



**Stock:** Alto Energy (AOI)  
**Recommendation:** **SPECULATIVE BUY**  
**Price:** \$0.067

**EVENT: DRILLING UPDATE – REED #4-8 WELL**

- The Reed #4-8 well has reached total depth of 9,724 feet:
  - × Logs have been run and initial analysis has confirmed 150 ft of sand and 50 ft of net pay based on porosities observed
  - × A flare was observed while drilling through the sand

**IMPACT**

- It is encouraging that the well is to be completed based on the interpretation of the log data.
- While positive, it is early days, and further testing will be required to determine production potential.

**COMMENT**

- The Reed #4-8 well will be completed in a manner typical for wells in the area:
  - × Once the casing and the wellhead has been installed, a completion rig will be moved in to run the casing log, perforate and flow test the well
  - × The well is then fracture treated, production equipment is brought in and connected to the wellhead
- This process should take ~25 days, but can be delayed by up to 2 months depending on the availability of a completion rig and fracture treatment crews.
- Only after confirmation of an economic well will permits and rights of way be obtained, and pipelines installed. This should take another month.

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**Important Disclosures**

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- Argonaut Capital has acted as Corporate Advisor to AOI and received fees commensurate with this service.
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