



OilReserve Coin: A global digital currency backed by audited oil reserves

Version 1.12 - April 11, 2018

Abstract: OilReserve Coin (OILR) is a global digital reserve currency backed by tangible oil reserves. Physical assets provide unit holders with a value more stable than that of traditional cryptocurrencies, reviving the centuries-old concept of an asset backed currency. Users are able to use blockchain technology to securely, easily and cheaply transact while knowing that the tokens represent a real world asset in a stability model akin to traditional commodity markets - including their fluidity and market-making capabilities. This token utilizes the Stellar blockchain for token distribution along with traditional audit mechanisms to show Proof of Reserves.

| | |
|-------------------------------------|-----------|
| Introduction/Overview | 3 |
| Philosophy | 3 |
| Crude Oil Market | 4 |
| OILR Structure | 4 |
| Pricing Structure | 5 |
| Token Sale | 5 |
| Preferred Sale | 6 |
| Open Sale | 6 |
| Fees associated with OILR | 6 |
| Reserve Criteria | 6 |
| Use of oil equivalents | 7 |
| Requirements of Reserves Held | 7 |
| Startup exemption | 8 |
| Audits of Reserves Held | 8 |
| Monetary Policy | 8 |
| Technology/Process | 9 |
| OILR Token Business Requirements | 9 |
| Applications of OILR | 9 |
| Risk Factors | 10 |
| Future Innovations - Roadmap | 11 |
| Q3/Q4 2019 | 11 |
| Q1 2020 | 11 |
| Q2 2020 | 11 |
| Q3 2020 and beyond | 12 |
| Team | 12 |
| Oil Reserve Global LLC Team | 12 |
| Company Information | 13 |
| Contact | 13 |
| Glossary | 13 |
| References | 15 |

Introduction/Overview

OilReserve Coin (OILR) is a global digital reserve currency backed by oil reserves, where 1 OILR coin represents 1 barrel (bbl) of audited oil reserves. As each OILR coin is purchased, 1 barrel of oil reserves will be concurrently secured by our acquisition team, either via futures (a temporary measure), or audited reserves from reputable exploration and production partner companies. Using our decades of oilfield experience, our acquisition team will find, validate, and acquire oil reserves in the ground to match the number of OILR in existence. As each barrel of coin-committed oil reserve is produced and sold, the oil producer will purchase the equivalent OILR coin from the market and redeem it with the steward entity to maintain the ratio between OILR coins and backing oil reserves. This 1:1 basis will be approximate, and will be maintained as equivalent as possible given time constraints on reserve acquisition and trading latency inherent to commodities markets. Much like other asset-backed currencies, OILR is intended to be a less-volatile cryptocurrency, so that a OILR holder may maintain a more balanced portfolio of crypto assets.

While there are many kinds of assets available in the global economy today, there are very few available in cryptocurrency. There are also very few that can represent a globally capable currency. Global wealth is currently measured at \$280 trillion USD. It is expected to grow to \$341 trillion USD by 2022 ^[1]. OILR intends to be a semi-stable digital currency by backing itself to a real world asset that is globally valued; that asset being crude oil reserves. Oil reserves were chosen as the backing asset because of its globally recognized value, as well as its market liquidity. Oil is one of the most liquid assets in the traditional financial markets today. As an example, barrels of oil are traded 18 times more heavily than the quantity of oil produced every day.^{[2][3]}

OILR is intended to be a Stellar blockchain-based, pseudonymous cryptocurrency. Transaction fees will not be charged above what is needed to transact on the foundation blockchain. OILR will be able to be transacted on any exchange that supports Stellar Lumen tokens, as well as any wallets that support Stellar Lumen tokens. The actual reserves will be held by our steward entity, Oil Reserve Global LLC. The costs of maintaining the audits of reserves will be borne via fees to the oil producer when trading oil reserves for OILR, as well as a small fee when redeeming OILR.

Philosophy

Government backed or 'fiat' currencies have been without asset backing for decades. The US Dollar, for example, was backed by gold until the 1970's, and now it is backed by the

The OilReserve coin white paper is not an offer or solicitation to sell securities. Please do your own research before choosing to own or use OilReserve coin.

faith and credit of the government to redeem it. With the introduction of OILR, we intend to return some portion of the world economy to an asset backed, non-fractional, market-valued reserve currency. Consensus-driven blockchain technology lowers the costs of currency transactions, and we believe this will be the future of the majority of currency transactions globally within the next few decades.

The OILR team believes that assets should be set free, and with our expertise in the oilfield, we intend to free oil reserves from their balance sheet chains, allowing them to trade free in the cryptocurrency world, so that anyone can own currency backed by a globally valued asset. This will assist oil exploration and production companies in using a portion of their oil reserves as a funding mechanism, trading a known asset on the balance sheet for a more liquid alternative. At the same time, OILR holders will now have a semi-stable cryptocurrency to add to their portfolio.

Asset pegged currencies have been around for millenia. A return to an asset-pegged currency will reduce typical cryptocurrency volatility, as well as providing insulation from the currency policy of any single country. In turn, this could also lead to greater adoption of digital currency as a whole, and can provide the cryptocurrency markets with a semi-stable alternative to the volatility of most existing cryptocurrencies.

Crude Oil Market

Crude Oil is a global commodity, and drives the global economy, now and into the foreseeable future. At today's prices, if all oil sales represented the GDP of a country, that country would be the 11th largest in the world, between Canada and Russia^[4].

In the traditional markets, a barrel of oil changes hands hundreds or thousands of times before being produced and delivered to the final destination. Crude oil currently trades on average 1.5 billion barrels per day^[2], but only 81 million barrels are produced each day^[3]. This makes oil the most liquid of all commodities, and we believe this gives oil reserves the perfect basis for a store of value and medium of exchange in the crypto asset world.

OILR Structure

OILR is backed by the value of the oil reserve to which it is attached. The OILR token will be administered, maintained, and delivered on the Stellar blockchain as a Stellar Lumen token, along with traditional audit mechanisms to show Proof of Reserves.

Holding OILR will:

- Give you a cryptocurrency with an asset backing based on oil reserves

The OilReserve coin white paper is not an offer or solicitation to sell securities. Please do your own research before choosing to own or use OilReserve coin.

- Allow you to transact OILR on the Stellar blockchain via the OILR token

Holding OILR will not:

- Pay dividends in any way - this may give OILR a preferable treatment as property (talk to your accountant).
- Enable voting on the processing/handling of oil reserve assets held.
- Imply ownership of oil reserves, or benefit of the production of those reserves, except to redeem the OILR they possess.
- Allow control of Oil Reserve Global LLC, or imply ownership in any way.

Pricing Structure

OILR will initially be available for sale from the Stellar Lumen token source at the price of West Texas Intermediate Crude (WTI) via a data oracle operated by Oil Reserve Global LLC. During the initial sale period, a bonus will be offered, see below for details. The pricing will be driven by the market price of WTI initially, and then by market demand once established^[5].

Token Sale

All OILR tokens sold by Oil Reserve Global LLC will be under the auspices of:

1. SEC Regulation D Section 506 for US-based accredited investors, or
2. SEC Regulation S for non US-based investors

All purchases of OILR tokens from Oil Reserve Global LLC will undergo a KYC registration process.

Friends and Family: 0 tokens

Holdback: 0 tokens

Initial Offering: 1 million OILR tokens

Whitelisting: Purchases of OILR tokens from the source will be allowed after KYC verification to either US-based accredited investors or non-US entities. Purchases by US-based accredited investors will be via a SAFT sale.

Redemption: Redemption will become available as producing companies produce the oil. Producers will be required to buy OILR from the market and then redeem it by sending it to the steward entity to be burned, freeing them from their reserve holding requirement. We expect this won't happen for at least 12 months, and more likely 48-60 months after initial reservation.

Redemption cost: Redeeming OILR at the source will cost 0.25%, in an attempt to prevent unnecessary cycling of the token.

Preferred Sale

Token Preferred Sale Start Date: August 8, 2019 00:00 UTC

Whitelisting: Required via website registration

Funds: Wire transfer only

Minimum Investment: 88 OILR

Bonus: 50% additional coin during preferred sale

Hold: Held until October 10, 2019 for all buyers in the preferred sale. Tokens will be delivered to preferred sale customers on October 10, 2019.

Open Sale

Open sale date: September 10, 2019 00:00 UTC

Bonus structure:

- 50% additional coin for the first day of the sale
- 33% additional coin for the next 10 days of the sale
- 25% additional coin for the next 50 days of the sale
- 10% additional coin for the next 90 days of the sale
- 5% additional coin for the next 180 days of the sale
- No additional coin after 331 days, direct pricing will apply

Fees associated with OILR

- **Transaction Fees:** nothing extra above Stellar blockchain costs
- **Founder's reward:** 2% of reserves committed upon entry, 0% of transactions on the blockchain, 0% of redemption
- **Operations fees:** For acquiring assets, maintaining audit process, and fiat conversion. Operations fees will be taken from the onboarding of new assets, typically 5-20%, depending on total amount committed
- **Redemption Fee:** 0.25% of OILR value when redeeming with the steward entity

Reserve Criteria

Reserve calculations will be based on WTI index spot price net of lift and transportation expenses. Any reserves held will be adjusted to this price based on their relative value to WTI, based on marketable price in the region it is sold, and based on the quality of the crude compared to WTI. If an asset more closely aligns with the North Sea Brent Crude index or the OPEC basket, the reserve amount will be adjusted relative to the price differential between that index and WTI.

Oil reserves will only be used in historically politically stable, free market regions of the world that are unencumbered by political sanctions. This initial conservative approach will

The OilReserve coin white paper is not an offer or solicitation to sell securities. Please do your own research before choosing to own or use OilReserve coin.

be taken to attempt to ensure that reserves acquired will stay committed. As a global region is added to the asset pool, an advisor for that region will be selected and added to the OilReserve team.

Use of oil equivalents

Instead of using Barrel of Oil Equivalent (boe) which is based on energy equivalence, all reserves will be rated comparatively by value to WTI by market value. We are coining the term Barrel of Oil Market Equivalent (bome) to represent this value based equivalence. Any oil equivalents held in reserve will be calculated using bome instead of boe, to attempt to keep the market value equivalence.

Requirements of Reserves Held

Reserves held will be a combination of:

- Audited oil reserve assets held by contract with the asset owner, R_{HELD}
 - Assets under contract, via assignment to Oil Reserve Global, LLC
 - At least 70% of the total shall be proved oil reserves
 - Proved reserves will have a ratio of 1:1 developed versus undeveloped or higher.
 - Proved developed - will be valued at the cost basis with no discount
 - Proved undeveloped - will be valued at a 20% value discount
 - Up to 30% total is allowed to be:
 - Probable (P50) - considered at a 50% discount, and can make up no more than 30% of the total reserve value of OILR
 - Possible (P10) - considered at a 90% discount, and can make up no more than 10% of the total reserve value or OILR
- Oil futures as necessary if asset acquisition is taking longer than deemed reasonable, $R_{FUTURES}$
 - The use of futures will be minimized as much as possible, with actual oil reserves being the preferred asset to be held. Futures are intended to be used as time gap fillers when the acquisition process is taking longer than expected.
- Cryptocurrency reserves from OILR sales not yet converted to oil reserves, R_{CRYPTO} , valued in USD.
- Fiat currency from OILR sales not yet converted to oil reserves, R_{FIAT} , valued in USD.

All reserves held must be equal to or greater than the number of outstanding OILR,

$OILR_{OUTSTANDING}$

The OilReserve coin white paper is not an offer or solicitation to sell securities. Please do your own research before choosing to own or use OilReserve coin.

$$(R_{\text{HELD}} + R_{\text{FUTURES}} + R_{\text{CRYPTO}} + R_{\text{FIAT}}) \geq \text{OILR}_{\text{OUTSTANDING}}$$

Startup exemption

Some oil producers are willing to commit but skeptical, so a market chicken/egg situation exists. In this startup case, the reserves held for up to 18 months will possibly be futures heavy, but that is not intended to be the long term case. During that initial period, OILR reserves will be allowed to be futures heavy. Audited oil reserves will always be the primary reserve goal.

Audits of Reserves Held

Audits of reserves held will be posted yearly, with audits conducted by respected firms in the petroleum industry. At no point will the audited reserves be allowed to dip below the amount of OILR in circulation. The OilReserve coin team reserves the right to discount the audited value and subsequently increase the total amount of reserves held if we believe the historical production of a region or formation is less than the proved reserve audited amount. Should audit show reserve is under, the OilReserve coin team will either redeem coin to restore the balance, or acquire more reserves. All reserve-relevant audit information from above will be posted to the <https://oilreserve.global> website with affidavit of authenticity by the auditor. Audits of reserves held will use information from the oil producers audits of reserves, so multiple audit parties will be involved, helping to prevent fraud from any single party.

Monetary Policy

From a sales perspective, the OILR team will sell wide open to all market demand during the initial offering. After that, as the bonus structure is removed, we will operate in a similar manner to a full reserve (non fractional) central bank, releasing new coin as new reserve supply exists for our oil producing partners. Should the reserve side of the market exceed demand, we reserve the right to implement a reverse auction of new reserve assets. This will only be done with reserve holder approval, as they will still be required to redeem OILR at full market value. While the 1:1 coin:bome ratio will never dip below 1 bome, we reserve the right to increase the oil side of the ratio, if necessary to increase the value of OILR.

From a redemption perspective, redemption of OILR will be available with the steward entity, from other exchanges for trading with other currencies, and in the future with our fiat gateway partners. Since our contracts for reserve assets are with established producers,

we reserve their right to redeem OILR if they produce the asset, or the price drops low enough for them to believe it is worthwhile to redeem at that moment. While all types of redemption will be available to view on the Stellar blockchain, both types of producer redemption listed above will be added to the website for the sake of transparency.

Technology/Process

OILR will initially be implemented and distributed as a token from a Stellar Lumen anchor on the Stellar blockchain. This token will govern ALL issuance and redemption of the OILR token. The creators reserve the right to migrate all balances to a new token should some security concern with the existing token arise. The new token will largely resemble the prior token in structure, clearing up any issues that might affect the safety or security of the token for coin holders. The creators reserve the right to migrate to a different blockchain if Stellar is compromised beyond the ability of OILR to be sustainably transacted. The creators also reserve the right to migrate to a structure that allows more transparency on the blockchain regarding Proof of Reserves, including, but not limited to, identity of all producers, auditors, exchanges; or the logging of the actual reserve assets on a blockchain.

OILR Token Business Requirements

- Initial token amount: 1 million OILR, expandable via minting process as producers pledge reserve assets, as Stellar Lumen tokens
- Decimal places: 7
- Tokens allowed to be added by the steward entity as described above
- Tokens allowed to be burnt by the steward entity when redeemed
- Ledger of token holder addresses and balances

Applications of OILR

For Everyone

- Liquidity, on a global scale, for everyone
- Semi-stable pricing because of asset backing, less volatile than traditional cryptocurrencies
- Safety for a 'bottom' price - since it is backed by an asset, while the asset value will fluctuate, it is much less likely to go to zero compared to other cryptocurrencies
- A currency independent of government monetary policy

For Exchanges

- A fluid cryptocurrency with an intent for large and liquid volume

The OilReserve coin white paper is not an offer or solicitation to sell securities. Please do your own research before choosing to own or use OilReserve coin.

- Easily tradable for fiat via registration process

For Individuals

- A safety net in your portfolio from the highly volatile cryptocurrencies
- An attractive way to trade in oil markets

For Oil Explorers and Producers

- Liquidity - ability to convert a balance sheet asset to working capital
- Reduced cost - a better cost structure compared to traditional Reserve Based Lending in most cases
- Hedging possibilities - can lock in minimum price for each barrel of oil committed, that price being the value received when committing the reserves
- Ability to participate in the market pricing of their own product

Risk Factors

We could go bankrupt

Oil Reserve Global LLC is in the business of maintaining audited reserves. Our cost of operations is intended to be extremely low, and the infrastructure needs for this purpose are modest. Going bankrupt should not be probable without serious malfeasance. Our team has over 100 years business experience, as well as over 100 years of experience in the oilfield, so this is not likely.

Our banking could falter

While this is a possibility with changing regulations, we believe this is a low risk item based on the model of OILR itself. As we intend to be a global entity, we should be able to find a friendly country should any of the countries we are operating in choose to eliminate banking for OILR.

We could abscond with the reserve assets

Obvious, but highly unlikely. We intend to operate Oil Reserve Global LLC in the most transparent manner possible, as well as the most conservative manner to show that we are here for the long term. Short terms gains of any kind are not the reason for OILR.

Centralization of risk due to proof of reserves

While OILR cannot currently be fully decentralized, we believe this risk can be offset by using multiple auditors for various portions of the reserves, as well as being as transparent as possible in the outcomes of the audits. Should some technology show up beyond “just

store it all on IPFS” that would assist in the identity and proof of reserves, we will aggressively pursue that avenue.

Oil Producers could choose not to provide reserves

With the conversations we are having, we don't believe this to be the case, but it could happen. The economics to the producer compared to traditional reserve based lending are just too compelling to ignore. There may be a chicken/egg situation at the start of the process, but as it gets rolling, we believe more producers will show to fill the coin demand.

Future Innovations - Roadmap

Q3/Q4 2019

- Securing assets to increase token sale
- Establishing audit process prior to first audit
- Exchange integrations
- Website updates
 - Tracking asset acquisition activity
 - Live tracking balance sheet of tokens issued and assets acquired

Q1 2020

- First audit
- More exchange integrations
- Flexible spot pricing of new OILR based on oil producers' acceptance of the lower funding value
- Website updates
 - Include audit documents
 - Live price ticker from exchanges

Q2 2020

- Global expansion of assets
 - Addition of advisors in each global production area addressed
- Expansion to allow other companies to sell their proved reserves
 - Registration of assets
 - Audit requirements
- Reverse auction based system if producer demand is exceeding consumer demand
- Fiat currency gateways in various countries
 - Via subsidiaries or partnerships
 - Will meet all KYC/AML of the host country

The OilReserve coin white paper is not an offer or solicitation to sell securities. Please do your own research before choosing to own or use OilReserve coin.

Q3 2020 and beyond

- Determine if other markets are required
 - Segmentation of existing product
 - New Products
- Debit cards, where allowed by regulations
- Work on expanding the decentralization of the underlying asset
- Possible blockchain addition to allow proof of reserves on chain

Team

Oil Reserve Global LLC Team

Casity Fillingim

- Responsible for oil reserve acquisition
- Drilled or completed thousands of wells - average of ~100/year for the last 25 years
- Owns his own oilfield consulting company
- 25 year oilfield veteran in exploration, completion, and production
- Worked in oilfields of Alaska, Colorado, Idaho, Montana, Nevada, New Mexico, North Dakota, South Dakota, Utah, Washington, West Virginia and Wyoming
- Expert in estimating production and confirming reserves
- **Disclosure:** Working on no other cryptocurrency projects, holds DASH, LTC

Esteban Kolsky

- Responsible for overseeing the audit process
- Trusted enterprise analyst with over 30 years of experience
- Consulted for virtually all of the Fortune 500, three-quarters of Global 2,000
- Built the first generation of computerized ForEx trading systems
- **Disclosure:** Working on no other cryptocurrency projects, holds BTC, BCH

Ronald Sarian

- General Counsel. Responsible for legal and compliance aspects of Oil Reserve Global LLC and OILR.
- 33 years as a business litigator and corporate counsel. Former Vice President and General Counsel of eHarmony.
- California Bar attorney.
- **Disclosure:** Working on no other cryptocurrency projects, holds no cryptocurrency.

Scott Sanders

- Responsible for website, token creation, node maintenance, exchange integration, etc
- Lifelong Software Entrepreneur and co-founder of several companies
- 25 years of enterprise software experience
- Consulted for 10% of the Fortune 500
- Co-authored a cryptocurrency patent
- Involved in open source (Member, Apache Software Foundation)
- **Disclosure:** Working on no other cryptocurrency projects, holds BTC/LTC

Kevin Steele

- Responsible for partner development
- 20+ years in business, software and law. Managed partner relationships with several of the Fortune 500
- California Bar attorney
- **Disclosure:** Working on no other cryptocurrency projects, holds no cryptocurrency

Company Information

Oil Reserve Global LLC is incorporated in Wyoming, USA. We appreciate the clear signals from the Wyoming legislature on blockchain and cryptocurrency related issues.

Contact

For any questions related to OILR use the following channels:

Website: <https://oilreserve.global>

Email: info@oilreserve.global

Twitter: @oilreservecoin

Telegram: <https://t.me/OilReserveCoin>

Glossary

Barrel (bbl)

A barrel of oil is equal to 159 liters or 42 US gallons. It is the common measurement for oil reserves, oil shipments, and oil transactions.

Barrel of Oil Equivalent (boe)

Energy products, such as natural gas, or natural gas liquids, that make up the energy equivalent of a barrel of oil.

Barrel of Oil Market Equivalent (bome)

A barrel of oil equivalent (boe) is the equivalent amount of energy to make a barrel of oil. The barrel of oil market equivalent (bome) is the amount of a product that would match a barrel of oil in price. Example: As of May 2018, a boe of natural gas would be 6MCF, but a bome of natural gas would be approx 21MCF. The boe fluctuates with the amount of energy in the product, while bome fluctuates to the market price, creating a currency equivalent of the product to a barrel of oil.

Crude Oil

A naturally occurring, unrefined petroleum product composed of hydrocarbon deposits and other organic materials. A type of fossil fuel, crude oil can be refined to produce usable products such as gasoline, diesel and various forms of petrochemicals^[6].

Proved Reserves

Proved reserves^[7] are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. Proved reserves can be categorized as developed or undeveloped.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Reserve Based Lending (RBL)

Reserve based lending is a traditional bank funding mechanism where producers commit the reserves in trade for an interest bearing loan, and the production of the reserves pays back the loan via a bank controlled account. The interest rate is typically higher than traditional consumer credit.

The OilReserve coin white paper is not an offer or solicitation to sell securities. Please do your own research before choosing to own or use OilReserve coin.

West Texas Intermediate (WTI)

WTI is a benchmark for oil prices in the US, and is often used in indexing other types of oil. WTI has an API gravity of approximately 39.6 (between 37 and 42 degrees)^[8].

References

1. <https://www.credit-suisse.com/corporate/en/research/research-institute/global-wealth-report.html>
2. https://ycharts.com/indicators/world_crude_oil_production
3. https://www.cmegroup.com/trading/energy/crude-oil/light-sweet-crude_quotes_volume_voi.html#tradeDate=20180607
4. <https://www.investopedia.com/articles/investing/022415/worlds-top-10-economies.asp>
5. <http://markets.businessinsider.com/commodities/oil-price?type=wti>
6. <https://www.investopedia.com/terms/c/crude-oil.asp>
7. <http://www.spe.org/industry/petroleum-reserves-definitions.php>
8. https://en.wikipedia.org/wiki/West_Texas_Intermediate