

# INCREMENTAL OIL and GAS (asx: IOG)

GOOD OIL CONFERENCE  
7<sup>th</sup> SEPTEMBER 2011

[www.incremental油和gas.com](http://www.incremental油和gas.com)



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This presentation contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

# Incremental Business model

- A producing oil company with a cash flow focus
- We acquire underperforming oilfields and increase production
- Focus is Onshore California
  - Five projects:
    - **Sheep Springs** producing Oilfield
    - **Round Mountain** producing Oilfield
    - **McDonald Anticline** development project
    - **Guijarral Hills** development project
    - **Raven Pass** exploration project
- We are 100% WI and operate all of our projects

# Capital Structure

- Formed 2009 as Private Company
- Listed January 2011 after raising \$5.3m at 30 cents.
- 459 shareholders
- 135.6m shares (Directors and management 43%)  
92.8m unlisted options<sup>1</sup>
- Market cap about \$40 million
- NO DEBT
- REVENUE               \$6.06 million
- EBITDA                \$2.40million

1. Options exercisable at \$0.20 on or before 1 November 2014

2. Unaudited annual figures, to year end 2010



# IOG TEAM

From left:

**Asquith: 20 years CPA.**

**MacDonald: 13 years in Senate, LLB**

**Cronin: No 2 in Woodside (23 years)**

**Stowell: Founder of Anvil and Mawson West, CPA**

**McGann: 40 years geologist worldwide, CPG**



**CALIFORNIA**

**M Pet Eng,  
Over 25 years in  
California**

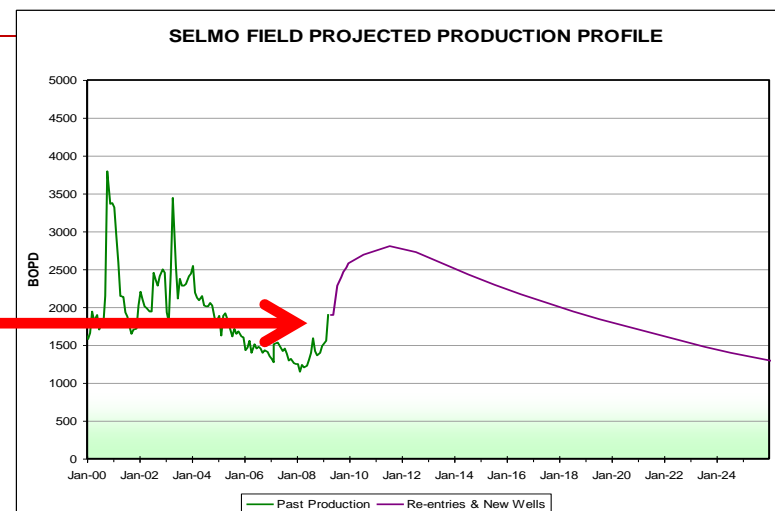
**CFO**

**DIRECTORS**



# The team have done it before...

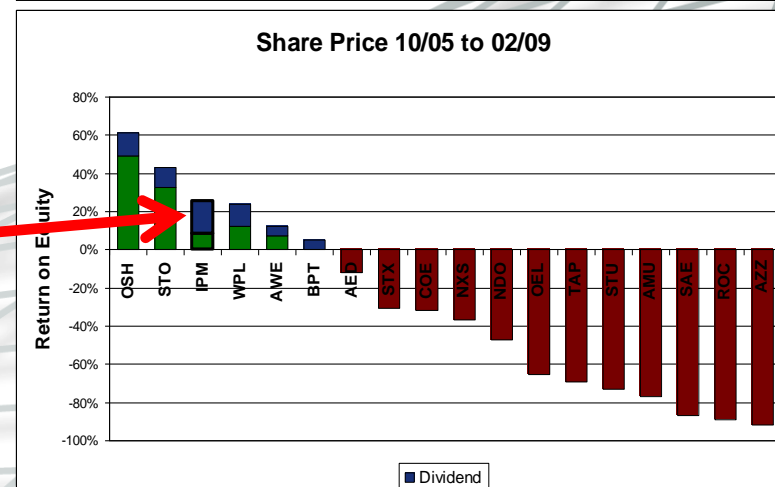
- **INCREMENTAL PETROLEUM** formed 2005.
- Raised \$61m, bought second largest oilfield in **TURKEY**
- Built production from 1500 bopd to 2000 bopd
- Commercialized West Turkey Gas
- Bought California producing assets



**HOSTILE TAKEOVER ATTEMPT 2008**

**SETTLED MARCH 2009.**

**TOTAL RETURN OVER 3 YEARS 27%**



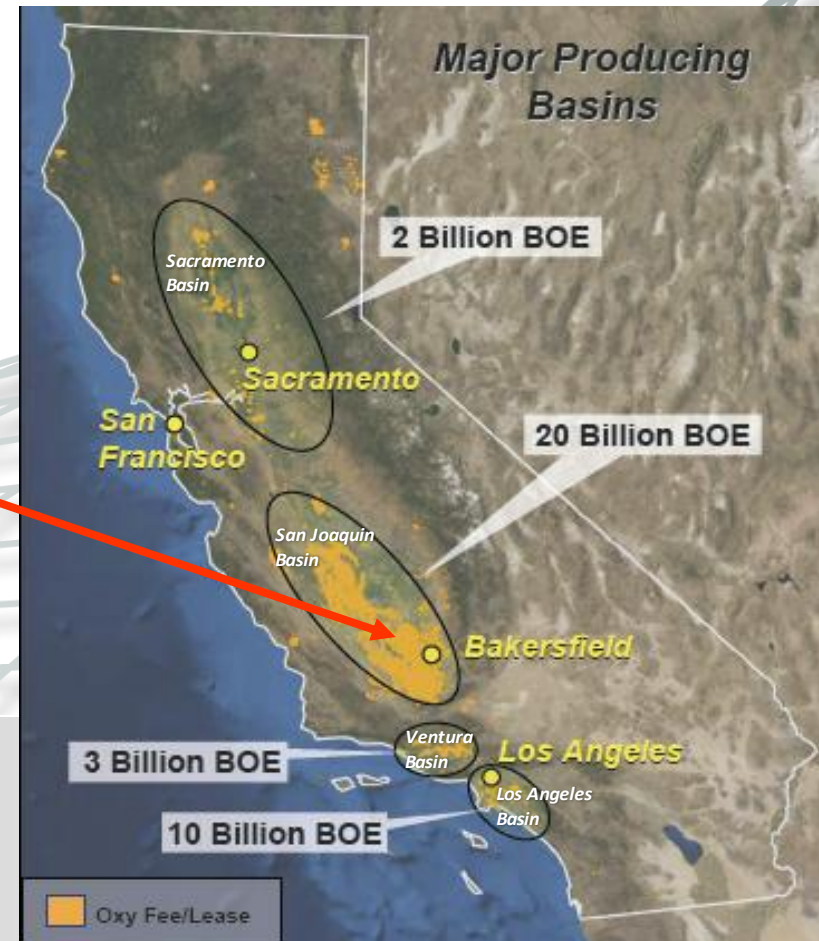
**Similar Board formed  
INCREMENTAL OIL & GAS (IOG)  
in JULY 2009**

# Why California ?

- **Significant bypassed oil left by early producers**
- Few mid-sized oil companies operate in California
- Cheap and competitive service suppliers
- Excellent Fiscal regime

The San Joaquin Basin has:

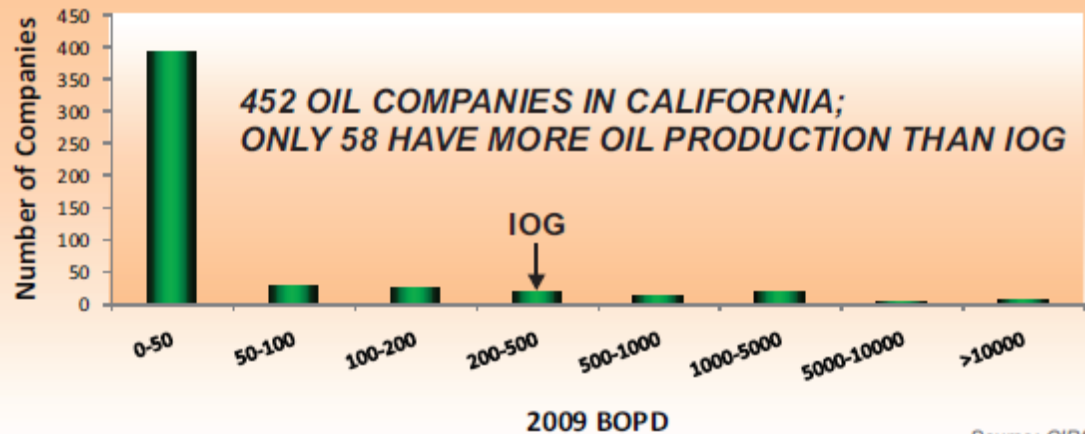
- 10 times Australia's reserves
- 150% Australia's production



# Why California ?

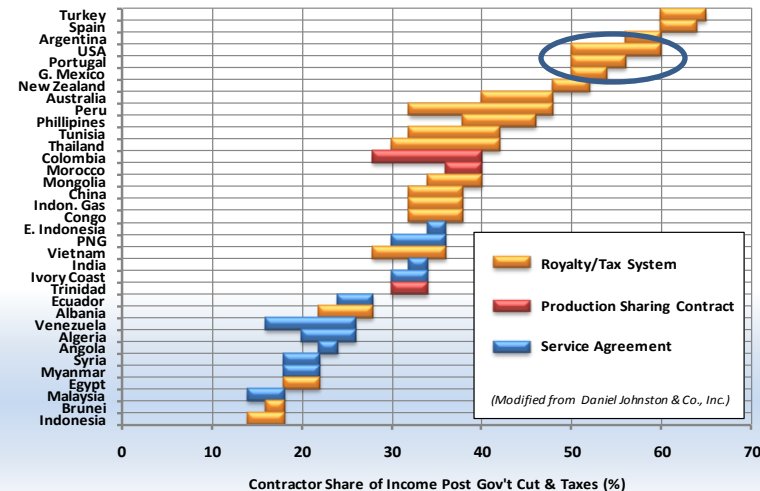
- Few mid-sized oil companies operate in California
- Excellent Fiscal regime

Daily Oil Production Distribution among Companies in California



Source: CIPA

Comparison of Fiscal Terms





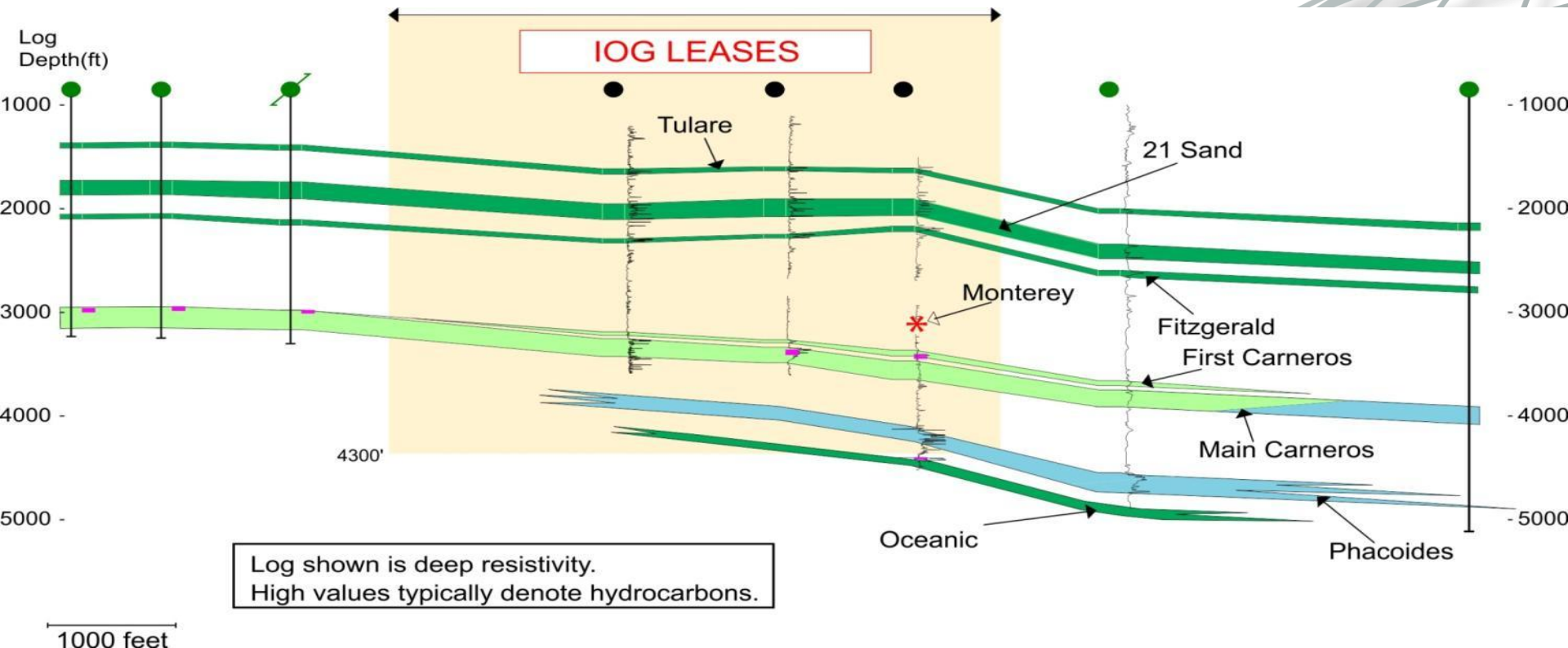
# Incremental Projects



- Producing **SHEEP SPRINGS**
- Producing **ROUND MOUNTAIN**
- **M<sup>c</sup>DONALD A/C** Development
- **GUIJARRAL HILLS** Development
- **RAVEN PASS** Exploration

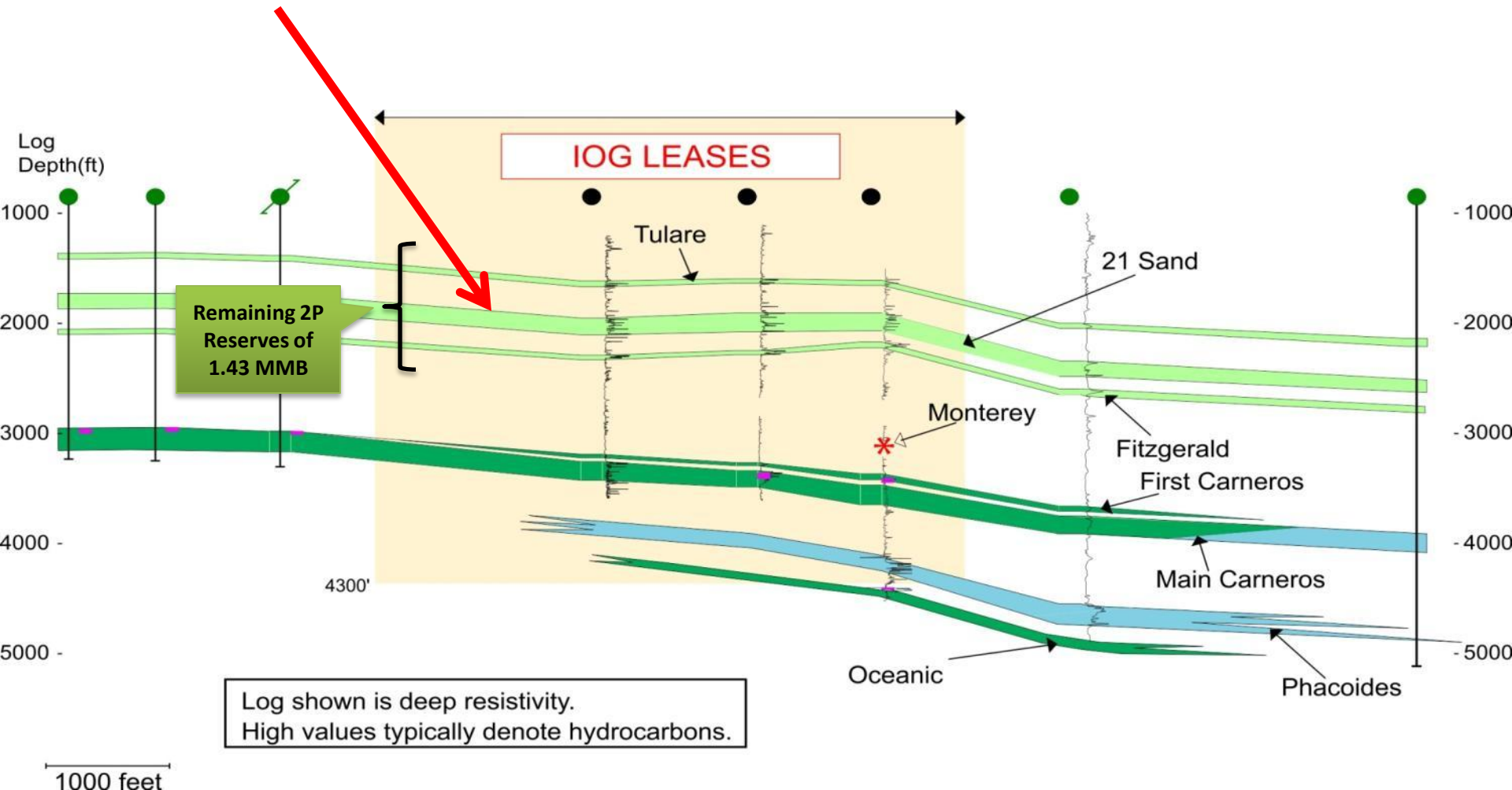
# Sheep Springs Oilfield

- 100% owned since January 2010
- Revenue \$4-500k/month
- Paid out in cash terms this year



# Sheep Springs Oilfield (2)

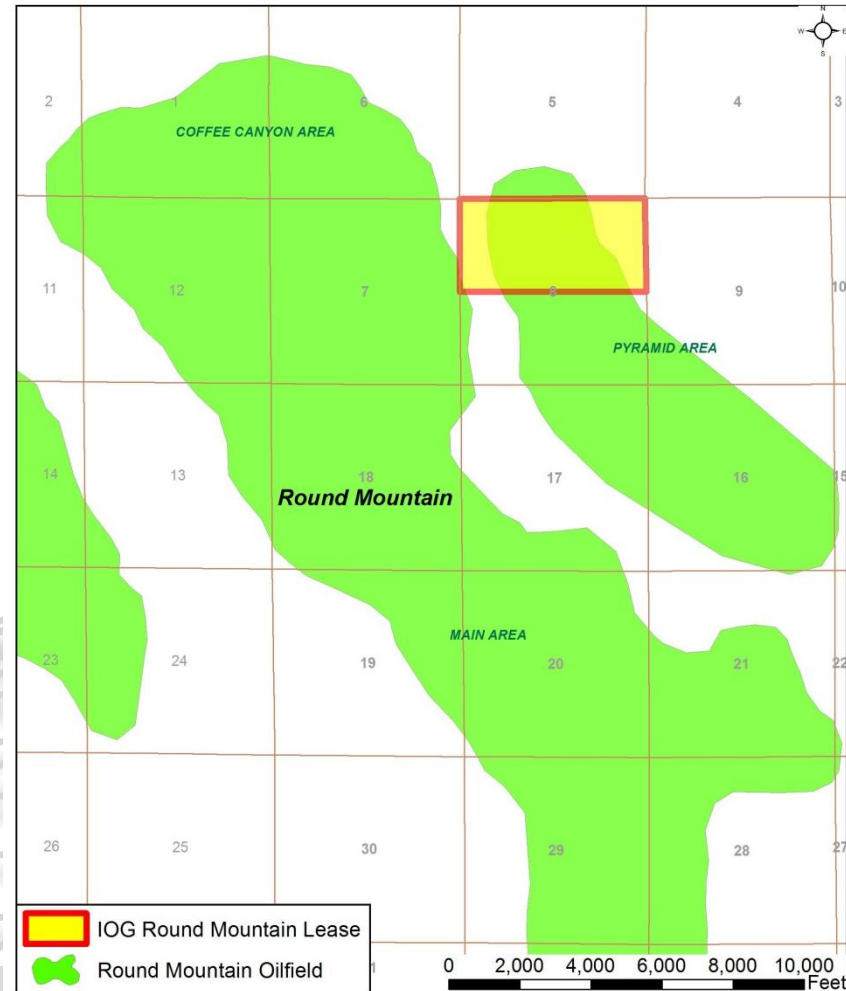
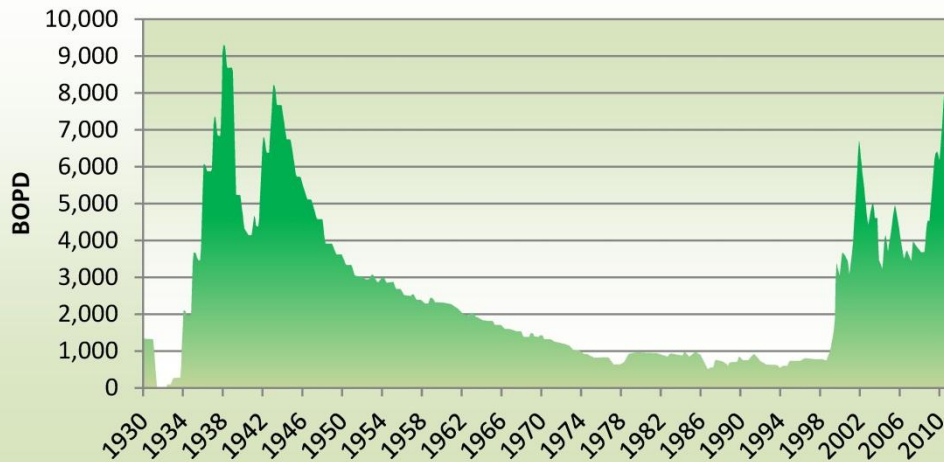
**Shallow heavier oil (15-17 API)**  
**Produced nearby**  
**Steam pilot in near future**



# Round Mountain

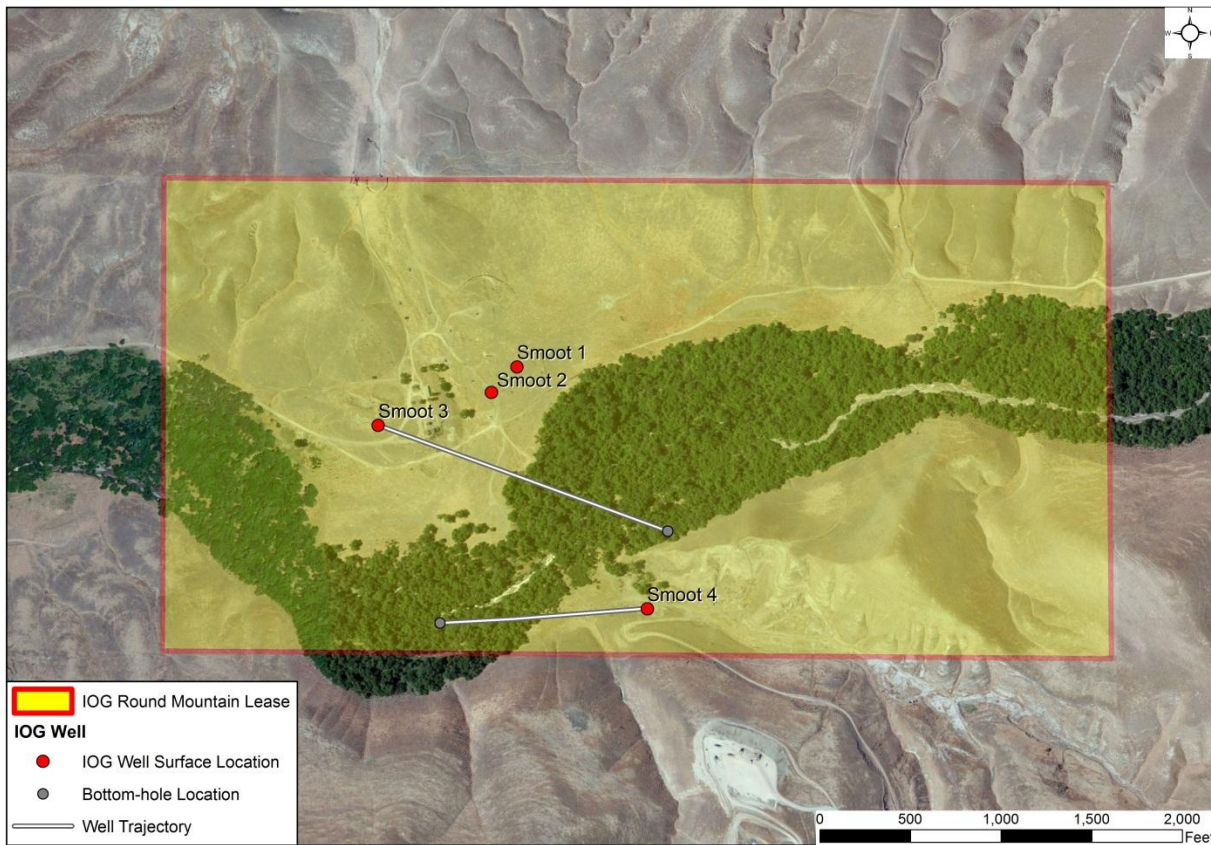
- Field has produced 110m barrels
- Shallow, 18-20° API gravity oil
- 100% Working Interest

Round Mountain Oilfield Production History





# Round Mountain, 2011 drilling



**Drilled 4 wells in 2011**

**All successful**

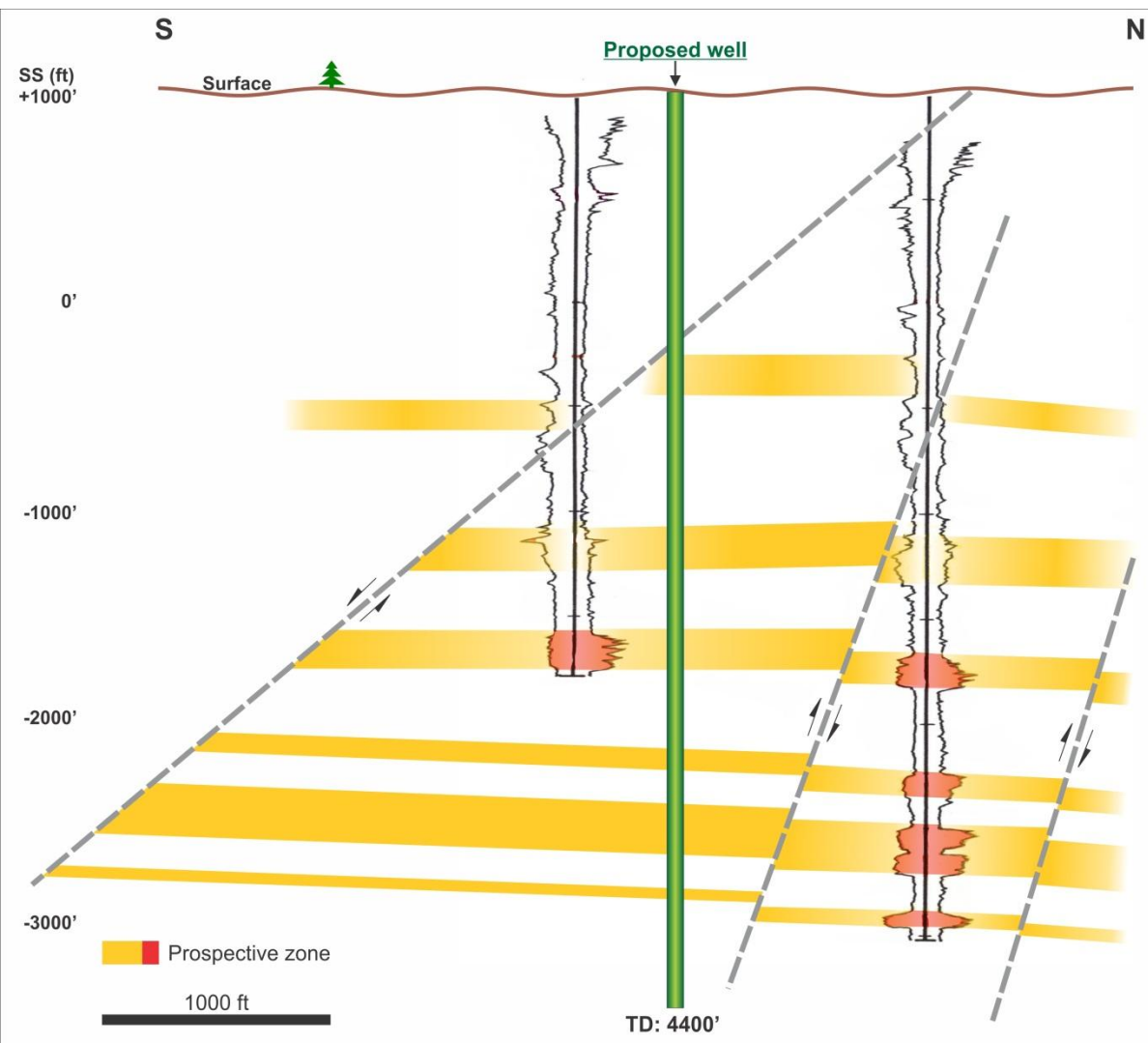
**Production about 130 bopd**

**CAPEX only \$2.7 million**

**Six additional locations**

**Have acquired 761 acres on trend**

# McDonald Anticline



**Produced 22 million barrels**

**Shallow, light oil**

**Multi reservoirs**

**Plan to drill 2011**

**At least 3 well locations**

**incremental**  
OIL AND GAS  
LTD

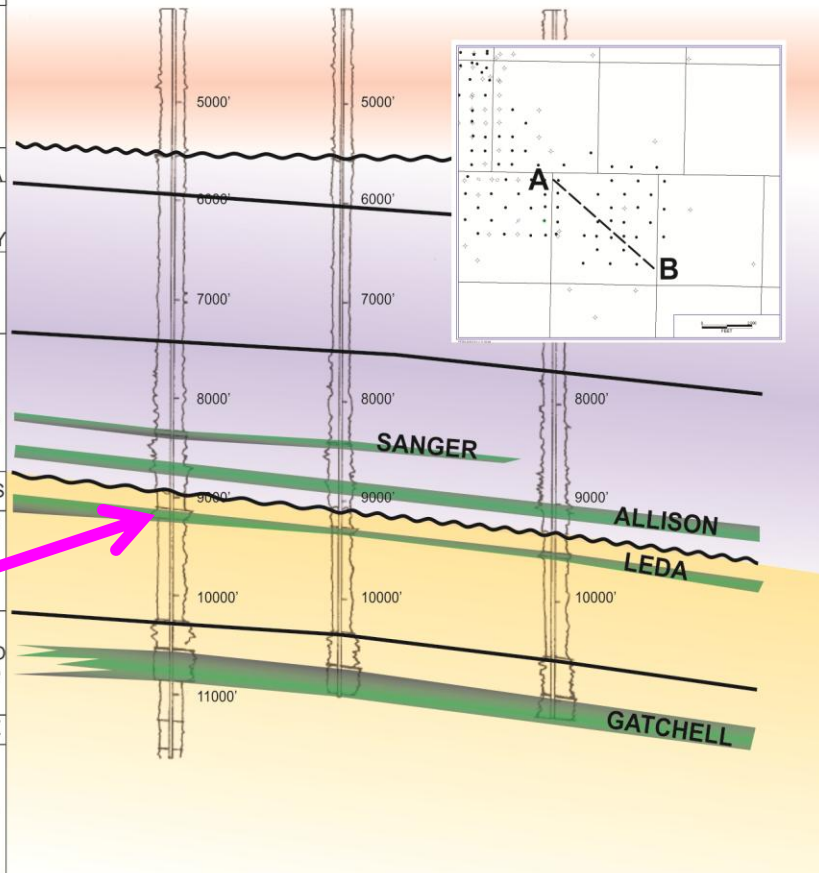
# Guijarral Hills

- Prolific Oilfield in 1950's
- Light oil
- 80-100% Working Interest
- Plan to farm down and drill in H1 2012

SYSTEM	SERIES	FORMATION / MEMBER
TERTIARY	PLIOCENE	ETCHEGOIN
	MIOCENE	SANTA MARGARITA REEF RIDGE-MONTEREY
		MCCLURE
		TEMBLOR
	OLIGOCENE	VAQUEROS
	Eocene	RYENHAGEN
		LODO ARROYO HONDO
CRETACEOUS	PALEOCENE	MARTINEZ
	UPPER CRETACEOUS	MORENO

A

B



UNDRAINED POTENTIAL



# Raven Pass

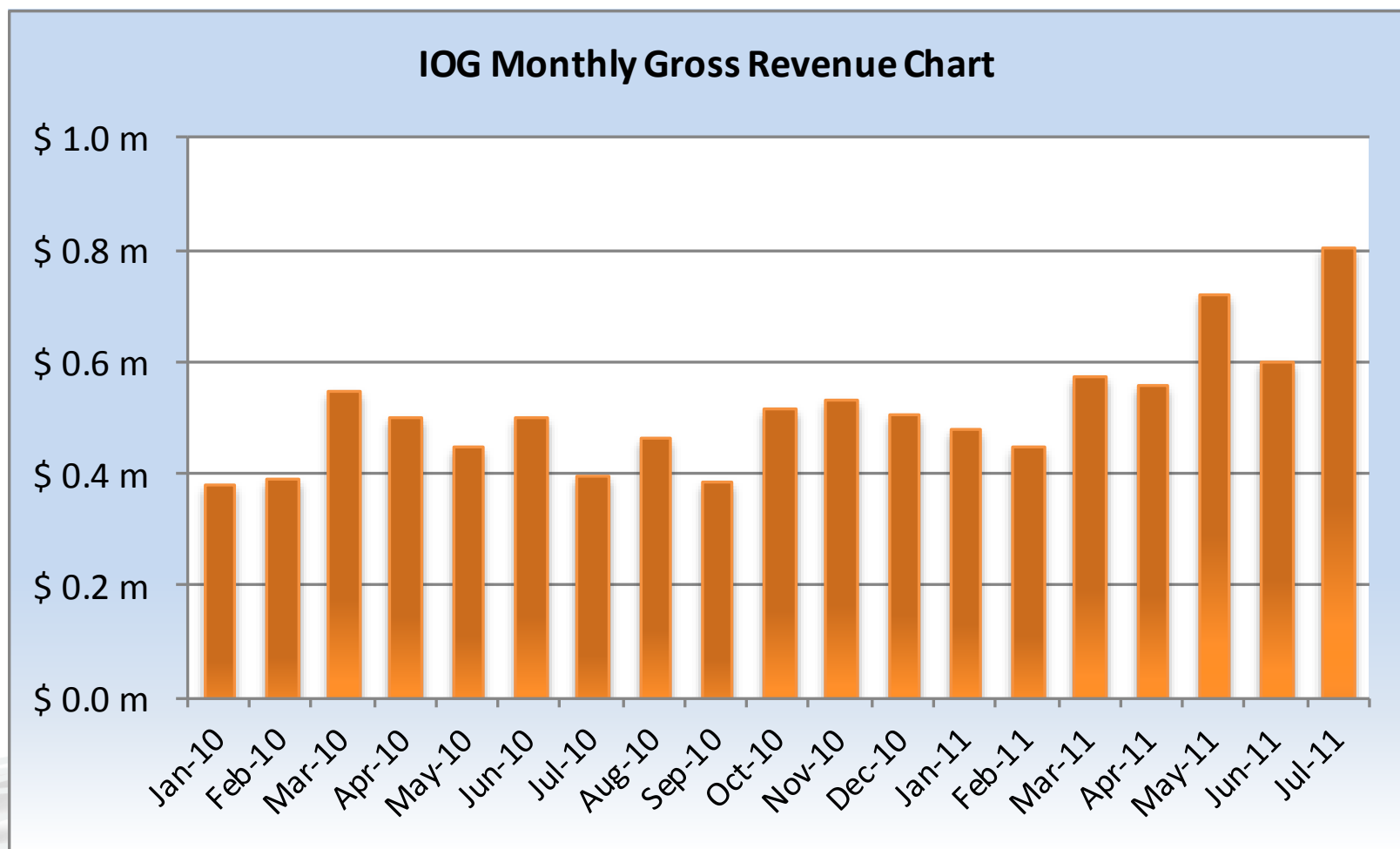
	AGE	LITHOLOGY	FORMATION
TERTIARY	LATE MIOCENE		McLure shale
	EARLY & MIDDLE MIOCENE		Temblor sandstone
	LATE EOCENE		Point of Rocks sandstone
	MIDDLE EOCENE		Avenal sandstone
CRETACEOUS	LATE CRETACEOUS		Moreno shale
			Red Man sandstone
			Moonlight silty shale
			Serpiente sandstone
			Aguila sandstone
			Johnson Peak shale
	EARLY CRETACEOUS		Risco shale
			Badger shale

- Large structure
- Flowed light oil in 1942. Not drilled since
- Reservoir, seal, trap all demonstrated
- All available seismic purchased
- 200 m barrel potential
- True wildcat
- Farmout in progress



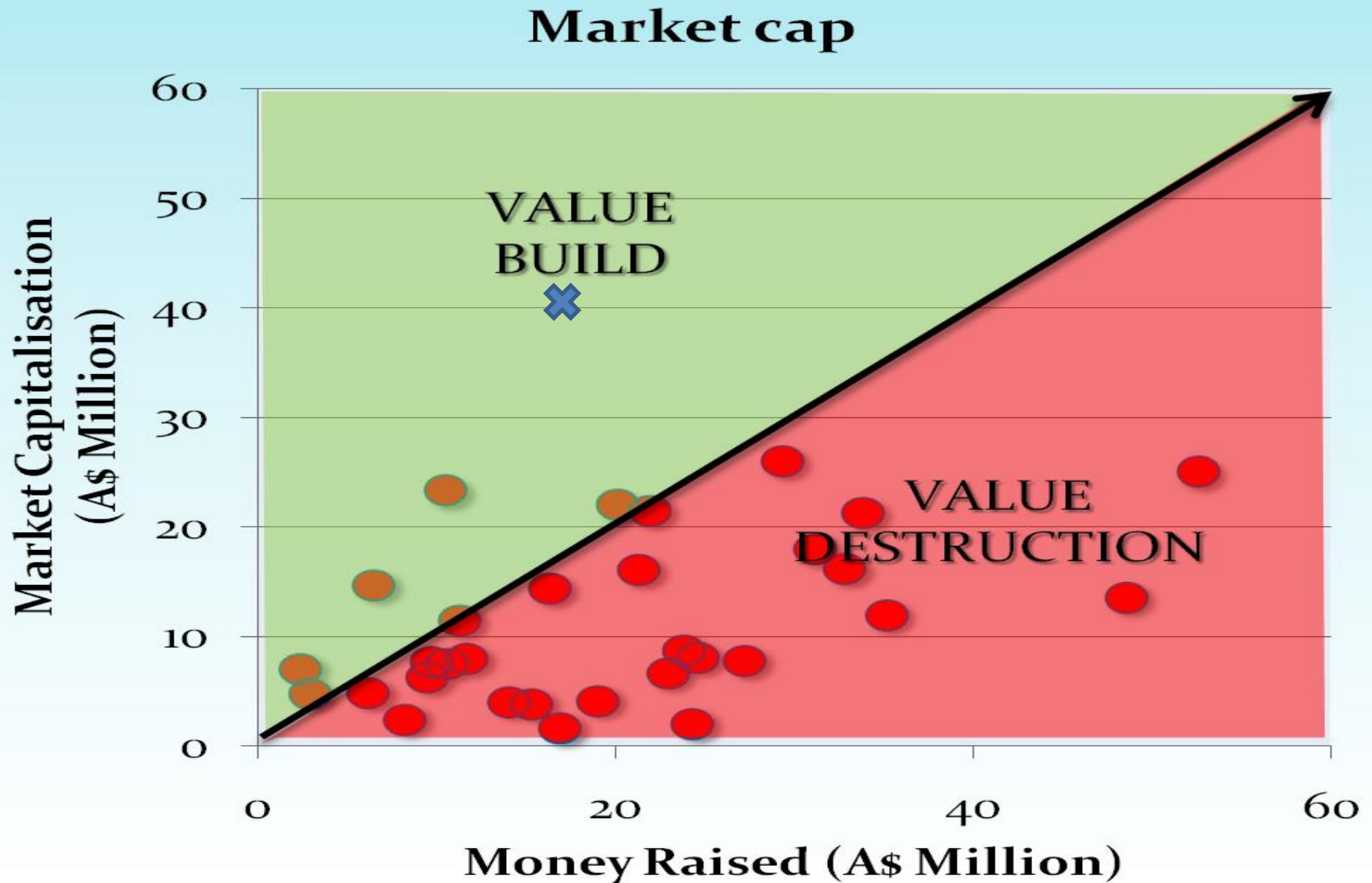


# Gross Revenue



# MICROCAPS (<\$50m)

## MONEY RAISED vs MARKET CAPITALISATION



# 2011 Projected News Flow

- Drill Sheep Springs well
- Drill Round Mountain vertical well
- Declare after tax profit in first year
- Drill three wells Round Mountain
- Acquire additional projects
- Drill well McDonald Anticline
- Drill two wells Round Mountain
- Raven Pass farmout

