



Allied Summary



Kelsy Silvio, Director of Operations

Q1: As you may already be aware, in the first quarter of what is turning out to be a tumultuous year, we drilled and completed the Allied Resource Partners Custer Valley #1, operated by our sister company, ARP Operating. The well reached a total depth of 4,040 feet, and we will learn of the anticipated production numbers over the weekend.

Due to now being a time that most companies will scale back their search for new leases, we have done the opposite and are following the advice of Warren Buffet, who so famously advised, "We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful." In the true spirit of this, Allied recently leased six hundred and forty acres in Rawlins County, Kansas and have identified multiple potential drilling locations via 3D seismic reports. We have also acquired 1,120 continuous acres in Thomas County, Kansas, where we've begun to plan a 3D seismic shoot that will take place in the second quarter.

- *The operator of the Buresh 17-1HM has finally received approval from the mineral rights owner to drill a brand new saltwater disposal well on the Buresh lease, and the site is currently being prepped for drill.*
- *The Custer Valley's production facility has been delivered, set up, and the well is in the final, tying-up-the-loose-ends stages of completion. One of the final steps—electricity being run to the site—will be finalized next week.*
- *Our latest project, the Allied Resource Partners Long Draw #1, has been staked for location and the pad site has been built.*

Industry Summary | COVID-19

Normally, on this page we would discuss a 'topic of interest' and delve into said topic with fun facts and translatable explanations in an effort to bring value and knowledge to what techniques or methods of exploration we might be implementing at Allied. But due to the current state of the global economy, I want to address a problem that has quickly affected us all, and that is the COVID-19 (or “Coronavirus”) pandemic.

Regardless of beliefs, politics, affiliation or party, the existence and devastation of COVID-19 cannot be denied or overlooked. Its influence has been tragic to a number of large and small companies alike, with twenty-percent total unemployment projected by the time this is all over. It has singlehandedly caused panic across Wall Street as well as the grocery aisles. This is affecting the United States, as well as the world, in a way we never could have anticipated and probably couldn't have better prepared for, under any administration or circumstance.

To offer support, the IRS has extended the tax payment deadline by an additional ninety days, now allowing Americans to make their payments, penalty-free, until July 15th, 2020. In consideration of how rapidly the news continues to change on a daily—and sometimes, even hourly—basis, it should not come as a surprise to anyone to see that overnight, the filing date—normally April 15th—was also extended to July 15th, considering most accounting firms across the States (including our own) have closed their doors while their associates and partners finalize returns via telecommunications, creating delays that not even the most seasoned CPA could have foreseen.

If I were being pessimistic, I'd say the world is on fire. If I were to be blindly optimistic, I'd say this will all be over in a week. But if I'm being a realist, I'll tell you that I don't know how long this is going to last. All I can do is take the advice of the World Health Organization and CDC and advise that you do the same in social distancing, practicing excellent hygiene, and working from home if you have the option. The sooner we allow our doctors and scientists the time they so desperately need to find a cure, through taking the precautions advised by even the President and the White House, the sooner we can have our economy back.

On March 13th, the President made a statement regarding his instruction to the Secretary of Energy to purchase “large quantities” of American crude oil for the Strategic Reserve, helping not only American onshore oil producers, but this country's end goal of energy independence.

To end on a positive note, despite such tense times, I want to remind you that petroleum contributes to the manufacture of over six thousand commonly-used American products, including things I'm sure you've tried to buy a little extra of lately, such as soap and vitamins, for example. The phone or laptop you're likely reading this from was brought to form through manufacture of petroleum by-products. Plastics—which will be essential if the Defense Production Act is passed—are strongly reliant on petroleum. *(Continued on pg. 2)*

(Continued from pg. 1) Oil prices have been on quite the downhill slide recently, but American oil and gas will never be obsolete and never—at least not in my lifetime or yours—be unnecessary or underutilized. A single forty-two-gallon barrel of crude oil yields about forty-five gallons of petroleum products after refinery processing gain. One barrel alone. Imagine how significantly American oil and gas will contribute to the reconstruction and rehab of the American economy as we all begin the recovery process following COVID-19.

You, as a partner of Allied, are an active contributor to the inevitable recovery that will soon take place across the United States.

Please continue to make conscious and proactive efforts to stop and slow the spread of COVID-19. Stay healthy, stay safe, and stay well-informed and sane during these unprecedented times.

Warmest regards,



Kelsy Silvio | Director of Operations



Photos taken by Rich Tabaka, President of Allied, during his most recent trip to the Custer Valley #1 site, where he oversaw the installation of the production facilities and finalized completion prior to COVID-19's oppressive presence in the States. It goes without saying that we are extremely blessed to have completed such a promising (and producing!) well prior to the global disruption this pandemic has orchestrated, further stabilizing Allied's future as one of America's premiere and progressive onshore oil and gas companies.



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