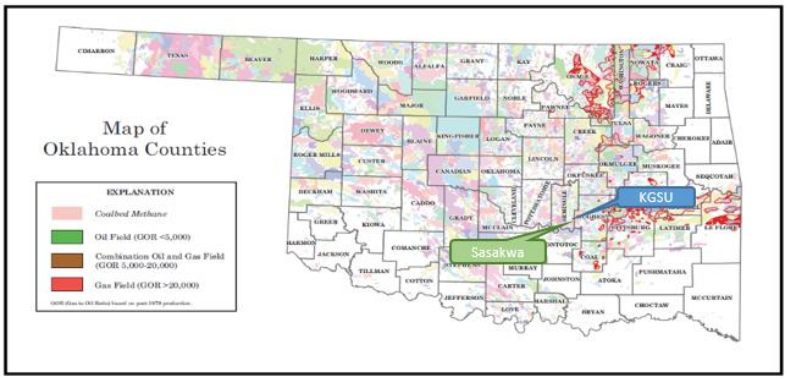
DESERT MOUNTAIN ENERGY CORP.

TSX.V: DME • U.S. OTC: DMEHF • FRANKFURT: QM01

Kight Gilcrease Sand Unit (KGSU)

- The KGSU comprises an area of approximately 883.7 acres located 8 miles S of Wewoka directly astride State Highway 56, Seminole County, Oklahoma.
- The overall Gilcrease Sand Formation, named after iconic Oklahoma oilman Tom Gilcrease, has produced in excess of 580 million BO since the early days of oil production in Oklahoma in the 1920's and 1930's.
- Historic production from the KGSU is estimated at 1,690,240 BO. It has 7 wells on site, one currently operational.
- The oil produced is a light sweet crude that varies from 34 API to 43 API gravity.
- Recent discovery of **Helium** in existing oil wells grading up to **1.3622%.**



Sasakwa Gilcrease Sand Unit is located within one mile directly South of the KGSU. It is a good example of successful implementation of water-flood recovery operations. Sasakwa has historic reported production of 1,233,009 BO from primary production and 1,000,730 BO from water-flood enhanced recovery secondary production.

- The KGSU was permitted and unitized July 19, 1993 as an enhanced recovery project to be utilizing water-flood secondary recovery operations.
- This technique uses "water-flood" injection to increase the reservoir pressure to its initial level and maintain it near that pressure. The water displaces oil from the pore spaces and drives the oil to the producing well bores in much the same manner as the old "gas-drive" mechanism of early days.
- The Oklahoma Corp. Commission Oil & Gas Division estimates only 11% to 14% of the original oil in situ has been produced. This creates an outstanding opportunity for substantial new low-cost production using modern enhanced recovery techniques.

Water-Flood Enhanced Recovery Secondary Production

KGSU has produced 1,690,240 BO from primary production to date but has not yet had water-flood enhanced recovery techniques applied.

<u>Considerable potential</u> exists for future oil recovery from the KGSU utilizing such techniques.