



▶ Anatesco Inc.

Corporate Profile – December, 2009

Prepared by : Douglas P. Denesha, President ▶ Anatesco Inc. ▶ 12/15/2009

Mission Statement:

From our very first well test to our latest innovation, Anatesco employees have worked diligently not merely to use the latest technology, but to create and advance it as well.

Innovative scientific solutions emerge regularly from our people because in all areas of its operations, Anatesco uses and develops unique approaches to maximize productivity, efficiency and safety.

This philosophy also extends to such areas as employee training, health and well-being.

It has also allowed us to achieve our original goal:

“To assist oil producers increase their production and lower their costs”

Anatesco Inc.

Corporate Profile – December, 2009

Anatesco Inc. is a California “C” Corporation founded in Bakersfield California in 1976 by Doug Denesha.

The original purpose of the company was to assist oil producers increase their production and lower their lifting costs by using innovative well analysis techniques developed by the founder.

History

Anatesco experienced steady growth from 1976 to 1984 and experienced several firsts including:

- First computer in a vehicle
- First digital dynamometer
- First low cost well analysis
- First to calculate fluid level from dyno loads

Original tests were made using traditional analog sensors and recording equipment. Tests were time consuming, labor intensive, and expensive. Typical dynamometer testing and reporting capacity was about 2 tests per 10 day period or 6 tests per month per testing unit at the end of 1976.

Two years later (four years before the PC was invented) a single Anatesco testing system was testing over 300 wells per month.

The increase in productivity was achieved by advances in testing procedures, computer utilization and internally developed software, rethinking and optimizing all methodologies surrounding the testing and reporting process.

The company has weathered several market fluctuations from 1976 to the present and has

maintained its commitment to its clients in the process

Current Company Data

All company stock is held by the founder.

Anatesco currently has 15 personnel at the Corporate Headquarters:

1616 Bedford Way

Bakersfield, California, 93308.

Contact: Doug Denesha – 661-332-7271

Doug@anatesco.com

[Http://anatesco.com](http://anatesco.com)

Anatesco has maintained a franchised operation in Tyler Texas since 1984. Additional Anatesco Systems are in operation in Colorado, Kansas, and Indonesia.

Products and Services

Anatesco currently has the following sustained daily California testing rate capacity:

- 1,200 - dynamometer tests
- 20 - production tests (dynogauge)
- 100- sonic fluid level tests

Our 13,000 square foot shop can fabricate and machine new systems, tools, sensors, and parts,

Anatesco also develops and maintains an impressive suite of one of a kind software including Dynoeze, TET, WhereIsIt, Tracker, The Solar Steamer, MSTN, and the Anatesco Mobility Practice.

Our World Class Oilfield Navigational System “WhereIsIt” is not only a time and money but also a



life saver. We suspect this system will soon be a standard issue and as much a part of PPE (personal proactive equipment) as a hard hat or work boots.

Where_is_it-Where_is_it-Client_Proof.mpg

Service and Products currently offered are as follows:

Test Explanation and Notes:

1. **VET - Totally Electronic Test** - Multiple surface dynamometer traces in the stabilized pumping mode are digitized and stored electronically. A single representative trace is used in conjunction with a series of valve checks to calculate and report the following. Standard quantitative rod loads (peak, SV, TV, etc.), pump fillage, pump slippage, net plunger travel, gross & net pump displacements, pump efficiency, intake pressure, fluid level, MGDA Rod Stress, polished rod horsepower, downhole transform (finite difference method) and acceleration factor. Also reported: Additional trace after a short downtime (downcard), casing & tubing pressure, flowline temperature, and coded comments as warranted. Significant data can be summarized in action reports in multi well projects so that candidates for production enhancement and cost savings can be quickly isolated. Action reports can be generated electronically via Dynoeze (our free Dynamometer Processor) or submitted by conventional means (paper).

2. **PET - Production Efficiency Test** - Same as the VET (above) except a clamp style transducer is used instead of a load cell. The PET has proven useful when the "Dyno" is to be used as a production "gauge" as several traces are averaged to obtain a more representative fillage value, which translates to a more reliable pump displacement rate.

3. **Mini Vet** - Is an abbreviated version of the VET with a single normal trace and qualitative loads. Missing from the VET: Net plunger travel, intake pressure, fluid level, rod stress, PRH, downhole transform, and pretest traces. Includes line temps and pressures if requested. Mini VET's also integrate with Dynoeze.

• Up to 28 action, safety, production, and maintenance reports and work lists are an integral part of the above services. These customizable reports are typically generated at the end of each project or at the end of the

month (when there is more than one project) to ensure problem wells and opportunities for improvement are clearly identified and communicated to responsible parties. Examples: High fluid level wells with over 20% pump slippage, bad polished rods, out of balance units, less than 20% pump fillage for the last 3 months, hydrogen sulfide detected, and so on.

• The TET runs on a PC. Client based Dynoeze software allows full and free access to field data. Over 100 coded comments communicate previously ignored field conditions. Includes built-in database reports, dyno-viewer, e-mail communicator, electronic ordering and delivery, autospotter, and several other features. Requires 32-bit operating system. Please refer to TET application notes and other documentation for additional details (available at <http://anatesco.com>).

4. **Micro Vet** - Consists of a single surface dynamometer trace reported 24 to a page with pump fillage. Includes a summary of fillage, stroke speed & length. Valve checks not included. Includes line temps and pressures if requested. Can also be viewed in Dynoeze.

5. **Sonic Fluid Level** - Conventional sonic fluid level report. Includes summary when not used in conjunction with dynamometer service. The sonic is integrated with the full VET and PET only.

6. **Torque Analysis Report** - API Torque Method Report. Includes torque factor, well torque, CBE torque, and net torque. Are displayed numerically, plotted vs. crank angle, and vs. polished rod position. The torque analysis also includes a permissible load diagram and a plot of the load points used.

7. **VET with Pressure Test (psi vs. time plot)** - This test is designed for trouble shooting problem wells or confirming the need for rig work. After obtaining a VET test (as above) a pressure test of the tubing/surface valve/stuffing box/sub-surface pump valves/plunger is made by pumping the system against a closed flowline valve. A pressure transducer sends pressure data to the testing computer during the pressure test. The results can be read from the back of the unit so the test engineer can react to the well conditions in real time. i.e. increase pressure by additional pumping, stop pumping, or end/prolong the pressure test. Test results are displayed in Dynoeze and scaled as warranted as PSI vs. Time. Note that not all units are outfitted with pressure transducers and may provide a

qualitative test on request (visual pressure test using analog pressure gauge). In this case, test results are communicated via text notes (message) in dynoeze.

8. **Database Reports** - no charge to Dynoeze users - up to 38 safety, production, and maintenance reports and work lists. Examples:

- Normal : high fluid level wells with bad pumps, low pump fillage (less than 15%), out of balance pumping units
- Trend analysis : pumps going bad with increasing fillages still pumped off - potential stimulation (decreasing fillages last 3 months)
- Hazard / Mechanical: hydrogen sulfide detected, bad polished rods, bad brakes, and so on.

9. **VET with 24 hour Separator Test** – An alternative to the Dynogauge. Includes a VET test plus a measurement of oil, water, and gas rates using conventional analog sensors. The 24 hour test period has the advantage of a longer test period per dollar when compared to the Dynogauge but lacks the real time reporting, data detail and volume that comes standard with the dynogauge. The VET and Separator tests are made as close as possible to the same time frame to give a good “cause and effect” analysis of well performance. The quoted price is all inclusive (VET, Separator, nitrogen, travel time, service charges, etc.). Results are integrated into Dynoeze for easy viewing and reporting.

DynoGauge

The Dynogauge is a stand-alone, trailer mounted well testing production and analysis unit designed to obtain highly accurate and reliable measurements of oil,



water, gas, pump performance and fluid level. The

DynoGauge unit uses a Micro Motion flow meter and an Agar OW-201 Microwave based water cut transducers which are connected via Modbus to a Net Oil Computer to allow accurate measurements of oil and water over 0-100% water cut range. The DynoGauge also incorporates a TotalFlow gas meter, two phase separator, a 10 barrel confirmation tank, integrated Dynamometer Subsystem and other associated devices and controls. Fluids are measured using three independent methods proving a produced volume which allows the system to automatically maintain a high level of accuracy. Each well test includes a detailed report of surface and subsurface aspects of the production system. Summary reports show bottom line results of 40 well tests per page when the DynoGauge is used to test groups of wells.

- Well test includes a continuous plot of oil, water, and gas, with peaks, minimums, and averages for each fluid produced at the surface. Also included are inline flow line temperatures, and a PET Dynamometer test. The PET will test subsurface producing components (pump valves, fluid compression in the pump barrel, pump fillage, pump slippage) and fluid levels (see PET details previously described).
- Test results can be submitted digitally or created in the field and submitted conventionally (paper). The advantages of the electronic method include extended data analysis capability and the option of generating a variety of action/database reports by the user via DynoezPro (our free Dynamometer Processor)

WhereIsIt GPS Oilfield Navigator

WhereIsIt is a full function talking navigational system especially designed for oilfield use. WhereIsIt



currently has a database with over 200,000 well locations. California and the country of Oman are over 99.9% covered. We will soon have Texas, Colorado, and New Mexico in our database as well.

Work is also in progress to add Qatar and Saudi Arabia.

Other Services:

- Trouble shooting (pressure testing, spacing pumps, filling tubing)
- POC optimization – inflow performance determination.
- Field equipment repair.
- In-flow performance calculations
- Equipment design,
- Custom programming

Another first – The Anatesco Portable Solar Steamer - is scheduled to be available by spring 2010

Experience and Quality

We believe that quality is the result of the consistent commitment to excellence over time.

Given sufficient time and commitment to excellence one achieves the experience necessary to produce quality.

In our business, training is the key to obtaining efficient experience and thus quality.

All of our employees (even office personnel) must undergo regular field and classroom training and pass stringent tests to assure our products and services are of the highest quality.

Most of our people have several years of relevant field and classroom experience.

Individual employee profiles are available on request.

Competition and Market Penetration

Since Anatesco is known in the field as a market creator it is very difficult to imagine it not being a

leader as well. Given its commitment to quality and service excellence it has been very difficult for competitors to gain a foothold.

The following chart shows Anatesco’s approximate position in its marketplace:

Percent Market Share

	California	Domestic	World
Dyno related	94	60	40
Dynogauge	100	100	100
GPS - Oil	100	100	100
Solar Steam	100	100	100

Market Penetration is another story.

Establishing and maintaining a high quality service of our type in a difficult market is very challenging. Impact factors include our ability to educate involved parties, willingness to travel, our ability to adapt to new cultures and environment, and overall economic motivation.

Percent Market Penetration

	California	Domestic	World
Dyno related	40	6	1
Dynogauge	10	1	0
GPS - Oil	2	1	0
Solar Steam	0	0	0

Expansion

Anatesco has successfully completed multi-year testing projects for Caltex in the Duri Field on the

island of Sumatra (Indonesia) and for Production Development Oman (PDO) in the Sultanate of Oman.

Anatesco is interested in pursuing and promoting new business opportunities where we are able to leverage our company's assets to contribute to the Corporations economic and social objectives, while maintaining the company's focus on quality and safety.

The author is the single point of contact for all outside parties who wish to pursue new business opportunities with Anatesco.

We have found that expansion success is directly related to the willingness of potential clients to learn new technology and new ways of thinking.

Closed minded operators simply do not benefit from our technology as much as those who are open to new ways of thinking.

The expansion of our field services is quite different from that of our products.

It is much easier, for example, for us to deliver our GPS software over the internet than is it to ship a 10 ton DynoGauge system and expatriate a service crew overseas.

Vision

Anatesco will continue to innovate, create, and leverage past experience and developments to further assist our clients in increasing their production and decreasing their operating costs.

Customer demand will continue to be our driving force.

When it lags, we will create it through continued innovation.

“Predictions are hard to make – especially when they are about the future”

- Yogi Berra
