



INVESTOR DUE DILIGENCE CHECKLIST

OIL AND GAS SUPPLEMENT



GET CLEAR ON YOUR GOALS FOR INVESTING

- MONTHLY CASH FLOW
- REDUCE MY TAXES
- NET WORTH/WEALTH BUILDING



DUE DILIGENCE ON PEOPLE



SPONSORS

- Google their names
- Background check (Tolec PI)
- Talk to people who have invested with them
- Ask for a track record



GEOLOGIST

- Google them
- Talk to people who have used them
- Ask for a track record



EXTENDED TEAM

- Google their names
- Background check
- Talk to people who have invested with them
- Ask for a track record



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QUESTIONS TO ASK

- WHAT IS OIL DOING TODAY? [HTTPS://WWW.BNNBLOOMBERG.CA/MARKETS/OIL/](https://www.bnnbloomberg.ca/markets/oil/)
- WHAT IS THE BREAK EVEN BARREL PRICE FOR THIS INVESTMENT?
- WHAT IS THE BREAK EVEN PRODUCTION LEVEL FOR YOUR WELL(S)/FUND?
- WHAT IS THE AVERAGE PRODUCTION LEVEL FOR WELLS THEIR SIZE IN THEIR LOCATION?
- WHAT IS THE COST TO DRILL ONE WELL?
- WHAT IS THE ESTIMATE BREAK EVEN TIME FRAME?
- WHAT IS YOUR TRACK RECORD VS PROJECTIONS?
- ARE YOU VERTICALLY INTEGRATED*?
- WHAT IS YOUR ABILITY TO PIVOT?
- DOES YOUR ABILITY TO PIVOT POSE RISKS TO YOUR BUSINESS PLAN?
- HOW AND WHEN ARE RETURNS DISTRIBUTED? [HTTPS://SUGOCAPITAL.COM/CALCULATOR/](https://sugocapital.com/calculator/)
- WHAT ARE THE TAX BENEFITS? [HTTPS://SUGOCAPITAL.COM/OIL-TAXBENEFITS](https://sugocapital.com/oil-taxbenefits)
- PRACTICE WHAT YOU LEARNED TODAY! JOIN US AUGUST 1ST: [WWW.SUGOCAPITAL.COM/ENERGY](http://www.sugocapital.com/energy)

Enter Investment Amount	Enter Target Cash on Cash or Preferred Return	Enter Target ADR	Target Hold Period	Note: Click on Enter 1 (70%) Add and Press
\$1,000,000	8.00%	18.00%	3 years	
Month Of Investment Expires				
Year 1	Year 2	Year 3	Year 4	Year 5
Investment	\$ (700,000)			
Cash Flow Returns	\$66,000	\$66,000	\$66,000	\$66,000
Capital Gains from Sale				\$400,000
Principal Returned				\$700,000
Total Investment Value at Exit				\$1,132,000

Enter Investment Amount	Enter Target Cash on Cash or Preferred Return	Enter Target ADR	Target Hold Period	Note: Click on Enter 1 (70%) Add and Press
\$1,000,000	8.00%	35.00%	3	
Year's Ending				
Year 1	Year 2	Year 3	Year 4	Year 5
Investment	\$ (25,000)			
Cash Flow Returns	\$9,000	\$9,000	\$9,000	
Capital Gains from Sale				\$24,000
Principal Returned				\$24,000
Total Investment Value at Exit				\$52,000

Enter Investment Amount	Enter Target Cash on Cash or Preferred Return	Enter Target ADR	Target Hold Period	Note: 70% for 100% of Year 1 (20% over the 20th month)
\$1,000,000	8.00%	18.00%	3	
Enter Investment Amount				
Year 1	Year 2	Year 3	Year 4	Year 5
Investment	\$ (700,000)			
Cash Flow Returns	\$66,000	\$66,000	\$66,000	\$66,000
Capital Gains from Sale				\$1,132,000
Principal Returned				\$700,000
Total Investment Value at Exit				\$1,498,000

Enter Investment Amount	Enter Target Cash on Cash or Preferred Return	Enter Target ADR	Target Hold Period	Note: 70% for 100% of Year 1 (20% over the 20th month)
\$1,000,000	8.00%	18.00%	3	
Combined Investment Portfolio				
Year 1	Year 2	Year 3	Year 4	Year 5
Investment	\$ (700,000)			
Cash Flow Returns	\$66,000	\$66,000	\$66,000	\$66,000
Capital Gains from Sale				\$1,428,000
Principal Returned				\$700,000
Total Investment Value at Exit				\$1,498,000

CLICK HERE 

CLICK HERE 

Tax Benefits Worksheet		
Estimated Adjusted Gross Income	\$500,000	Line 1
Amount of Investment	\$250,000	Line 2
Multiply Line 2 by 70%		
Estimated intangible drilling cost (IDC) amount	\$175,000	Line 3
Multiply Line 2 by 5%		
Estimated tangible drilling cost amount	\$12,500	Line 4
Add Line 3 and Line 4		
Estimated 1st year tax deduction	\$187,500	Line 5
Enter the Federal Income Tax Rate plus State and Local Tax Rates		
Federal maximum tax bracket is 37% - 47%*		Line 6
Multiply Line 5 by Line 6		
Equals your potential tax savings	\$88,125	Line 7
Subtract Line 7 from Line 2		
Net investment cost due to potential tax savings	\$161,875	Line 8

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TRUST AND VERIFY

- REVIEW TRACK RECORD OF AFFILIATED ENTITIES/COMPANIES (SHOULD BE LISTED IN PPM*)
- REVIEW TRACK RECORD/ASSET LIST - VERIFY ASSET EXISTENCE
- CONFIRM PERFORMANCE METRICS
- ASK FOR A MONTHLY FINANCIAL REPORT FROM A THIRD PARTY**
- CALL THE THIRD PARTY TO MAKE SURE THE REPORT IS NOT PHOTOSHOPPED
- ASK FOR A SAMPLE K1** AND IF THEIR CPA VIEWS BANK RECORDS WHEN DOING TAXES TO PROVE THE DOCUMENTS ARE NOT FALSIFIED
- IF IT IS A LIQUID FUND, START SMALL AND TEST LIQUIDITY RULES BEFORE ADDING MORE



INVESTMENT DUE DILIGENCE

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| <ul style="list-style-type: none"> <input type="checkbox"/> REVIEW CONFLICTS OF INTEREST: WHAT OTHER BUSINESSES MIGHT BE INVOLVED? <input type="checkbox"/> REVIEW THE OPERATING AGREEMENT AND PPM. <input type="checkbox"/> SHARE IT WITH YOUR LEGAL AND TAX TEAM. <input type="checkbox"/> WHAT ARE THE TAX BENEFITS? <input type="checkbox"/> WHAT ARE THE FEES PAYABLE TO THE GP. I.E. 2% ASSET MANAGEMENT FEE? <input type="checkbox"/> WHAT IS THE PREFERRED RETURN? <input type="checkbox"/> WHAT IS THE CATCH-UP? <input type="checkbox"/> WHAT IS THE PROFIT SPLIT? | <ul style="list-style-type: none"> <input type="checkbox"/> HISTORICAL TRACK RECORD <input type="checkbox"/> CURRENT PORTFOLIO <input type="checkbox"/> WHAT IS YOUR DEBT SERVICE RATIO IN YOUR PORTFOLIO <input type="checkbox"/> HOW IS YOUR PORTFOLIO PERFORMING TO PROJECTED CASH FLOW? <input type="checkbox"/> DEBT: LOOK FOR FIXED RATE DEBT, WITH A TERM LENGTH LONGER THAN THE EXPECTED HOLD PERIOD OF THE ASSET, WITH NO PREPAYMENT PENALTY OR AN ASSUMABLE LOAN. |
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INVESTMENT MONITORING

- NAME OF ENTITY INVESTING INTO
- REPORTING FREQUENCY (QUARTERLY, MONTHLY, ANNUALLY)
- REPORTING DELIVERY DUE DATES
- DISTRIBUTION FREQUENCY
- ANTICIPATED DATE OF FIRST DISTRIBUTION
- MINIMUM INVESTMENT AMOUNT
- WHEN AND HOW QUICKLY IS YOUR INVESTMENT DEPLOYED?
- WHEN ARE K-1S DELIVERED