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Oil and Gas Exploration and Production Company, PEDEVCO is focused on the Redevelopment of Conventional Resources primarily in the Permian Basin

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"If you want to invest in the sector, you want to look for a company with a sustainable business model, quality assets that are going to be able to generate good cash flow long into the future, strong capital support, and no debt. PEDEVCO is that company."- J. Douglas Schick

CEOCFO: ***Mr. Schick, what is the focus of PEDEVCO today?***
Mr. Schick: We are an oil and gas exploration and production company focused on the redevelopment of conventional resources primarily in the Permian Basin.

CEOCFO: ***What is the strategy behind that?***
Mr. Schick: We feel that with most oil and gas companies gravitating towards unconventional resources, meaning the shale plays, that the conventional plays are overlooked and yet they often times have lower cost and longer life production. We believe it is easier to build a profitable business long term in conventional oil and gas opportunities rather than unconventional shales.

CEOCFO: ***Would you address the oil and gas market today?***
Mr. Schick: Overall, 2014 to 2016 was an extremely bad period in the oil and gas industry. Oil prices were extremely low. Natural gas prices have been low for years. We had a little bit of a rebound in 2018 and then at the end of 2018 and into 2019 oil prices went down significantly again. Right now they are in the $50s which is an area that most oil and gas companies can make money. However, the real problem the industry has is not oil prices, but a closure of the equity markets for oil and gas companies because a lot of equity investors got burned in the 2014 downturn, they have been hesitant to come back and invest in oil and gas companies even though things are improving.

CEOCFO: ***You raised $25 million through a private offering just a week or so ago. How will those funds be used and why now?***
Mr. Schick: Those funds will be used for three different purposes. The first is to finish our 2019 development program where we are currently in the process of completing five wells that we drilled earlier in the year. The second use of funds is for our 2020 development program. The third use will be for opportunistic acquisition of producing assets and business combinations.

CEOCFO: ***What do you look for in an acquisition?***
Mr. Schick: We look for rates of return, which is probably the biggest thing we are focused on. We are looking for assets that have high quality oil and gas reserves that we can economically develop that provide rates of return that exceed what we think most operators are getting in the shale plays.

CEOCFO: ***What does PEDEVCO understand about oil and gas that other people do not recognize?***
Mr. Schick: It goes back to the whole focus on conventional assets rather than unconventional assets and it gets pretty technical from there. Fundamentally, conventional assets have a longer reserve life and have lower ongoing capital investment requirements. When you drill a conventional oil well, your first-year decline rates are not nearly as steep as when you drill an unconventional well. Unconventional shale wells, the kind that most oil and gas operators are going after these days, have a very short reserve life, meaning if you drill a well and it comes online in month one at 800 barrels a day, in eight or nine years from now, that same well might only be producing one to two barrels a day, whereas the conventional assets we focus on might not have the big splashy initial production rates but they have a much longer life.

We might get wells that produce 300 - 400 barrels a day in month one, but by year ten, they are still producing 15-20 barrels a day. You have a much longer life production stream so you can, over time, survive through the good and the bad a little easier than a lot of the shale plays. It has been widely said, and I agree, that the shale plays are on a treadmill constantly to keep reinvesting capital to keep their production base up. The difficulty in producing conventional reserves rather than unconventional reserves is they are much harder to find. The world is running out of conventional reserves. We were fortunate in our Permian Basin asset to acquire a legacy conventional field that presented a rare in-field drilling opportunity with significant untapped conventional reserves.

CEOCFO: ***Would you tell us about the rebranding to PEDEVCO?***
Mr. Schick: The company used to be called PEDEVCO, doing business as (d/b/a) Pacific Energy Development. Originally the company was headquartered in California and its primary assets were based in Colorado. Our largest investor and management team bought control of the company in June of 2018 and moved the headquarters from California to Texas. At this point we changed our focus to acquiring assets in the Permian Basin rather than in Colorado, so the name Pacific Energy Development did not necessarily fit with our strategy, location or what we were doing. However, PEDEVCO still worked as a good name

because it is an acronym, but it sounds very much like a classic oil company name, so we dropped the d/b/a and rebranded ourselves solely as PEDEVCO.

CEOCFO: ***What is the technology you are taking advantage of today?***
Mr. Schick: The whole unconventional oil and gas sector is based on horizontal drilling technology and new frack completion technologies. All we are doing is taking those technologies from the unconventional space and using them in the conventional space to access oil and gas reserves from old existing fields that were not recovered using previous technology. That is our entire business plan, using unconventional technology for conventional development.

CEOCFO: ***Is it easy to find acquisitions today?***
Mr. Schick: There is definitely not a shortage of oil and gas deals to be done. There have been lots of good assets on the market. The problem is the bid-ask spread between what buyers are willing to pay and what sellers are willing to sell for. There are not many deals being done right now because sellers still want higher prices and buyers are not willing to pay those prices. I think the primary reason for that is because funding is extremely difficult right now, so it is hard to raise money for oil and gas deals in the current market. You can use traditional debt and what is called "stretch debt", but actually going out and getting common equity to buy oil and gas assets is extremely difficult right now, which results in difficulty doing deals.

CEOCFO: ***It seems you are finding them!***
Mr. Schick: PEDEVCO is a little bit of an anomaly because we have been able to raise money over the past few years and get a few deals done. We not only have a highly experienced business development team, but we also have the financial support of one very good investor, SK Energy, that has been willing to do multiple equity issuances for us to fund our acquisition, development and expansion plans.

CEOCFO: ***How do you spend your time as president? What is your focus day to day?***
Mr. Schick: First of all, overseeing the operations of the business, and secondly, looking for accretive acquisitions. I oversee all the operations, but I do not manage the detailed operations as we have a highly experienced and competent staff that handles all of that. My biggest contribution to the operation is really managing the capital -- where the money is going to go and how we are spending it. My secondary focus is trying to find acquisitions to grow the business.

CEOCFO: ***How does PEDEVCO standout at a conference?***
Mr. Schick: It is just focusing on what the business is and how we are different from other companies. It goes back to that conventional focus. There are very few public companies that are focused on the same type of conventional development that we are focused on. That is the thing we hang our hat on, being a little bit different and able to say that we are still going to be able to be here in 10 to 15 years without huge amounts of additional capital needed after we get up and running. That,

plus the fact that we have zero debt, makes PEDEVCO standout from its peers.

CEOCFO: ***How do you deal with some of the frustration in knowing you have the right approach but not being appreciated?***
Mr. Schick: This question is appropriate for many oil companies, especially right now in the equity markets, because we have done a lot of good things -- and there are many other oil companies out there that have also done a lot of good things, especially when compared to a few years back. The world thought we were at peak oil and oil prices were going to continue to go up forever. The reason it has not is because of development in the United States, primarily the Permian Basin. We are unappreciated and it is just something you have to struggle through because everything has cycles and the hope is that it will revert back to the mean because as far as economic returns go, the oil and gas business is still a very good business if you can maintain capital discipline.

CEOCFO: ***Why look at PEDEVCO right now?***
Mr. Schick: I think right now is a great time to look at PEDEVCO because the entire energy sector is out of favor, undervalued, and poised for a rebound. If you want to invest in the sector, you want to look for a company with a sustainable business model, quality assets that are going to be able to generate good cash flow long into the future, strong capital support, and no debt. PEDEVCO is that company. We have over 150 drilling locations in two of our Permian fields and potentially another 50 or more in another Permian field, plus another 100 or more drilling locations in Colorado. We have a very large inventory of high rate of return projects, zero debt and strong capital backing. Neither we nor any other oil companies are getting any appreciation right now, so it is a good time to buy oil companies at very low valuations.

PEDEVCO