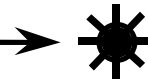


Dynamic Oil & Gas Corporation

locating replenishing reserves



Mr. Tom Pelatari
President
Velocity Databank, Inc.
1304 Langham Creek, Suite 498
Houston, TX 77084

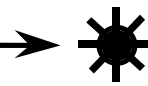
Tom,

I am pleased to provide the attached term sheet for a combination of the North Padre Island AMI and the South Padre Island AMI, which are introduced in the Dynamic Oil & Gas Gulf Coast AOI Prospectus, and which you expressed an interest in.

Also attached are four copies of a Confidentiality and AMI Agreement for the area. There two copies for you to sign, and two copies for your oil company friends to sign, Please return one executed copy from each group. We look forward to making a formal presentation of the North and South Padre Island AMI opportunities, once we have confidentiality agreements in place.

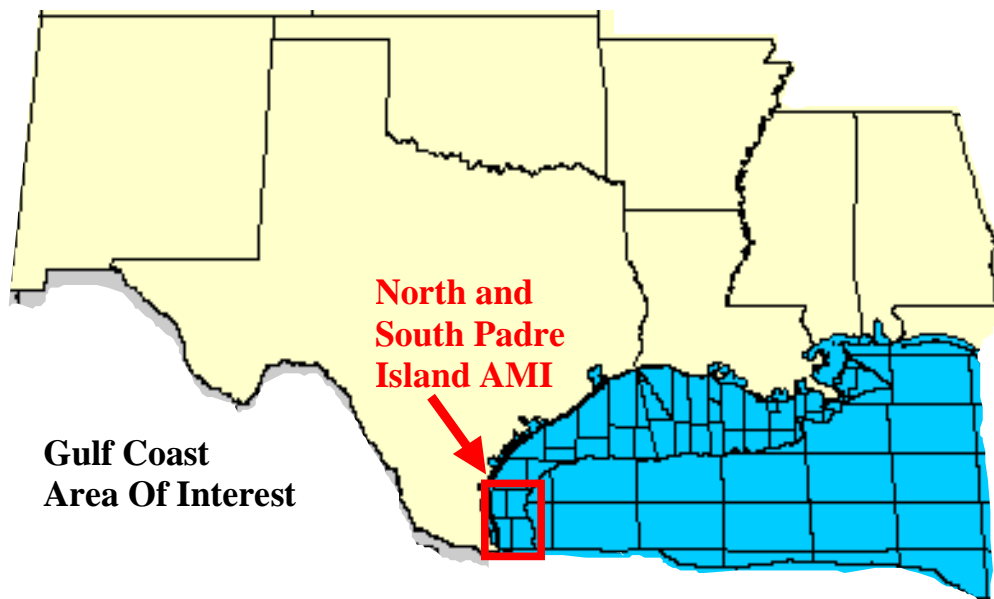
Best Regards,

H. Roice Nelson, Jr.
Finder



**TERM SHEET to raise US\$5,700,000.
Dynamic's North and South Padre Island AMI**

**H. Roice Nelson, Jr. and Dick Coons
04 December 2000**

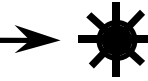


Access to this Term Sheet is limited to Qualified and Sophisticated Investors. This means Investors must have a net worth in excess of US\$1,000,000. (one million U.S. dollars), and be willing and able to risk the loss of the entire investment in Dynamic Oil & Gas Corporation's North and South Padre Island AMI. This Prospectus includes **confidential** and **proprietary information**, and it is delivered to the recipient with the express understanding that such information shall not be disclosed to anyone except persons in the recipient's organization that have a need to know the information for purposes of considering a relationship with Dynamic. The Prospectus was put together on 04 December 2000, and will be updated as additional and relevant information becomes available. If the recipient decides to not pursue a relationship with the company, please return this Plan immediately.

-
- **Confidential Information** • Dynamic Oil & Gas Corporation •
 - P.O. Box 382 • Barker, TX 77413-0382 • 281.579.0172 • facsimile 281.579.2141 •
 - URL: <http://www.walden3d.com/dynamic> • e-mail: dynamic@walden3d.com •

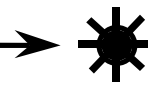
Dynamic Oil & Gas Corporation

locating replenishing reserves

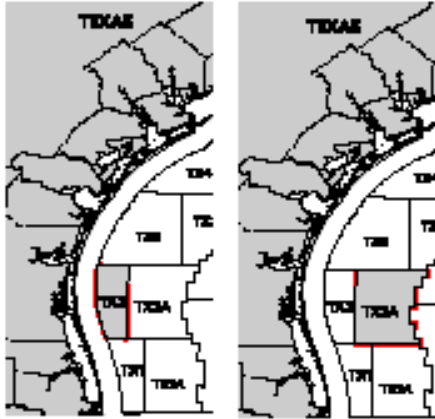


North and South Padre Island AMI as originally presented:

• **Confidential Information** • Dynamic Oil & Gas Corporation •
• P.O. Box 382 • Barker, TX 77413-0382 • 281.579.0172 • facsimile 281.579.2141 •
• URL: <http://www.walden3d.com/dynamic> • e-mail: dynamic@walden3d.com •



2. North Padre Island AMI.



First phase budget: US \$275,000.
Not yet funded.

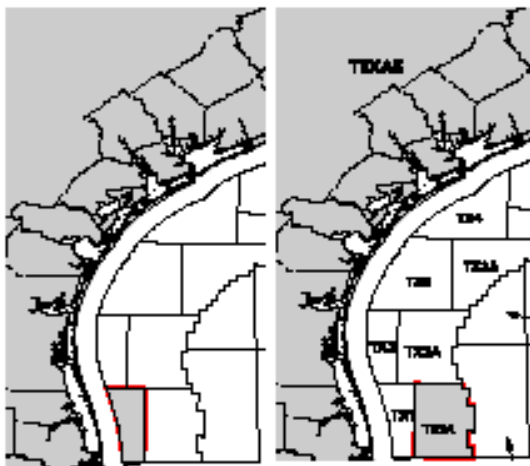
Funds will be used for data transcription, reprocessing of 2,000 miles of seismic

data to extract velocity information, due to a 35% velocity change across the area, and AVO processing. Five strong leads and one prospect are currently defined. All six CLPs are close to existing production. The prospect is available for farmout on a third for a quarter basis. US\$1.5-2.0 million dollar well cost, will earn 75% interest in the block.

Second phase budget will include purchase of 6 leases in the fall of 2001 for approximately US\$1.2 million total. We anticipate 10 leads coming out of the seismic reprocessing and to be able to successfully bid on six blocks.

Team Leader: Dick Coons

3. South Padre Island AMI.



First phase budget: US \$225,000.
Not yet funded.

Funds will be used for data transcription and reprocessing of 1,000 miles of seismic data. There is a 25%-35%

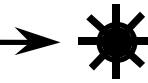
velocity change across the area. The structure in the shallow water portion of the area is low relief, and thus velocity changes significantly affect the depth structural highs relative to the travel-time structural highs. The leads are small, and yet one submarine fan which has been defined covers about 80 square miles, or portions of 10 blocks. The uncertainty for this area is the amount of sand. The task is to accurately map the deep water depositional features from the seismic.

Second phase budget will include bidding on 6-10 leases in the fall of 2001 for approximately US\$1.6 million total. We anticipate 5 leads, which will cover relatively large areas, and to be able to successfully bid on eight blocks.

Team Leader: Dick Coons

Dynamic Oil & Gas Corporation

locating replenishing reserves



Dynamic Oil & Gas Corporation and Dynamic's Professional NetWork

Dynamic was founded on May 22, 1991 in Houston, Texas for the purpose of commercializing the Global Basin Research Network dynamic replenishment research (see http://www.ideo.columbia.edu/GBRN/doe_report/081593/0893.html). For several years Dynamic was one of the sponsors of the HyperEdge Expert Association, now the Dynamic Professional Network. This proposal derives from this NetWork. Dynamic recognized a unique opportunity resulting from technical advances over the last decade in understanding relationships between velocity, porosity, temperature, pressure, dynamic pressure shields, fluid migration, trapping, and fluid extraction. The principals associated with Dynamic developed these technologies, and are cataloging related Best Practices, in order to find and produce previously invisible hydrocarbons. Dynamic is the virtual oil company, and is exploiting how recent price increases have created economic incentives.

Resource Technologies, key contributors to the Dynamic Professional NetWork, was established in 1987 to use state of the art Continuous Velocity Analysis (CVA) to identify local velocity variations which mask oil and gas producing structures. Proprietary software was developed to investigate gas chimneys, channels, permafrost and fault shadows. Over a period of 10 years, consulting projects led to major oil and gas discoveries in the Gulf of Mexico, North Sea, Indonesia, and other areas.

Since 1997 Resource Technologies has been retained to generate prospects in Offshore Texas and Louisiana for an individual company with a large 3D seismic database. This effort has led to bidding on 14 and the acquisition of 6 federal leases and an initial gas discovery. This project was completed in May of this year. Since then Resource Technologies has initiated a proprietary exploration program Offshore Texas.

Offshore Texas

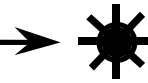
Resource Technologies has acquired license to 25,000 miles of 2D seismic data over an area where 3D seismic is generally not yet available. This includes 20,000 miles of 2D seismic data where field tapes can be accessed to quantify gas chimneys and fault shadows, which are apparent in the seismic data over open federal leases. Currently ten leads have been established where leases are available. The limited 3D seismic data that is available is severely distorted by local velocity variations. Thus opportunities exist offsetting existing production, where the 3D seismic data is miss-stacked and smeared by these local velocity variations.

Seismic stratigraphic studies suggest turbidite fans deposited in deep water, which present additional opportunities in relatively unexplored areas with relatively shallow water and open acreage.

-
- **Confidential Information** • Dynamic Oil & Gas Corporation •
 - P.O. Box 382 • Barker, TX 77413-0382 • 281.579.0172 • facsimile 281.579.2141 •
 - URL: <http://www.walden3d.com/dynamic> • e-mail: dynamic@walden3d.com •

Dynamic Oil & Gas Corporation

locating replenishing reserves



Resource Technologies and Dynamic are offering an opportunity and strategy for an exploration play to be made utilizing Resource Technologies' in-house knowledge and expertise, employing Resource Technologies' current 2-D data set, in an area with little or no industry competition. Resource Technologies is equipped and able to apply 'state-of-the-art' technology as well as its own previously mentioned proprietary software to develop leads and prospects for bid in Federal Lease sales. The previous lease history and industry activity of the focus area suggests little or no bid competition. The opportunity's appeal is in offering an operator the combination of low seismic data cost and minimum lease cost. The technology employed will identify features that traditional exploration can not and have not seen. The strategy provides an operator the opportunity to initiate and control its 'own play'. One recent discovery, within the area, drilled a 'fault shadow' anomaly. It is rumored that the discovery may be as big as 300 BCF.

In addition to the Fault Shadow and Gas Chimney opportunities, seismic stratigraphy suggests that 'deep water' turbidite sediments may offer opportunities in current water depths of less than 600 feet, where federal lease blocks are released.

Seismic Reprocessing

As of 5 December, 1,200 miles of 2D seismic data have been copied and reprocessed. This has contributed to the identification of several Fault Shadow and AVO leads. Dynamic recommends an additional 2,000 miles of 2D data be selected and existing 9 track field tapes be copied to 8mm tape and reprocessed. Continuous velocity and AVO analysis can then be used to quantify the existing leads and to identify additional opportunities.

Discounted Budgetary Estimate, Phase 1:

Dynamic's Prospect or AMI Fee (5%):	\$20,000.
Reimbursement of sunk costs:	\$90,000.
Tape copy Expense: 2000 miles @ \$20.00	\$40,000.
<u>Overhead Dec. 2000 - Aug. 2001</u>	<u>\$270,000.</u>

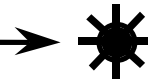
Total Project Costs Dec. 2000 - Aug. 2001 US\$420,000.

Note by Combining the North and South Padre Island AMIs referenced above, there is a cost savings of US\$80,000 for the first phase of work.

-
- **Confidential Information** • Dynamic Oil & Gas Corporation •
 - P.O. Box 382 • Barker, TX 77413-0382 • 281.579.0172 • facsimile 281.579.2141 •
 - URL: <http://www.walden3d.com/dynamic> • e-mail: dynamic@walden3d.com •

Dynamic Oil & Gas Corporation

locating replenishing reserves



Assignment of Overriding Royalties:

Resource Technologies would receive an assigned overriding royalty interest of 3.33% for all leases acquired by the group. These overrides would be distributed among contributors.

Strategy

Resource Technologies suggests the following as a potential strategy: Resource Technologies would provide the operator with leads/prospects for lease at the Federal Texas Offshore sale. Resources Technologies estimates the operator would acquire 10 blocks in the North Padre Island AMI and 12 blocks in the South Padre Island AMI. Based on the lack of industry competition at the 1999 Federal Lease Sale, all 22 blocks (110,000 Acres) would be acquired. Additional 3D seismic data may be required before developing blocks to drill status. 3D Seismic cost estimates assume a negotiated bulk purchase in August 2001, within the North Padre Island AMI, where spec 3D data is available.

Estimate of Aug. 2001 - Aug. 2002 Expense:

Acquisition of Federal Leases - August 2001 Sale:

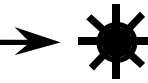
North Padre Island AMI	10 Blocks @ \$180,000 average cost	\$1,800,000.00
South Padre Island AMI	12 Blocks @ \$160,000 average cost	\$1,920,000.00
3D Seismic data on successful Leases -	15 Blocks @ \$80,000.00	\$1,200,000.00
<u>Salaries and Overhead @ \$30,000.00 / Month</u>		<u>\$360,000.00</u>

Total: US\$5,280,000.00.

Summary:

Most exploratory wells have been drilled on time highs as defined by 2D and 3D seismic surveys. In many instances the depth highs are not coincident with the time highs. Thus opportunities exist for exploration in shallow water at moderate cost using available seismic analysis methods. Leads can be recognized by examination of existing 2D and 3D seismic data. This has been proven by 20 years of experience in mapping of such gas chimneys and fault shadows. Masked structures can be quantified by selective reprocessing of seismic data. Seismic Stratigraphic methods exist which allow the identification of exploration opportunities in relatively shallow water with moderate lease and drill costs. The combination of available technologies can lead to development of significant oil and gas reserves.

-
- **Confidential Information** • Dynamic Oil & Gas Corporation •
 - P.O. Box 382 • Barker, TX 77413-0382 • 281.579.0172 • facsimile 281.579.2141 •
 - URL: <http://www.walden3d.com/dynamic> • e-mail: dynamic@walden3d.com •



North and South Padre Island Confidentiality and AMI Agreement

Executed copy to be returned to Dynamic Oil & Gas Corporation

To: _____ (Prospective Participant)

Re: North and South Padre Island AMI

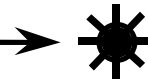
From: Dynamic Oil & Gas Corporation (Dynamic)

Gentlemen:

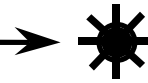
The purpose of this letter is to establish an understanding and agreement between Dynamic Oil & Gas Corporation (herein after referred to as Dynamic) and _____ (herein after referred to as "Prospective Participant"), with regards to Dynamic's disclosure of CLPs [Concept(s), Lead(s), and Prospect(s)] within the boundaries of the subject AMI to Prospective Participant and the review of data relevant thereto.

Dynamic is disclosing information and data to Prospective Participant in connection with Prospective Participant's possible interest in negotiating a business transaction with Dynamic. Prospective Participant acknowledges that, but for the information and data disclosed by Dynamic, it would not presently have access to the CLPs and would not at this time be in a position to independently proceed with efforts to drill a well within the North and South Padre Island AMI (herein after referred to as the "Property"). Accordingly, in consideration of the disclosure by Dynamic of the Property CLPs and related information and data to Prospective Participant, it is agreed as follows:

1. Prospective Participant shall keep, save and hold as confidential the Property CLPs and all information, studies, compilation, analysis, data, records, maps, interpretations, models, visualizations, and simulations of whatsoever character, kind, or nature relative to the Property (collectively herein after referred to as "Data"), which Dynamic discloses to Prospective Participant.
2. Prospective Participant shall not, without Dynamic's prior written consent, disclose, furnish, nor reveal Data to any individual or entity which is not a party hereto and, similarly, shall not permit or authorize any of its agents, employees, or representatives to disclose, furnish or reveal Data to any individual or entity which is not a party hereto.



3. Prospective Participant, its agents, representatives, and employees shall use the Data solely for the purposes of evaluating or implementing a possible transaction between Prospective Client and Dynamic.
4. Prospective Participant shall be responsible for and shall indemnify and hold harmless Dynamic for any costs, charges, or damages sustained by Dynamic due to any breach of this agreement by Prospective Participant, its agents, representatives, or employees.
5. Notwithstanding the aforementioned provisions, it is agreed and understood that Prospective Participant may disclose any information, studies, compilation, analyses, data, records, maps, interpretations, models, visualizations, and simulations that Prospective Participant may presently have or hereafter may lawfully obtain from any party who legally is entitled to such Data. Prospective Participant may also disclose Data that is filed in public records and may disclose Data in response to a judicial or administrative process from a court or governmental body of competent jurisdiction with lawful authority to demand the production of the same.
6. Prospective Participant agrees to be responsible for enforcing the confidentiality of the Data provided by Dynamic and agrees to take such action, legal or otherwise, to the extent necessary to prevent any disclosure by any of its agents or employees.
7. At any time at the request of the Company and promptly on the conclusion of the Prospective Participant's review of the Data without the requirement of any request therefore, the Prospective Participant will deliver to the Company all the following then in the Prospective Participant's possession or subject to disposition by the Prospective Participant: (i) the originals and all copies of all Data and any extracts or analysis thereof, and (ii) the originals and all copies of all drawings, files, lists, memoranda, notebooks, notes, records, and other documents (including all thereof stored in computer memories or on disks, on microfiche or by any other means) which relate to the Data, whether compiled, made or prepared by the Consultant or by any other person.
8. Prospective Participant recognizes the effort and expense that Dynamic has expended relevant to the Property CLPs to be disclosed and, accordingly, in addition to any equitable or other relief that Dynamic is entitled, if during the term of this agreement Prospective Participant acquires from any party other than Dynamic (a) an interest in the Property, or (b) a right to acquire an interest in the Property, then Prospective Participant shall deliver to Dynamic a 10% of 8/8ths overriding royalty interest in the lease or interest acquired on the Property. Such overriding royalty interest shall be calculated on the same basis as the lessor's royalty interest is calculated.

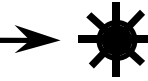


9. Should Prospective Participant, as of the date of execution of this agreement, already have an interest in any lease or leases covering all or a portion of the Property, and should Prospective Participant drill, cause to be drilled, or in any other way participate in any well to develop Dynamic's CLPs, then Prospective Participant shall deliver to Dynamic 5% of 8/8ths overriding royalty interest in production from the lease or leases owned by the Prospective Participant prior to this agreement or an equivalent performance bonus.
10. In the event Dynamic deems it necessary to initiate any action to enforce Prospective Participant's obligations hereunder, Prospective Participant agrees to reimburse Dynamic, if it prevails, all costs and expenses, including reasonable attorney's fees incurred by Dynamic in this regards.
11. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas.
12. This Agreement shall inure to the benefit of and bind the respective successors, heirs, representatives, and permitted assigns of the Parties.
13. This Agreement is the full and complete agreement of the Parties with respect to the Confidentiality and AMI Agreement for the North and South Padre Island AMI Property, supersedes and cancels all prior communications, understandings, and Agreements between the Parties, whether oral or written, expressed or implied, in respect to that subject matter. This Agreement may not be amended, except by a written instrument signed by the authorized representative of each Party.

The provisions of this agreement shall remain in force and effect for a period of two (2) years from the date of this agreement or until all of the Property is no longer under lease, whichever is sooner. If during the term of this agreement Prospective Participant should acquire the right to acquire or earn an interest in the Property, or a lease or other interest in all or part thereof, the above referenced overriding royalty or performance bonus shall be assigned to Dynamic within forty-five (45) days of acquisition of the aforesaid right or interest by Prospective Participant.

Dynamic Oil & Gas Corporation

locating replenishing reserves



Please indicate your acceptance of the terms and conditions expressed herein by signing this agreement in the space provided below and returning an original executed copy to Dynamic.

Sincerely,

H. Roice Nelson, Jr.
Finder
Dynamic Oil & Gas Corporation

AGREED and ACCEPTED

This ____ Day of _____ (Month), ____ (Year)

Prospective Participant

By: _____

Title: _____

Company: _____