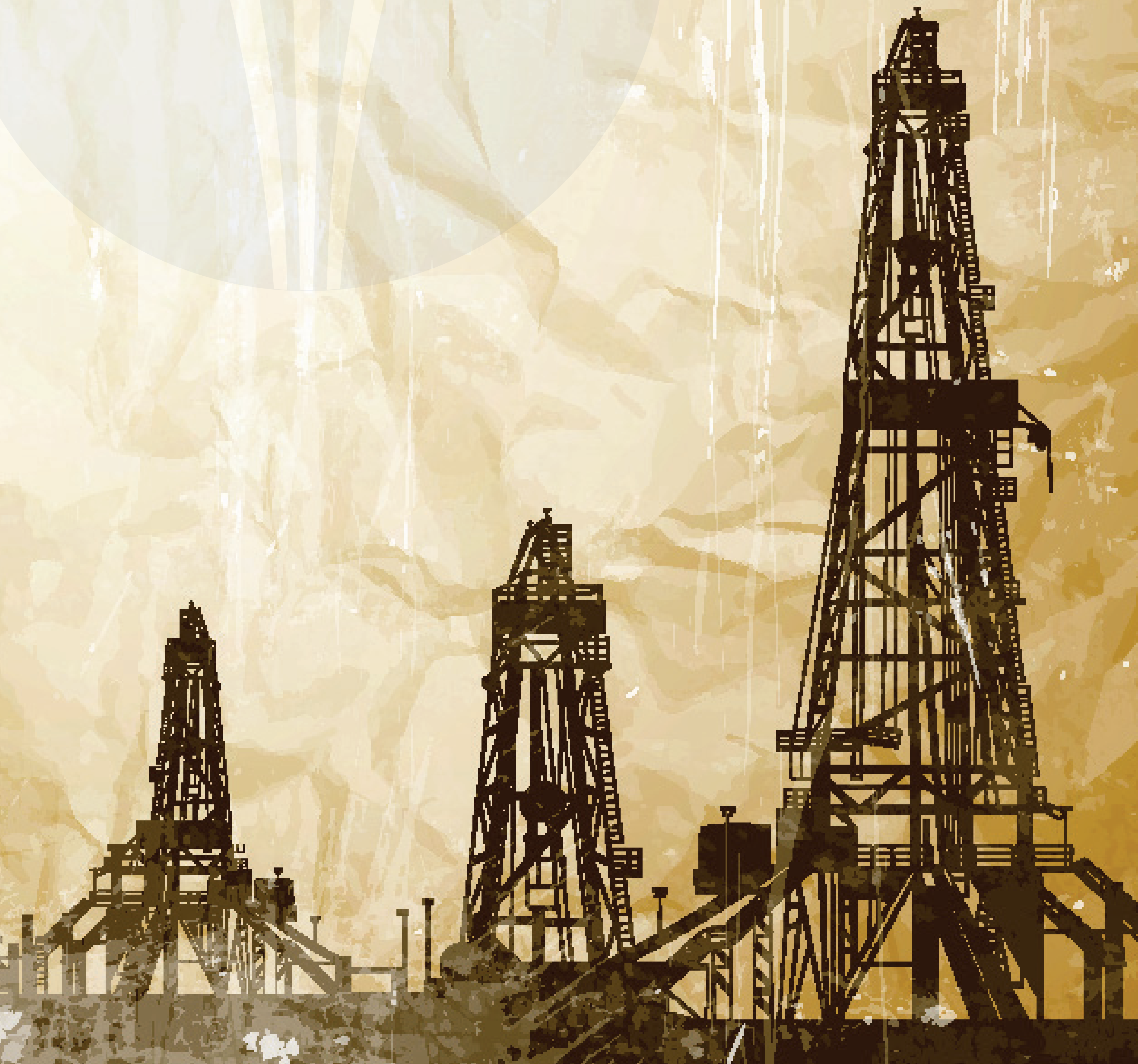
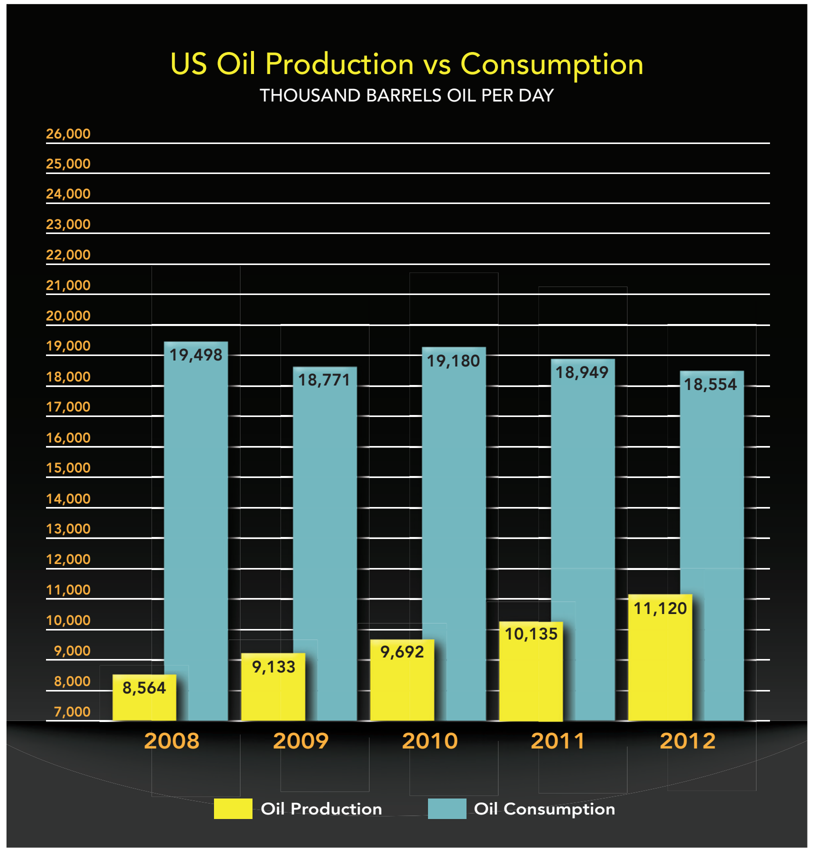
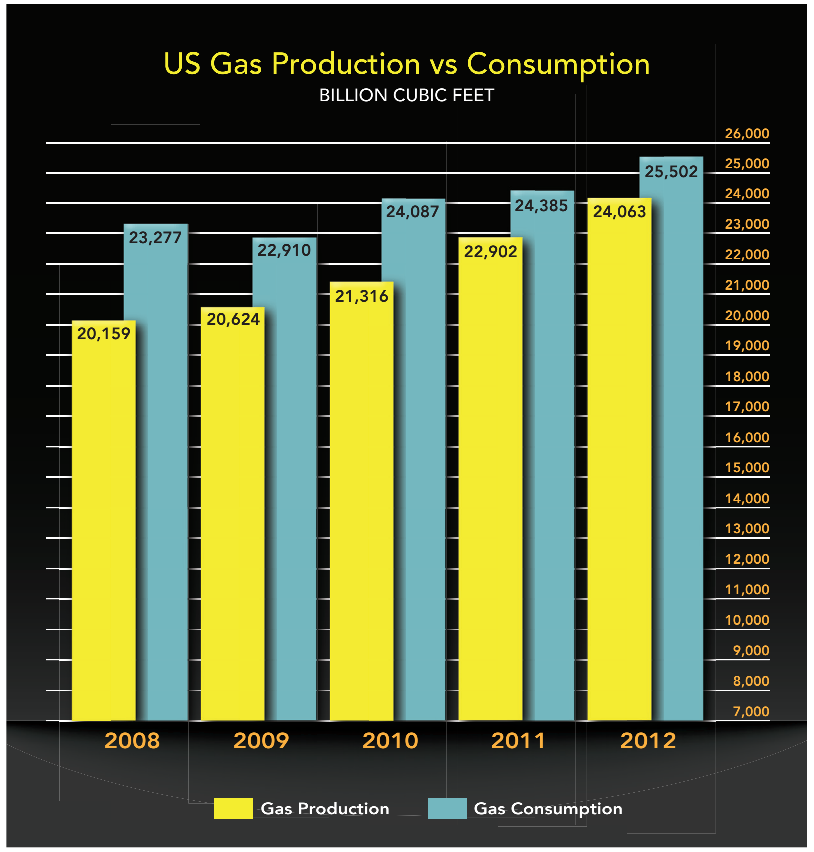
**Western Oil and Gas J.V. Inc.**

# 35 Years of Investment Expertise Working For You.

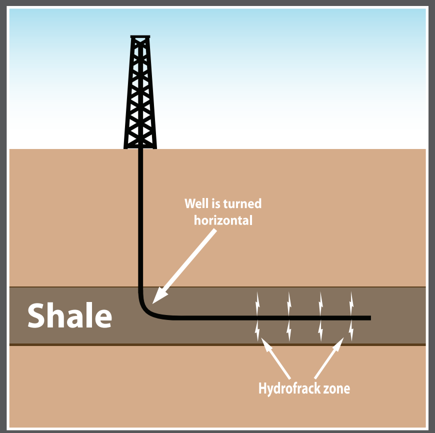


# Invest In Oil & Gas




**Fracking is the process of creating fractures in hydrocarbon-bearing structures by injecting fluids into existing cracks and forcing them to expand, allowing more oil or gas to flow.**




In an uncertain economy, a diverse and well-balanced investment portfolio is more critical than ever. Hard assets such as oil and gas produce long-term, passive cash flow.

As oil and gas consumption continue to increase exponentially, so does the profit potential of your investment. Improvements in technology, like hydraulic fracturing ("fracking"), provide access to new resources and additional reserves.

Specific benefits of an oil and gas investment typically include:

> Significant and immediate tax benefits, including an estimated 80% write-off in the first year and an 80% write-off on completion, rework and cost overrun payments throughout the term of investment. Write-offs are applicable against all forms of income.

> Cash flow that begins in 12-15 months and lasts 15-20 years

> Returns of 6-10% pre-tax or 9-15% after-tax, which are additionally sheltered by the "depletion allowance"

> Overall projected returns exceeding 3:1

# The Western Oil & Gas J.V. Difference

The principals of Western Oil and Gas J.V (WOGJV) and Western Oil and Gas Development Corp. (WOGD), have been partners in the oil business since 1979. Together, we have drilled more than 500 wells, and are proud to see 60% of our clients return to invest with us again.

**What sets WOGJV apart?**

> Prospects are chosen based on economics, not tax benefits. We work with several different exploration companies, work in five different "oil patch" states, have access to a variety of geology and geography, and offer varying risk/reward parameters. And, there are no "mirrors" with regard to tax issues.

> With one check, you invest in a syndicate of 5-8 wells in different geological areas, managed by as many as five exploration and production companies. In addition, we acquire a small working interest in a range of low-to-moderate risk prospects. This approach mitigates risk and maximizes diversification.

> Our goal is not to turn a large, one-time profit, but to maintain a consistent long-term return. We invest right along side our clients, and only make money if you do.

> We make things simple for our investors, managing all geology and planning, contractor oversight and production. You receive detailed accounting, frequent activity updates and monthly distributions.

At Western Oil and Gas J.V., good is never good enough. We continuously monitor data and track trends in order to bring our investors the best possible results. To that end, in 2008, we sold much of our gas-producing assets and shifted our efforts to oil.

The numbers speak for themselves:

> 59 joint ventures since 1993, and 56 currently delivering revenue

> Since inception, 95% of wells drilled successfully; 100% since drilling shale formations in 2007

> Cash flow begins in 12-15 months

> Typical lifetime payout 3+:1

**Western Oil and Gas J.V.
SAMPLE PROGRAM**

| | |
|---|---|
| Amount raised: | $1 million |
| Estimated completion cost: | $800k |
| Number of investors: | 10 |
| Number of repeat clients: | 7 |
| Number of drillers: | 3 |
| Number of states: | 3 |
| Cash flow begins: | 12-15 months |
| Gross revenue: | 3+:1 |

# Company History

**Michael Neuman** began his career in computer systems and sales for IBM, Control Data and Itel. In 1979, he joined an oil and gas investment firm as Vice President of Investor Relations and Marketing, where he met Frank Bannister. The following year, he and Frank struck out on their own and formed Hexoco. While Frank moved to Oklahoma City to open an exploration and production office to lease, drill, and operate mid-continental oil and gas wells, Michael remained in NY, running successful tax-based partnerships. In 1986, following tax law changes, Hexoco became Western Oil and Gas and changed its approach to cash-basis drilling to develop long-term cash flow with allowable tax benefits.

Western now operates as two companies, Oklahoma-based parent company Western Oil and Gas Development Corp. (WOGD), and New York-based investment firm Western Oil and Gas J.V. (WOGJV).

WOGJV is a private, boutique oil and gas investment firm that raises money from qualified individuals interested in adding oil and gas participation to their investment portfolios. Under Michael's leadership, it has grown steadily over the last two decades, raising more than $7 million in 2012.

WOGD handles about 75% of WOGJV's drilling funds, with the balance done by other well-established mid-sized industry partners in the mid-continent oil patch.

WOGJV's 57 active joint ventures are comprised of a working interest in more than 350 operating oil and gas wells, most of which are natural gas producing. In 2008, the company began to shift to the more profitable oil production and also began to buy attractive oil and gas bearing leaseholds, which are developed and then resold to larger exploration and production companies, producing significant profits to WOGJV investors.

Today, WOGJV continues to attract new and repeat investors who recognize the long-term value of owning oil- and gas-producing reserves. More than 350 K-1's are distributed annually to investors.

The principals of WOGJV support many charities at the local and national level, including City Year, PENCIL, Mesothelioma Applied Research Foundation, American Diabetes Association, and UJA-Federation of New York.

WOGJV is a member of the Independent Petroleum Organization of America, Oil and Gas Symposium, and North American Petroleum Expo, among other trade groups.

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**Richard Neuman** joined his father at Western Oil and Gas J.V. in 2004, and as Vice President, manages the daily operations of the firm. He raises capital, serves as a knowledgeable resource to investors, and is responsible for managing all phases of revenue distribution. Previously, Richard spent five years working at CBS Sports, where he covered the PGA Tour, College Basketball and the NFL. He moved on to corporate and private event planning at The Rainbow Room and then facilities management at Abigail Kirsch before joining the family business. He is a graduate of Roger Williams University in Rhode Island.

# Tax Advantages of Oil & Gas Investments

**Congressional Incentives** – Congress provides tax incentives to stimulate domestic natural gas and oil production financed by private sources.

**Intangible Drilling Costs Tax Deduction** – Oil and gas projects are labor intensive, so a significant portion of the expenditure is considered Intangible Drilling Costs (IDC), which is 100% deductible during the first year. For example, a participation of $100,000 could result in approximately $80,000 in tax deductions for IDC in the year of investment. The remaining $20,000 of tangible costs may be deducted as depreciation over a seven-year period. In addition, all oil and gas revenues qualify for a depletion allowance for the life of the well.

**Active vs. Passive Income** – The Tax reform Act of 1986 prohibits the offsetting of losses from Passive activities against income from Active business; however, it specifically states that a Working Interest in an oil and gas well is not a "Passive" activity; therefore, deductions can be offset against income from active stock trades, business income, salaries, etc.

**Alternative Minimum Tax** – Prior to the 1992 Tax Act, working interest participants in oil and gas joint ventures were subject to the Alternative Minimum Tax to the extent that this tax exceeded their regular tax. The recent Tax Act exempted Intangible Drilling Cost as a Tax Preference Item.

# Tax Example

Oil and gas revenue qualifies for a depletion allowance, which effectively reduces taxes on distributions by 15-20% for the life of the program (15-20 years).

Anticipated distributable income projections of $10,000 in the first year of production, provides return of after tax capital in 4.5 years, and a total program return of better than 3:1 for the life of the program.

Each Joint Venture participant's tax liabilities are different; consult with your personal tax advisor regarding the potential benefits of oil and gas joint venture investments. The example at right assumes an individual NYC taxpayer in a 49% tax bracket.

**A joint venture participant's potential tax benefits:**

| | |
|---|---|
| Initial Investment | $100,000 |
| Intangible Drilling Costs Deduction 80% | $80,000 |
| Tax Savings 49% NYC Taxpayer | $39,200 |
| Net Investment | $61,800 |
| Completion Costs First 18 Months | $80,000 |
| Intangible Completion Costs Deduction 80% | $64,000 |
| Tax Savings 49% NYC Taxpayer | $31,360 |

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