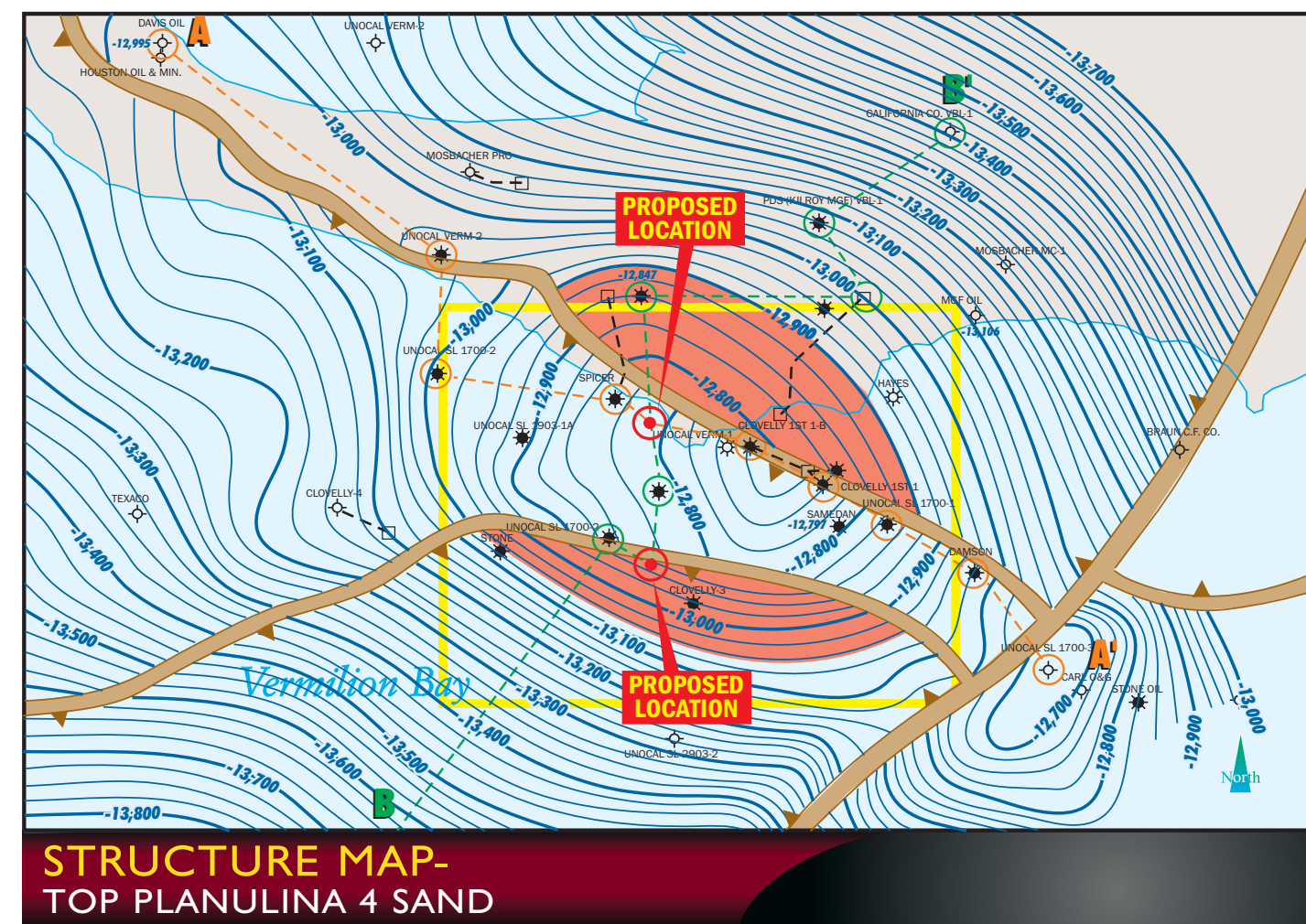
South Tigre Lagoon Project
Vermillion Bay
Iberia Parish, Louisiana

Terms

Objective:	Siph Davisi and Planulina Sands
Acreage:	549 Acres
NRI:	74.00%
Prospect Cost:	\$750,000
Promote:	1/3 for 1/4 to casing point election on first well
Dry Hole Cost:	\$7,405,000
Completion Cost:	<u>\$3,046,000</u>
Total:	\$10,451,000
Estimated Reserves:	Proved 5 BCF and 150,000 BO Probable 50 BCF and 1.5 MMBO
Initial Rate:	8,000 MCFD and 400 BOPD Subject to Prior Sale



- The Property is located in Iberia Parish, Louisiana, a few miles south of Lafayette and Abbeville, Louisiana. Locations are shallow water barge locations adjacent to land. To secure the property, Louisiana State Leases have already been purchased covering the structure and include 549 acres. The NRI is 74%.
 - The Property is located within the heart of the prolific Miocene, Planulina and Siphonina producing oil and gas trends in South Louisiana. South Tigre Lagoon Field is surrounded on all sides by producing fields which have cumulative production for each individual field ranging from 500 to 1,000 BCF Gas and from 5,000,000 to 225,000,000 barrels of Oil/Condensate. South Tigre Lagoon has comparable potential.
 - South Tigre Lagoon Field is a closed anticlinal salt related structure with corresponding faulting. KENTEX licensed the new WesternGeco and SEI 3D Seismic Shoot, which covers the Property. The 3D Seismic incorporated all such data into detailed mapping to identify and delineate several new and existing proven productive fault blocks between depths of 7,500' to 16,500'. The proven producing sands within the Field include shallow sands from the Middle Miocene Amph "B" down to, and including, the Lower Miocene Siph, Davisi, and Planulina Sands. Proven Productive Sands present within the area range in thickness from 10' to over 250' for each sand and have porosities of 22 to 32%.
- PROSPECT GEOLOGY**



EXECUTIVE SUMMARY

PUD 1 Updip to Stone Well Discussion

SUMMARY

The Updip to Stone Prospect will be drilled on the west flank of the South Tigre Lagoon salt ridge. The well will be drilled to 16,500'. It will be updip to the Stone Energy State Lease 6343 # 1 well that was drilled in 1985 and produced in both the SD 9 and Planulina 2 sands. Our prospective well will have ten possible sands with 4 main targets: Siph Davisi 9, Planulina 2, Planulina 4 and Planulina 9. Two of these targets (Siph Davisi 9 and Planulina 2) are considered Proved. The Planulina 4 target is considered Probable, with the high potential Planulina 9 target being Possible but hugely productive in nearby fields. The total estimated reserve potential for this first well is 6 BCFE Proved, 20 BCFE Probable and 100 BCFE Possible for a total potential of 126 BCFE.

TARGETS

Siph Davisi 9 The Siph Davisi 9 Sand is the first target in this well and is considered Proved. We will be updip from the Stone Energy State Lease 6343 that produced 420 MMCF and 4142 BC in this sand. We will be flat to the Unocal State Lease 1700 # 2 that had a very good log show, but was not produced (produced from shallower productive sand). The Proved Reserves associated with the SD 9 sand are 2.3 BCF and 23,000 BC.

Planulina 2 The Planulina 2 Sand is the second target and is also considered Proved. Again, we will be updip to the Stone Energy State Lease 6343 # 1 well. The Stone well produced 116 MMCF and 5258 BC. The Proved Reserves associated with this sand are 2.7 BCF and 122,000 BC. The Planulina 2 sand has 2 lobes. All of the Proved Reserves are associated with the upper lobe. As we get updip to the Stone well we could begin to fill up the lower (much thicker) lobe in the Planulina 2 and gain significant additional reserves.

Planulina 4 The Planulina 4 Sand is the first deeper exploration target for prospect and is considered Probable. We will be testing this sand 100 feet high to the Stone Energy State Lease 6343 # 1. This sand is +200 feet thick and had an excellent log show in the Stone well (5' of gas in the top of the 200' sand). Reserve potential in this zone is greater than 20 BCFE.

Planulina 9 The Planulina 9 Sand is the deepest target for the prospect and is actually a number of stacked sands. Just to the west of South Tigre Lagoon, PelTex has produced 2.8 BCF and 654,000 BO from a much smaller structure. Our location is tied in by 3-D Seismic and is syncline-separated from the Pel Tex structure which looks to be filled to spill point. Reserve potential from this zone is greater than 100 BCFE. Other nearby Planulina 9 completions have produced more than 23 BCF per well plus condensate.

