**BP America Production Company**

San Juan Performance Unit
501 Westlake Park Boulevard
Houston, Texas 77079
Room 19.166

**Brett Woody
Land Negotiator**

Phone: 281.366.4691
Fax: 281.366.7099

August 6, 2004

Wayne Townsend
Bureau of Land Management
1235 La Plata Hwy, Suite A
Farmington, NM 87401

Roy Johnson
New Mexico Oil Conservation Division
1220 South St. Francis Dr.
P.O. Box 6429
Santa Fe, NM 87505

Pete Martinez
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

RE: Paying Well Determinations
In Support of the First (1st) Revision to the
Fruitland Coal Participating Area
Gallegos Canyon Unit
San Juan County, New Mexico

Ladies and Gentlemen:

In support of revising the initial Participating Area ("PA") for the Fruitland Coal formation of the Gallegos Canyon Unit, BP America Production Company ("BP"), as operator, submits the enclosed Paying Well Determinations for your review and approval. Outside the initial PA twenty-nine (29) wells exist that have been drilled or recompleted as Fruitland Coal wells. These Paying Well Determinations are a review of the wells and their economics in support of revising the initial PA for this Unit. Of the 29 wells nine (9) wells warrant expansion of the PA. To warrant expansion, a well must generate a positive cash flow at a 10% discount rate as a new drill well. Whether a well was a new drill or recompletion, the economics were evaluated as new drills so that all wells were compared consistently. The drilling costs were based on a model which varied depending on when the well was drilled. The paying and non-paying wells are listed below. If a well is to be subject to a communitization agreement then (CA) is added at the end of the Lease.

Paying Wells

Well Name	Well Dedication	Acres	Completed	1 st Sales	Lease
GCU #159	W/2 Sec. 31-T28N-R12W	304.60	January 2000	March 2000	I-149-Ind-8478
GCU #173	N/2 Sec. 29-T29N-R12W	320.00	February 2000	March 2000	Fee
GCU #193E	W/2 Sec. 30-T28N-R12W	304.60	July 2001	August 2001	I-149-Ind-8470
GCU #416	E/2 Sec. 19-T28N-R11W	320.00	January 2002	January 2002	SF-080844-A
GCU #553	W/2 Sec. 33-T29N-R12W	320.00	November 2001	April 2004	I-149-Ind-8486
GCU Com #563	S/2 Sec. 26-T29N-R12W	320.15	December 2000	February 2001	SF-078109 (CA)
GCU Com #568	E/2 Sec. 36-T29N-R12W	320.00	December 2000	October 2001	B-106444 (CA)
GCU #571	N/2 Sec. 14-T28N-R13W	320.00	November 2001	February 2002	SF-078807-A
GCU #579	E/2 Sec. 34-T29N-R12W	320.00	October 2001	October 2001	Fee (CA)

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OIL CONSERVATION
DIVISION

Non-Paying Wells

Well Name	Well Dedication	Acres	Completed	1 st Sales
GCU #14	W/2 Sec. 26-T28N-R12W	320.00	February 1996	November 1996 SF-078904
GCU #49	E/2 Sec. 31-T28N-R12W	320.00	January 1996	May 1996 I-149-Ind-8478
GCU #76	W/2 Sec. 23-T28N-R12W	320.00	November 1993	September 1995 SF-078904 (CA)
GCU #93	W/2 Sec. 36-T29N-R12W	320.00	April 2003	June 2003 E-5462 (CA)
GCU #176E	N/2 Sec. 25-T28N-R13W	320.00	September 2001	December 2001 I-149-Ind-8471
GCU #182 *	E/2 Sec. 19-T28N-R11W	320.00	October 2003	October 2003 SF-080844-A
GCU #192	E/2 Sec. 30-T28N-R11W	320.00	November 2003	Never Produced I-149-Ind-8470
GCU #192E	E/2 Sec. 30-T28N-R12W	320.00	May 2003	June 2003 I-149-Ind-8470
GCU #195E	E/2 Sec. 33-T29N-R12W	321.03	October 2003	December 2003 SF-078109 (CA)
GCU #196	W/2 Sec. 19-T28N-R12W	305.28	February 2001	May 2001 I-149-Ind-8476 (CA)
GCU #209	W/2 Sec. 15-T28N-R12W	320.00	October 1999	October 1999 SF-078106
GCU #223	All Sec. 9-T28N-R12W	272.56	October 2001	October 2001 I-149-Ind-8486 (CA)
GCU #240E	W/2 Sec. 24-T28N-R13W	320.00	March 1998	May 1998 SF-077966
GCU #291	E/2 Sec. 23-T28N-R12W	320.00	December 1996	Never Produced SF-078904
GCU #311	S/2 Sec. 14-T28N-R12W	320.00	January 1996	November 1996 SF-078828-A (CA)
GCU #400E	E/2 Sec. 25-T28N-R12W	320.00	January 2001	March 2001 SF-078904-A
GCU #411	W/2 Sec. 34-T29N-R12W	319.83	April 1995	April 1995 SF-078903-A
GCU #566	N/2 Sec. 28-T29N-R12W	319.66	October 2001	February 2002 SF-078828-A
GCU #569	E/2 Sec. 33-T29N-R12W	321.03	November 2000	February 2001 I-149-Ind-8486
GCU #578	N/2 Sec. 27-T29N-R12W	320.00	October 2001	February 2002 SF-078828-A

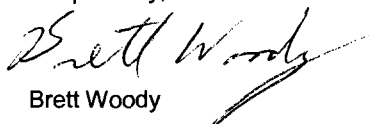
* The GCU #182 is a Non-Paying well, but by virtue of the GCU #416 well, which shares the same spacing unit, should be given the same status should the GCU 416 be approved as a Paying Well.

After approval of the well determinations, based on proven geology as the Paying Wells, BP is going to recommend that four other spacing units be included in the PA revision. These are noted below and supportive geologic mapping is enclosed. Meeting with the Bureau of Land Management ("BLM") last December, the BLM felt the Unit Agreement allowed for this additional expansion. This would greatly simplify administration of the PA.

Dedicated Area	Acres
W/2 Sec. 13-T28N-R13W	320.00
S/2 Sec. 29-T29N-R-12W	318.96
E/2 Sec. 32-T29N-R12W	320.00
All Sec. 7-T28N-R11W	267.42

It is respectfully requested that the enclosed well determinations be approved. BP will then forward documentation for the PA revision. Should you require further information or have any questions, you can contact me at the phone number noted above for land questions, and Gary Warden (281-366-3300) for reserve and production questions. A plat is enclosed for your review.

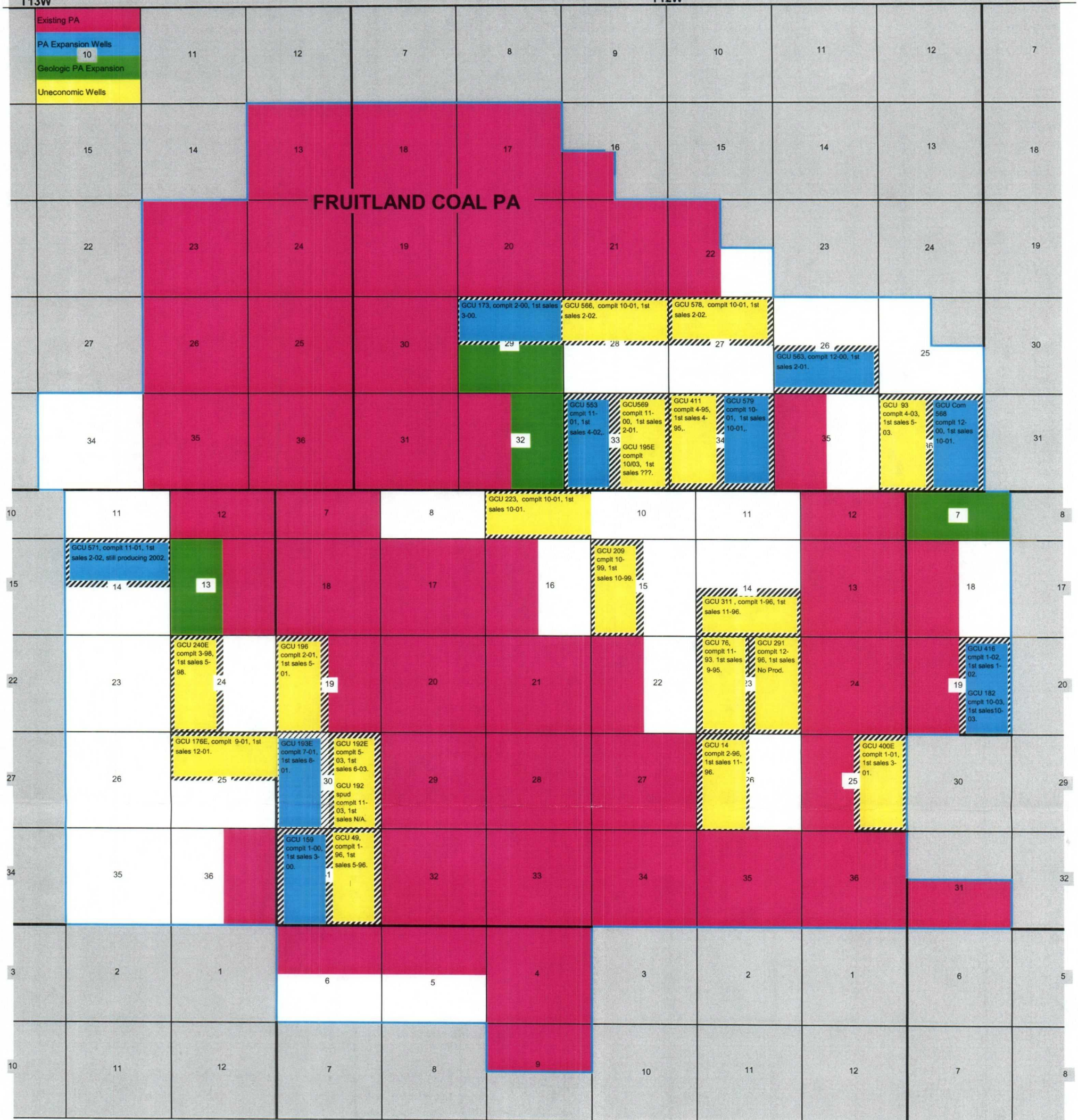
Respectfully,

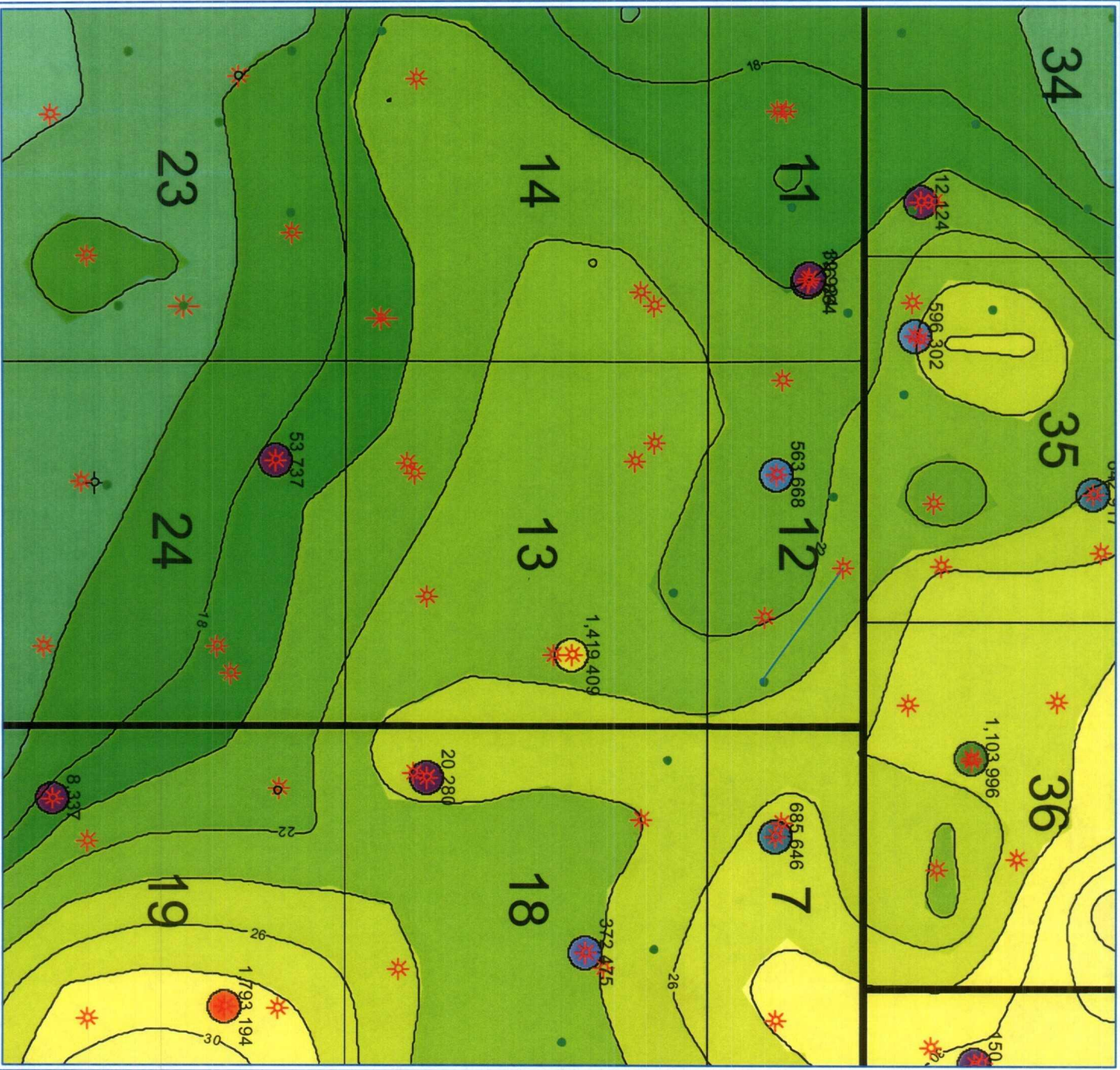

Brett Woody

Cc: Gary Warden-BP-Houston

Enclosures

T12W





BP America Production

Gallegos Canyon Unit

Fruitland Net Coal Isopach Map

POSTED WELL DATA

WELL - G_FRUITLANDCOAL

BUBBLE MAP

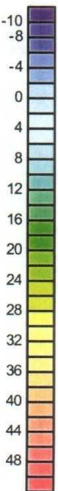
WELL - G_FRUITLANDCOAL - Cumulative Gas Production

WELL - G_FRUITLANDCOAL - Cumulative Gas Production

CONTOURS

FRLD - NET COAL - NET COAL

FRLDNET_COAL.GRD



WELL SYMBOLS

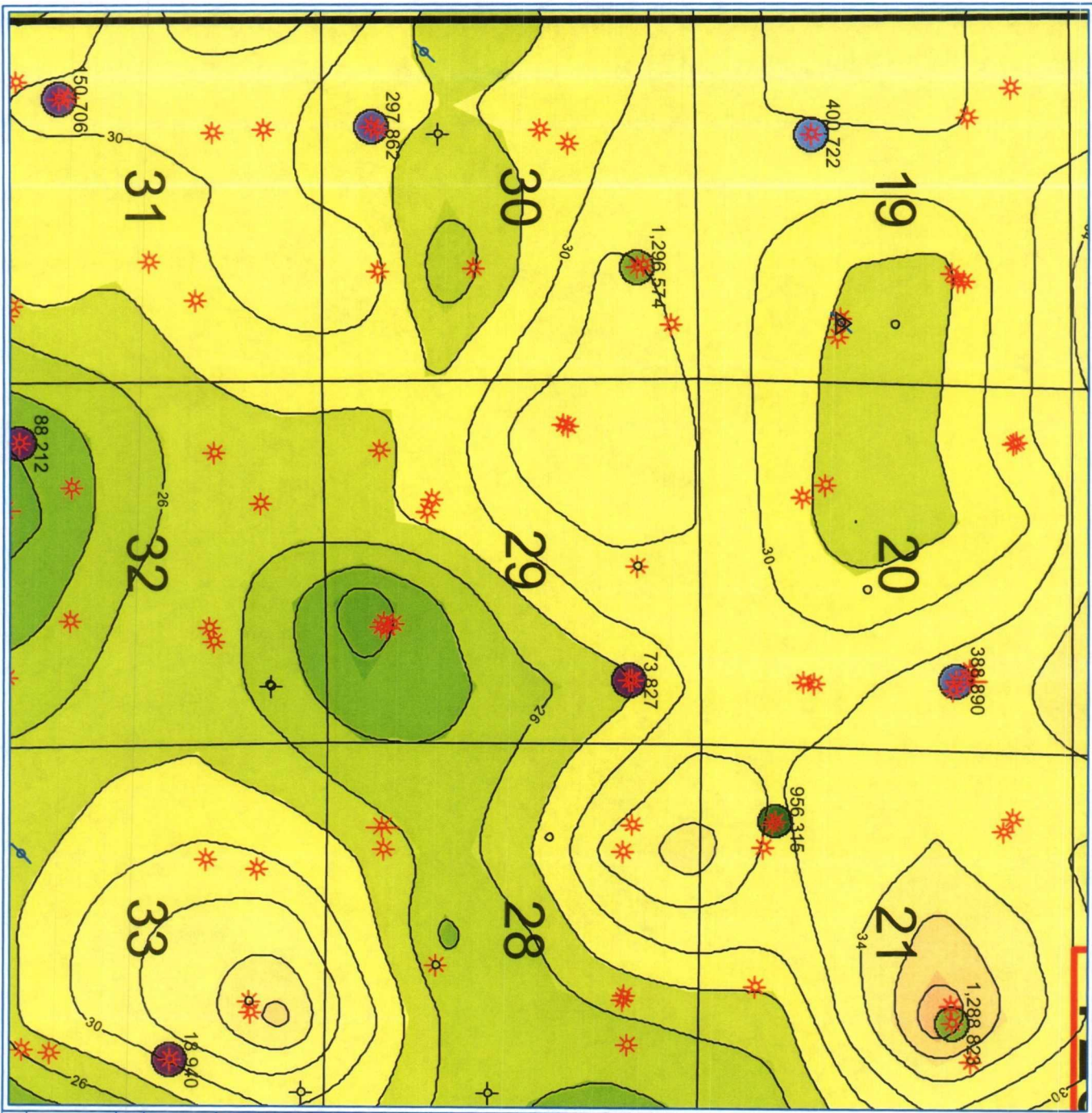
- Location Only
- Oil Well
- Gas Well
- Dry Hole
- Abandoned GAS Well

REMARKS
W/2 section 13 T28N, R13W
potential FRLD coal location

By: Perkins



May 27, 2004



BP America Production

Gallegos Canyon Unit

Fruitland Net Coal Isopach Map

POSTED WELL DATA

WELL - G_FRUITLANDCOAL

BUBBLE MAP

WELL - G_FRUITLANDCOAL - Cumulative Gas Production

WELL - G_FRUITLANDCOAL - Cumulative Gas Production

CONTOURS

FRILD - NET COAL - NET COAL

FRILDNET - COAL.GRD

Contour Interval = 2

WELL SYMBOLS

- Location Only
- Gas Well
- Dry Hole
- Injection Well
- Service Well
- Suspended Gas Well
- Abandoned GAS Well

REMARKS

SW/4 section 29 T29N, R12W

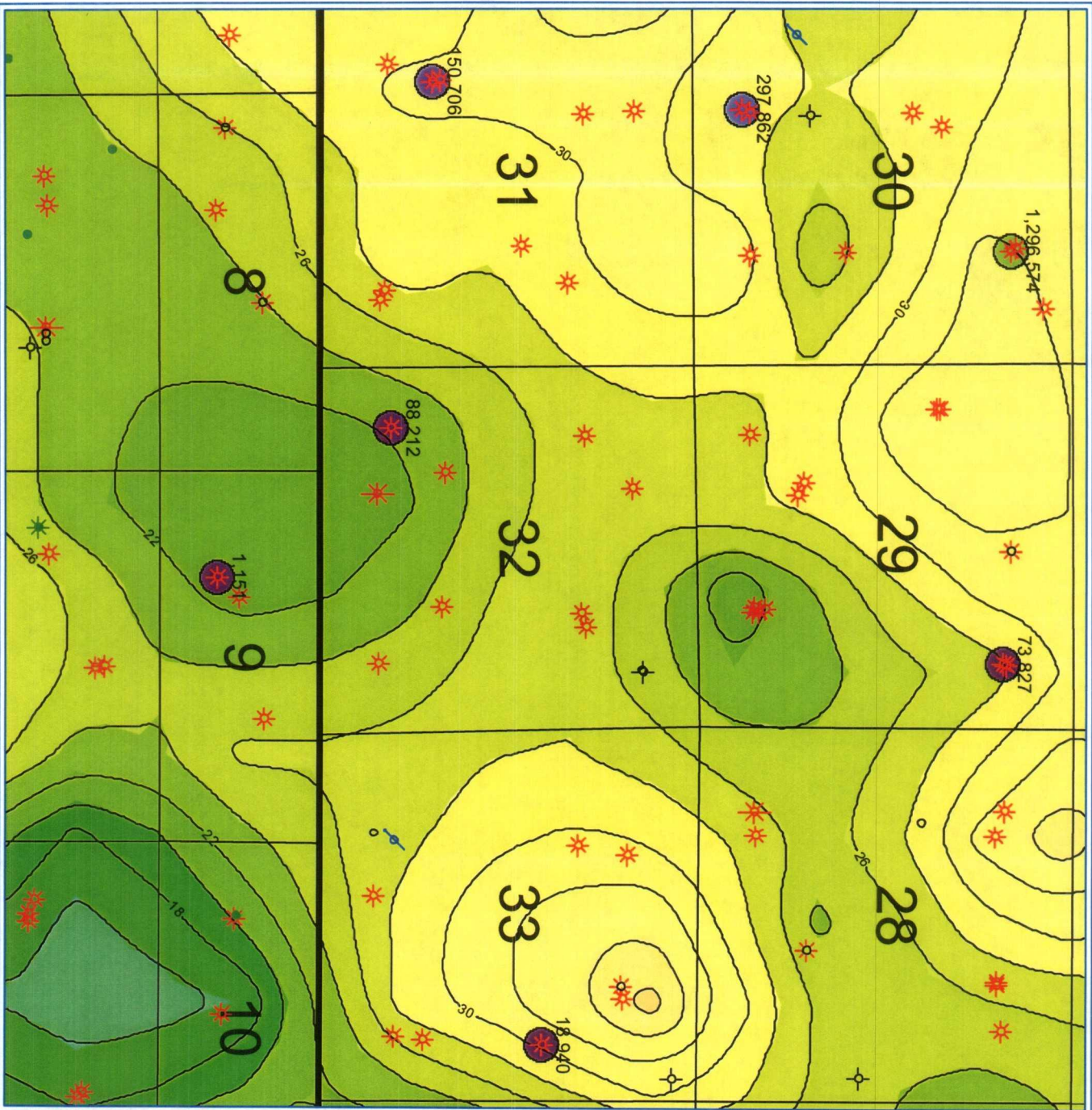
potential FRILD coal location

By: Perkins

0 2,090 4,180

FEET

May 27, 2004



BP America Production

Gallegos Canyon Unit

Fruitland Net Coal Isopach Map

POSTED WELL DATA

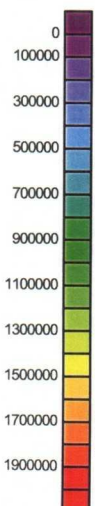
WELL - G_FRUITLANDCOAL



BUBBLE MAP

WELL - G_FRUITLANDCOAL - Cumulative Gas Production

WELL - G_FRUITLANDCOAL - Cumulative Gas Production

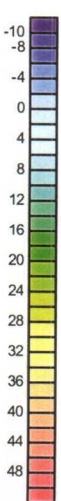


CONTOURS

FRILD - NET COAL - NET COAL

FRILDNET_COAL.GRD

Contour Interval = 2



WELL SYMBOLS

Location Only

- Oil Well
- Gas Well
- Oil & Gas Well
- Dry Hole
- Injection Well
- Suspended Gas Well
- Abandoned Gas Well

REMARKS

NE/4 section 32 T29N, R12W
potential FRILD coal
location

By: Perkins



May 27, 2004



BP America Production

Gallegos Canyon Unit

Fruitland Net Coal Isopach Map

POSTED WELL DATA

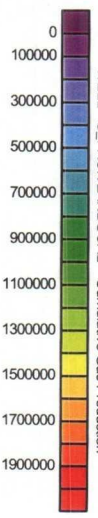
WELL - G_FRUITLANDCOAL



BUBBLE MAP

WELL - G_FRUITLANDCOAL - Cumulative Gas Production

WELL - G_FRUITLANDCOAL - Cumulative Gas Production

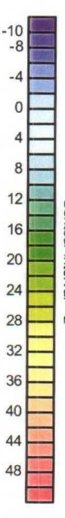


CONTOURS

FRLD - NET COAL - NET COAL

FRLDNET_COAL.GRD

Contour Interval = 2



WELL SYMBOLS

- Location Only
- Oil Well
- Gas Well
- Dry Hole
- Injection Well
- Abandoned GAS Well

REMARKS

SW1/4 section 7 T28N, R11W
potential FRLD coal
location

By: Perkins

0 2,090 4,180

FEET

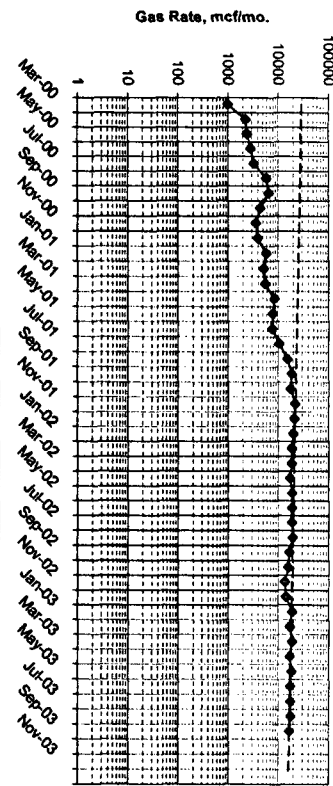
May 27, 2004

WELL NAME

API#	300450704000
Sec	31
Township	28N
Range	12W
Start Date	
Completion Date	
1st Sales Date	Jan-00
	Mar-00

Historical Gas Rate - GCU 159

Capital Costs, \$	\$220,000
Operating Costs, \$/yr.	\$25,253
Severance Tax Rate	7.94%
Ad Valorem Tax Rate	1.23%
Plant Shrinkage	5.467%
NGL Yield, bbls/mmscf	9.49
Wet Gas BTU	1027
Working Interest	100.0%
Royalty Interest	12.5%
Net of Royalty Interest	87.5%



ECONOMIC PARAMETERS:

DRILLING AND COMPLETION COST, \$	\$220,000
OPERATING COSTS, \$/YEAR	\$25,253
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL
PERIOD. PARAMETERS ABOVE USED DURING
FORECAST TIME PERIOD.

PRODUCTION HISTORY

	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01
Gross Gas Rate, mcf/mo	987	2233	2409	2780	3235	5797	6511	4314	3565	3888	5809	5083	5434	8401	7894	7451	10409	15235	18580	17364	21668
Decline Match, mcf/mo	29457	28045	28651	28250	27867	27477	27092	26725	26351	25994	25630	25271	24951	24602	24269	23929	23605	23274	22948	22637	22321
Exponential Decline Rate	16.6%																				

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GROSS WET GAS, mcf	35719	144350	208435	204812	173484	146949	124473	105434	89308	75648	64077	54276	45975	38943	32986	27941	23667	20047	16981	14384	12184
Gross Residue, mmbtu	34475	138324	201178	197681	167444	141833	120139	101763	86198	73014	61846	52387	44374	37587	31838	26968	22843	19349	16390	13883	11759
Gross NGL, bbls	339	1370	1978	1944	1646	1395	1181	1001	848	718	608	515	436	370	313	265	225	190	161	137	116
Residue Gas Price, \$/mmbtu	\$3.89	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering/Processing Fee	\$0.26	\$0.30	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$18.21	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$131,248.76	\$582,659.08	\$539,179.47	\$873,784.22	\$740,130.51	\$626,824.76	\$531,034.26	\$449,810.57	\$381,010.35	\$322,733.36	\$273,370.09	\$231,557.11	\$196,139.58	\$166,139.29	\$140,727.66	\$119,202.83	\$100,970.31	\$85,526.82	\$72,444.92	\$61,364.20	\$51,978.31
ROYALTY, \$	\$16,406.10	\$72,832.38	\$67,397.43	\$109,223.03	\$92,516.31	\$78,365.59	\$66,379.28	\$56,226.32	\$47,626.29	\$40,341.67	\$34,171.26	\$28,944.64	\$24,517.45	\$20,767.41	\$17,590.96	\$14,900.35	\$12,621.29	\$10,690.82	\$9,055.61	\$7,670.52	\$6,497.29
NRI REVENUE, \$	\$114,842.67	\$509,826.69	\$471,782.03	\$764,561.19	\$647,614.19	\$548,559.16	\$464,654.97	\$393,584.25	\$333,364.05	\$282,391.71	\$239,198.83	\$202,612.47	\$171,622.13	\$145,371.88	\$123,136.70	\$104,302.48	\$88,349.02	\$74,835.71	\$63,389.30	\$53,693.67	\$45,481.02
SEVERANCE and AD VALOREM	\$10,525.79	\$46,727.66	\$43,240.71	\$70,075.09	\$59,356.43	\$50,277.64	\$42,587.49	\$36,073.57	\$30,555.98	\$25,882.33	\$21,923.53	\$18,570.24	\$15,729.85	\$13,323.91	\$11,265.97	\$9,559.74	\$8,097.54	\$6,858.99	\$5,809.88	\$4,921.24	\$4,168.52
CAPITAL EXPENSE	\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$23,653	\$26,120	\$37,201	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253
NET INCOME, \$	\$-139,336.61	\$436,978.57	\$391,340.35	\$669,233.09	\$563,004.76	\$473,028.52	\$396,814.49	\$332,257.68	\$277,575.07	\$231,256.38	\$192,022.30	\$156,789.23	\$130,639.27	\$106,794.96	\$86,597.73	\$69,489.74	\$54,998.48	\$42,723.72	\$32,326.42	\$23,519.43	\$16,059.50
CUMULATIVE NET CASH FLOW, \$	\$-139,336.61	\$297,641.96	\$686,982.30	\$1,356,215.39	\$1,921,220.16	\$2,394,246.68	\$2,791,063.17	\$3,123,320.84	\$3,400,895.91	\$3,632,182.29	\$3,824,174.59	\$3,982,963.82	\$4,113,603.09	\$4,220,398.06	\$4,306,995.79	\$4,376,485.53	\$4,431,484.01	\$4,474,207.73	\$4,506,534.15	\$4,530,055.58	\$4,546,113.08

DISCOUNTED NET CASH FLOW @ 10%	\$2,418,223
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Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03
21022	19987	18482	18286	17108	18976	18390	18301	19316	16550	15475	13401	14163	19003	16529	18523	16760	18231	16848	17151	17221	16492	
22018	21710	21406	21135	20839	20557	20269	19994	19714	19438	19175	18907	18650	18389	18132	17902	17652	17413	17169	16936	16699	16465	16242

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
10320	8742	7404	6272	5313	4500	3812	3229	2735	2317	1962	1662	1408	1193	1010	856	725	614	520	440
9961	8437	7147	6054	5128	4343	3679	3116	2640	2236	1894	1604	1359	1151	975	826	700	593	502	425
98	83	70	60	50	43	36	31	26	22	19	16	13	11	10	8	7	6	5	4
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$44,028.03	\$37,293.78	\$31,589.56	\$26,757.81	\$22,665.11	\$19,198.39	\$16,281.83	\$13,774.60	\$11,687.73	\$9,883.10	\$8,371.45	\$7,091.00	\$6,006.41	\$5,087.70	\$4,399.52	\$3,650.36	\$3,092.03	\$2,619.09	\$2,218.49	\$1,879.16
\$5,503.50	\$4,661.72	\$3,948.69	\$3,344.73	\$2,833.14	\$2,399.80	\$2,032.74	\$1,721.83	\$1,458.47	\$1,235.39	\$1,046.43	\$886.38	\$750.80	\$635.96	\$538.69	\$456.30	\$386.50	\$327.39	\$277.31	\$234.90
\$38,524.53	\$32,632.06	\$27,640.86	\$23,413.09	\$19,831.97	\$16,798.59	\$14,229.19	\$12,052.78	\$10,209.26	\$8,647.72	\$7,325.01	\$6,204.63	\$5,255.61	\$4,451.74	\$3,770.83	\$3,194.07	\$2,705.52	\$2,291.70	\$1,941.18	\$1,644.27
\$3,530.93	\$2,990.86	\$2,533.40	\$2,145.90	\$1,817.68	\$1,539.66	\$1,304.16	\$1,104.69	\$935.72	\$792.60	\$671.37	\$568.68	\$481.70	\$408.02	\$345.61	\$292.75	\$247.97	\$210.04	\$177.92	\$150.70
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253
\$8,740.60	\$4,386.20	-\$145.53	-\$3,886.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4,555,853.68	\$4,560,241.88	\$4,560,096.35	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53	\$4,556,110.53

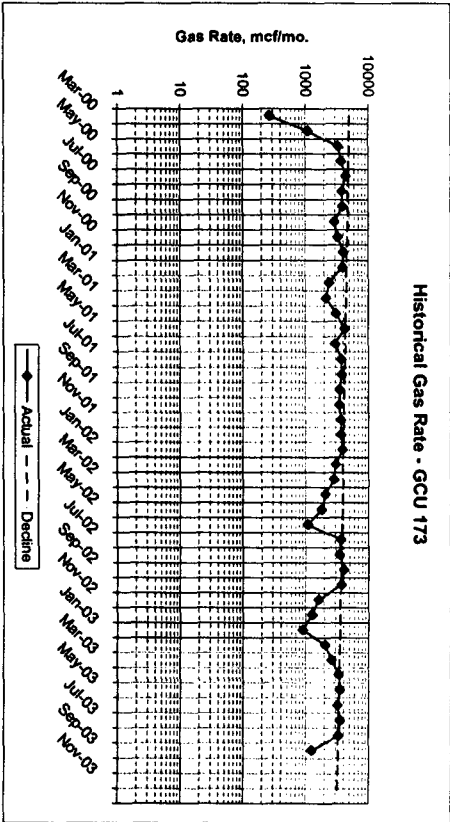
NOV-03	DEC-03
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16015 15798

WELL NAME		Gallegos Canyon Unit Well No. 173
API#	300450791000	
Sec	29	
Township	29N	
Range	12W	
Start Date		
Completion Date	Feb-00	
1st Sales Date	Mar-00	
Capital Costs, \$	\$220,000	
Operating Costs, \$/yr.	\$25,253	
Severance Tax Rate	7.94%	
Ad Valorem Tax Rate	1.23%	
Plant Shrinkage	5.467%	
NGL Yield, bbls/mmscf	9.49	
Wet Gas BTU	1027	
Working Interest	100.0%	
Royalty Interest	12.5%	
Net of Royalty Interest	87.5%	

PRODUCTION HISTORY

Gas Rate, mcf/mo	Mar-00	268	Apr-00	1103	May-00	3301	Jun-00	3672	Jul-00	4342	Aug-00	3769	Sep-00	3908	Oct-00	2867	Nov-00	3239	Dec-00	4008	Jan-01	3822	Feb-01	2343	Mar-01	2103	Apr-01	3047	May-01	4223	Jun-01	2864	Jul-01	3648	Aug-01	3746	Sep-01	3491	Oct-01	3452	Nov-01	3626
Decline Match, mcf/mo		5072		5019		4967		4915		4865		4813		4763		4714		4664		4616		4568		4519		4476		4429		4384		4337		4293		4248		4203		4160		4116
Exponential Decline Rate		12.5%																																								



ECONOMIC PARAMETERS:		
DRILLING AND COMPLETION COST, \$	\$220,000	
OPERATING COSTS, \$/YEAR	\$25,253	
GAS TRANSPORTATION FEE, \$/MCF	\$0.31	
ROYALTY, %	12.5%	
TAXES (SEVERANCE + AD VALOREM), %	9.17%	
DISCOUNT RATE, %	10.0%	
GAS PRICE, \$/MCF	\$4.55	

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GROSS WET GAS, mcf	30477	40241	32347	33239	35607	31423	27730	24472	21596	19059	16819	14843	13099	11560	10201	9003	7945	7011	6187	5460	4819
Gross Residue, mmbtu	29416	38840	31221	32082	34367	30329	26765	23620	20844	18395	16234	14326	12643	11157	9846	8689	7668	6767	5972	5270	4651
Gross NGL, bbls	289	382	307	315	338	298	263	232	205	181	160	141	124	110	97	85	75	67	59	52	46
Residue Gas Price, \$/mmbtu	\$3.89	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering/Processing Fee	\$0.26	\$0.30	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$18.21	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$111,987.14	\$162,430.09	\$83,675.19	\$141,806.82	\$151,906.85	\$134,057.32	\$118,305.17	\$104,403.95	\$92,136.16	\$81,309.88	\$71,755.71	\$63,324.20	\$55,883.41	\$49,316.53	\$43,522.04	\$38,408.07	\$33,885.00	\$29,912.23	\$26,397.45	\$23,295.67	\$20,556.36
ROYALTY, \$	\$13,998.39	\$20,303.76	\$10,459.40	\$17,725.86	\$18,988.36	\$16,757.17	\$14,788.15	\$13,050.49	\$11,517.02	\$10,163.73	\$8,969.46	\$7,915.52	\$6,985.43	\$6,164.62	\$5,440.26	\$4,801.01	\$4,236.87	\$3,739.03	\$3,299.68	\$2,911.96	\$2,569.79
NET REVENUE, \$	\$97,988.75	\$142,126.33	\$73,215.79	\$124,080.95	\$132,918.49	\$117,300.16	\$103,517.03	\$91,353.45	\$80,619.14	\$71,146.14	\$62,786.25	\$55,408.67	\$48,897.98	\$43,152.32	\$38,081.79	\$33,607.06	\$29,658.12	\$26,173.20	\$23,097.77	\$20,383.71	\$17,986.56
SEVERANCE and AD VALOREM	\$8,981.06	\$13,026.45	\$6,710.52	\$11,372.52	\$12,182.51	\$10,751.03	\$9,487.75	\$8,372.91	\$7,389.07	\$6,520.83	\$5,754.61	\$5,078.43	\$4,481.70	\$3,955.08	\$3,490.35	\$3,080.22	\$2,718.29	\$2,398.88	\$2,117.00	\$1,868.25	\$1,648.72
CAPITAL EXPENSE	\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$23,653	\$26,120	\$37,201	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253
NET INCOME, \$	\$154,645.80	\$102,879.41	\$29,304.29	\$87,455.52	\$85,482.88	\$81,296.13	\$68,776.28	\$57,727.54	\$47,977.07	\$39,372.31	\$31,778.64	\$25,077.24	\$19,163.28	\$13,944.23	\$9,339.44	\$5,273.84	\$1,686.84	\$1,478.66	\$4,272.23	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$	-\$154,645.80	-\$51,866.39	-\$22,362.10	\$65,093.42	\$160,576.40	\$241,872.53	\$310,648.81	\$368,376.35	\$416,353.42	\$455,725.74	\$487,504.38	\$512,581.62	\$531,744.91	\$545,889.14	\$555,027.88	\$560,301.41	\$561,988.25	\$560,509.58	\$558,237.34	\$556,237.34	\$556,237.34

DISCOUNTED NET CASH FLOW @ 10%

\$248,326

Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03
3676	3882	3060	2823	2032	1797	1079	3673	3403	4010	3716	1613	1269	889	2033	2580	3391	3470	3190	3493	3349	1226	
4074	4031	3988	3950	3909	3869	3828	3789	3749	3709	3671	3632	3595	3557	3520	3486	3449	3414	3378	3343	3308	3273	3240

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
4253	3753	3312	2923	2579	2276	2009	1773	1564	1381	1218	1075	949	837	739	652	576	508	448	382
4105	3622	3197	2821	2490	2197	1939	1711	1510	1333	1176	1038	916	808	713	629	555	490	433	362
40	36	31	28	24	22	19	17	15	13	12	10	9	8	7	6	5	5	4	4
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$18,142.69	\$16,010.86	\$14,129.54	\$12,468.27	\$11,004.10	\$9,711.08	\$8,570.00	\$7,563.00	\$6,674.32	\$5,890.07	\$5,197.87	\$4,597.19	\$4,046.18	\$3,572.51	\$3,152.73	\$2,782.27	\$2,455.35	\$2,166.83	\$1,912.23	\$1,687.53
\$2,267.84	\$2,001.36	\$1,766.19	\$1,558.66	\$1,375.51	\$1,213.88	\$1,071.25	\$945.37	\$834.29	\$736.26	\$649.75	\$573.40	\$506.02	\$446.56	\$394.09	\$347.78	\$306.92	\$270.85	\$239.03	\$210.94
\$15,874.65	\$14,009.51	\$12,363.35	\$10,910.61	\$9,628.58	\$8,497.19	\$7,498.75	\$6,617.62	\$5,840.03	\$5,153.81	\$4,548.22	\$4,013.79	\$3,542.16	\$3,125.94	\$2,758.64	\$2,434.49	\$2,148.43	\$1,895.98	\$1,673.20	\$1,476.59
\$1,454.99	\$1,284.03	\$1,133.15	\$1,000.00	\$882.50	\$778.80	\$687.29	\$606.53	\$535.26	\$472.37	\$416.86	\$367.88	\$324.65	\$286.51	\$252.84	\$223.13	\$196.91	\$173.77	\$153.36	\$135.34
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253	\$25,253
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34	\$556,237.34

	Nov-03	Dec-03
		16893
	3206	3173
		16893
		0

WELL NAME

API#	300452517300
Sec	30
Township	28N
Range	12W
Start Date	
Completion Date	
1st Sales Date	Aug-01

Capital Costs, \$
Operating Costs, \$/yr.
Severance Tax Rate
Ad Valorem Tax Rate

Plant Shrinkage
NGL Yield, bbls/mmcft
Wet Gas BTU
Working Interest
Royalty Interest
Net of Royalty Interest

Capital Costs, \$	\$220,000
Operating Costs, \$/yr.	\$25,915
Severance Tax Rate	7.94%
Ad Valorem Tax Rate	1.23%
Plant Shrinkage	5.467%
NGL Yield, bbls/mmcft	9.49
Wet Gas BTU	1027
Working Interest	100.0%
Royalty Interest	12.5%
Net of Royalty Interest	87.5%

PRODUCTION HISTORY

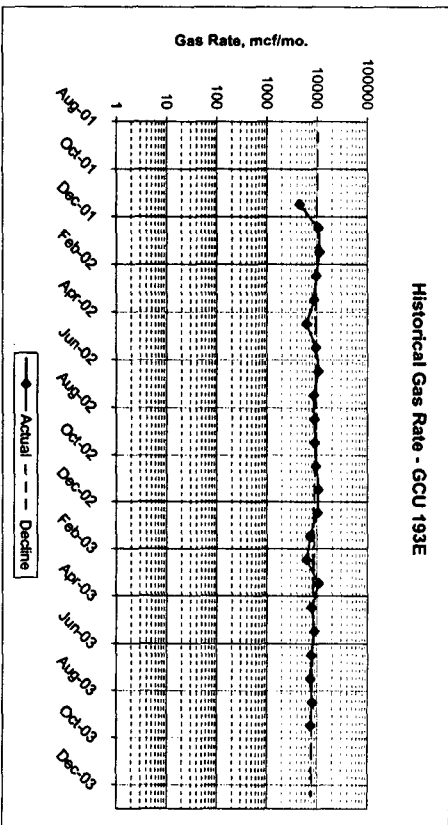
Gross Gas Rate, mcf/mo
Decline Match, mcf/mo
Exponential Decline Rate

Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03
10513	10392	10276	10158	10045	9930	9816	9714	9603	9486	9387	9282	9176	9070	8970	8867	8768	8667	8568	8479	8382
13.6%																				

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GROSS WET GAS, mcf	15237	112446	94111	85387	74530	65053	56781	49561	43259	37758	32957	28766	25108	21916	19129	16996	14573	12720	11103	9691	8458
Gross Residue, mmmbu	14706	108531	90835	82414	71935	62788	54804	47835	41752	36443	31809	27764	24234	21153	18463	16115	14066	12277	10716	9354	8164
Gross NGL, bbls	145	1067	893	810	707	617	539	470	411	358	313	273	238	206	182	158	138	121	105	92	80
Residue Gas Price, \$/mmmbu	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering/Processing Fee	\$0.30	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$61,503.13	\$290,875.21	\$407,503.80	\$364,284.66	\$317,963.18	\$277,531.82	\$242,241.60	\$211,438.80	\$184,552.80	\$161,085.55	\$140,602.33	\$122,723.71	\$107,118.49	\$93,487.58	\$81,688.68	\$71,231.53	\$62,173.92	\$54,286.05	\$47,387.46	\$41,344.34	\$36,087.10
ROYALTY, \$	\$7,687.89	\$36,359.40	\$50,187.99	\$45,535.58	\$39,745.40	\$34,691.48	\$30,280.20	\$26,429.85	\$23,069.10	\$20,135.69	\$17,575.29	\$15,340.46	\$13,389.81	\$11,687.20	\$10,201.08	\$8,903.94	\$7,771.74	\$6,783.51	\$5,920.93	\$5,168.04	\$4,510.89
NRI REVENUE, \$	\$53,815.24	\$254,515.81	\$351,315.82	\$318,749.07	\$278,217.78	\$242,840.34	\$211,961.40	\$185,008.95	\$161,483.70	\$140,949.86	\$123,027.04	\$107,383.25	\$93,728.68	\$81,810.39	\$71,407.59	\$62,327.59	\$54,402.18	\$47,484.54	\$41,446.53	\$36,176.30	\$31,576.22
SEVERANCE and AD VALOREM	\$4,932.38	\$23,327.39	\$32,199.51	\$29,214.63	\$25,499.77	\$22,257.29	\$19,427.11	\$16,956.81	\$14,800.63	\$12,918.62	\$11,275.92	\$9,842.10	\$8,590.61	\$7,498.25	\$6,544.79	\$5,712.57	\$4,986.18	\$4,352.15	\$3,798.74	\$3,315.70	\$2,894.09
CAPITAL EXPENSE	\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$4,319	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915
NET INCOME, \$	-\$175,436.31	\$205,273.42	\$289,201.73	\$263,619.45	\$226,803.01	\$194,668.05	\$166,619.29	\$142,137.14	\$120,788.07	\$102,116.24	\$85,836.12	\$71,628.14	\$59,223.07	\$48,387.14	\$38,847.80	\$30,700.02	\$23,501.00	\$17,217.39	\$11,732.79	\$6,945.60	\$2,767.13
CUMULATIVE NET CASH FLOW, \$	-\$175,436.31	\$29,837.11	\$328,038.83	\$596,656.28	\$913,461.29	\$1,008,129.34	\$1,117,448.63	\$1,231,686.77	\$1,437,653.84	\$1,539,770.08	\$1,625,606.20	\$1,697,232.34	\$1,756,455.41	\$1,804,862.55	\$1,843,800.35	\$1,874,500.37	\$1,898,001.37	\$1,915,218.76	\$1,926,951.55	\$1,933,897.15	\$1,936,664.28

DISCOUNTED NET CASH FLOW @ 10%
\$1,012,933



ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$220,000
OPERATING COSTS, \$/YEAR	\$25,915
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
8801	7668	7367	8043	7350			138125
8288	8193	8102	8009	7917	7829	7739	138125
							0

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
7363	6444	5625	4910	4285	3740	3265	2850	2487	2171	1895	1654	1444	1260	1100	960	838	731	638
7126	6220	5429	4739	4136	3610	3151	2750	2401	2095	1829	1596	1393	1216	1062	927	809	706	616
70	61	53	47	41	35	31	27	24	21	18	16	14	12	10	9	8	7	6
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$31,486.36	\$27,493.11	\$23,997.16	\$20,945.75	\$18,282.34	\$15,957.61	\$13,928.48	\$12,157.37	\$10,611.47	\$9,282.14	\$8,084.39	\$7,056.40	\$6,159.13	\$5,375.95	\$4,692.36	\$4,095.69	\$3,574.89	\$3,120.32	\$2,723.55
\$3,937.30	\$3,436.64	\$2,999.65	\$2,618.22	\$2,285.29	\$1,994.70	\$1,741.06	\$1,519.67	\$1,326.43	\$1,157.77	\$1,010.55	\$882.05	\$769.89	\$671.99	\$586.54	\$511.96	\$446.86	\$390.04	\$340.44
\$27,561.07	\$24,056.48	\$20,997.52	\$18,327.53	\$15,997.05	\$13,962.91	\$12,187.42	\$10,637.70	\$9,285.04	\$8,104.38	\$7,073.85	\$6,174.35	\$5,389.24	\$4,703.96	\$4,105.81	\$3,583.73	\$3,128.03	\$2,730.28	\$2,383.10
\$2,526.08	\$2,204.87	\$1,924.51	\$1,679.79	\$1,466.19	\$1,279.76	\$1,117.03	\$974.99	\$851.01	\$742.80	\$648.35	\$565.90	\$493.95	\$431.14	\$376.31	\$328.46	\$286.70	\$250.24	\$218.42
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915	\$25,915
-\$890.01	-\$4,063.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$1,935,764.28	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86	\$1,931,720.86

Gallagher Canyon Unit Well No. 416	
300452875700	
19	
28N	
11W	
Sep-92	
Feb-93	
Mar-94	

	\$220,000
	\$21,847
	7.94%
	1.23%

5.467%
9.49
1027
100.0%
12.5%
87.5%

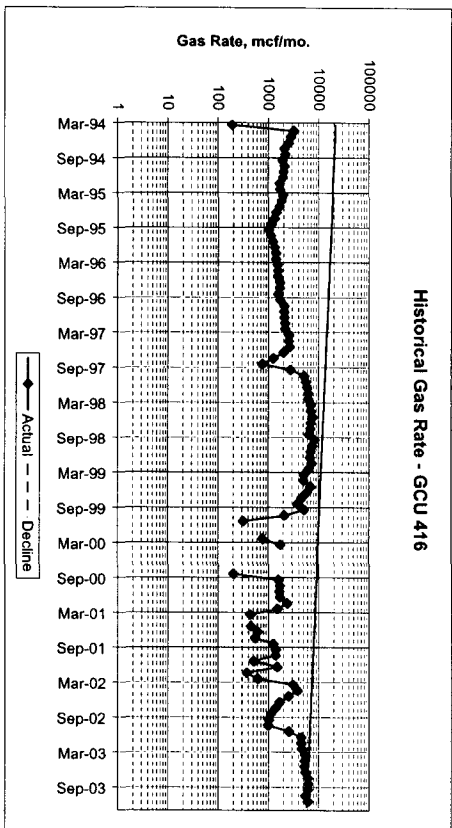
Gross Gas Rate, mcf/mo
Decline Match, mcf/mo
Exponential Decline Rate

[illegible]

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GROSS WET GAS, mcf	20985	17321	20017	35362	83686	52521	9199	11827	23490	66134	57667	50284	43846	38233	33338	29069	25348	22102	19273	16605	14654
Gross Residue, mmbtu	20254	16718	19417	34131	80772	50692	8879	11415	22672	63832	56699	48533	43230	36901	32177	28057	24465	21333	18602	16200	14143
Gross NGL, bbls	199	164	191	336	794	498	87	112	223	628	547	477	416	363	316	276	241	210	183	159	139
Residue Gas Price, \$/mmbtu	\$1.54	\$1.54	\$1.96	\$2.33	\$1.96	\$2.19	\$3.69	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering&Processing Fee	\$0.10	\$0.10	\$0.13	\$0.16	\$0.13	\$0.15	\$0.36	\$0.30	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$11.54	\$11.54	\$14.69	\$11.72	\$7.34	\$10.56	\$18.21	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$31,380.69	\$25,901.59	\$38,327.18	\$78,220.45	\$155,258.83	\$108,757.64	\$33,801.54	\$47,736.89	\$80,763.91	\$282,146.61	\$246,023.44	\$214,525.12	\$187,059.52	\$163,110.33	\$142,227.35	\$124,018.01	\$108,140.02	\$94,294.87	\$82,222.32	\$71,995.42	\$62,516.27
ROYALTY, \$	\$3,922.59	\$3,237.70	\$4,790.90	\$9,777.56	\$19,407.35	\$13,594.70	\$4,225.19	\$5,967.36	\$7,595.49	\$35,268.33	\$30,752.93	\$26,815.64	\$23,382.44	\$20,388.79	\$17,778.42	\$15,502.25	\$13,517.50	\$11,786.86	\$10,277.79	\$8,961.93	\$7,814.53
NRI REVENUE, \$	\$27,458.10	\$22,663.89	\$33,536.28	\$68,442.89	\$135,851.47	\$95,162.93	\$29,576.35	\$41,771.53	\$53,168.42	\$246,878.29	\$215,270.51	\$187,709.48	\$163,677.08	\$142,721.54	\$124,448.93	\$108,515.76	\$94,622.51	\$82,508.02	\$71,944.53	\$62,733.49	\$54,701.74
SEVERANCE and AD VALOREM	\$2,516.64	\$2,077.24	\$3,073.73	\$6,273.06	\$12,451.33	\$8,722.06	\$2,710.79	\$3,828.53	\$4,873.10	\$22,627.38	\$19,730.40	\$17,204.32	\$15,001.66	\$13,081.00	\$11,406.24	\$9,945.90	\$8,672.53	\$7,562.19	\$6,594.00	\$5,749.78	\$5,013.63
CAPITAL EXPENSE	\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$137,431	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$21,847	\$21,847	\$21,847	\$21,847	\$15,255	\$26,956	\$39,980	\$36,143	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847
NET INCOME, \$	\$-216,905.54	\$-1,260.35	\$8,615.55	\$40,322.83	\$108,144.95	\$59,484.79	\$-13,114.11	\$1,800.05	\$-110,982.41	\$202,403.90	\$173,893.11	\$148,656.15	\$126,828.42	\$107,793.54	\$91,195.69	\$76,722.86	\$64,102.98	\$53,098.83	\$43,503.53	\$35,136.72	\$27,841.10
CUMULATIVE NET CASH FLOW, \$	\$-216,905.54	\$-218,165.89	\$-209,550.34	\$-169,227.52	\$-61,082.57	\$-1,587.78	\$-14,711.89	\$-12,911.83	\$-173,894.24	\$76,509.66	\$252,202.77	\$400,060.93	\$527,869.34	\$635,462.88	\$726,678.57	\$803,401.43	\$867,504.41	\$920,803.24	\$964,106.77	\$999,243.48	\$1,027,084.58

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
20985	17321	17321	20117	35362	83686	52821	9199	11827	2390	66134	57667	50284	43846	38233	33398	29069	25348	22102	19273	16605	14654
2054	16718	16718	19417	34131	80772	50692	8879	11415	22672	63832	55659	48533	42320	36901	32177	28057	24465	21333	18602	16220	14143
199	164	191	336	794	498	87	112	223	628	547	477	416	363	316	276	241	210	183	159	139	
\$1.54	\$1.54	\$1.96	\$2.33	\$1.96	\$2.19	\$3.89	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	
\$0.10	\$0.10	\$0.13	\$0.16	\$0.13	\$0.15	\$0.26	\$0.30	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	
\$11.54	\$11.54	\$14.69	\$11.72	\$7.34	\$10.56	\$18.21	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	
\$31,380.69	\$25,901.59	\$38,327.18	\$78,220.45	\$155,268.83	\$108,157.64	\$33,801.54	\$47,738.89	\$60,763.91	\$282,146.61	\$246,023.44	\$214,525.12	\$187,059.52	\$163,110.33	\$142,227.35	\$124,018.07	\$108,140.02	\$94,294.87	\$82,222.32	\$71,695.42	\$62,516.27	
\$3,922.59	\$3,237.70	\$4,790.90	\$9,777.56	\$19,407.35	\$13,594.70	\$4,225.19	\$5,967.36	\$7,595.49	\$35,268.33	\$30,752.93	\$26,815.64	\$23,382.44	\$20,368.79	\$17,778.42	\$15,502.25	\$13,517.50	\$11,786.86	\$10,277.79	\$8,961.93	\$7,814.53	
\$27,458.10	\$22,663.89	\$33,536.28	\$68,442.89	\$135,851.47	\$95,162.93	\$29,576.35	\$41,771.53	\$53,168.42	\$246,878.29	\$215,270.51	\$187,709.48	\$163,677.08	\$142,721.54	\$124,448.93	\$108,515.76	\$94,622.51	\$82,508.02	\$71,944.53	\$62,733.49	\$54,701.74	
\$2,516.64	\$2,077.24	\$3,073.73	\$6,273.06	\$12,451.33	\$8,722.06	\$2,710.79	\$3,828.53	\$4,873.10	\$22,627.38	\$19,730.40	\$17,204.32	\$15,001.66	\$13,081.00	\$11,406.24	\$9,945.90	\$8,672.53	\$7,562.19	\$6,594.00	\$5,749.78	\$5,013.63	
\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$137,431	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$21,847	\$21,847	\$21,847	\$21,847	\$15,255	\$26,956	\$39,980	\$36,143	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	
\$216,905.54	\$1,260.35	\$8,615.55	\$40,322.83	\$108,144.95	\$59,484.79	\$13,114.11	\$1,800.05	\$110,982.41	\$202,403.90	\$173,893.11	\$148,658.15	\$128,828.42	\$107,793.54	\$91,195.69	\$76,722.86	\$64,102.98	\$53,098.83	\$43,503.53	\$35,136.72	\$27,841.10	
\$216,905.54	\$218,165.89	\$209,550.34	\$169,227.52	\$61,082.57	\$1,597.78	\$14,711.88	\$12,911.83	\$123,894.24	\$78,509.66	\$252,202.77	\$400,960.93	\$527,689.34	\$635,462.88	\$726,678.57	\$803,401.43	\$867,504.41	\$920,603.24	\$964,106.77	\$999,243.48	\$1,027,084.58	

\$218,072



ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$220,000
OPERATING COSTS, \$/YEAR	\$21,847
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

Dec-95	Jan-96	Feb-96	Mar-96	Apr-96	May-96	Jun-96	Jul-96	Aug-96	Sep-96	Oct-96	Nov-96	Dec-96	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97
1314	1389	1401	1500	1543	1520	1686	1656	1540	1704	2068	2045	2065	2144	2143	2593	2536	2643	1979	1238	760	2732	5134
17351	17150	16952	16768	16574	16389	16199	16018	15832	15649	15474	15295	15124	14949	14776	14621	14452	14290	14125	13967	13805	13646	13493
Dec-95	Jan-96	Feb-96	Mar-96	Apr-96	May-96	Jun-96	Jul-96	Aug-96	Sep-96	Oct-96	Nov-96	Dec-96	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97
12778	11142	9715	8471	7387	6441	5616	4897	4270	3724	3247	2831	2469	2153	1877	1637	1427	1244	1085	946	825	719	627
12333	10754	9377	8176	7130	6217	5421	4727	4122	3594	3134	2733	2383	2078	1812	1580	1377	1201	1047	913	796	694	605
121	106	92	80	70	61	53	46	41	35	31	27	23	20	18	16	14	12	10	9	8	7	6
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$54,512.33	\$47,533.12	\$41,447.47	\$36,140.96	\$31,513.84	\$27,479.13	\$23,960.98	\$20,893.26	\$18,218.30	\$15,885.82	\$13,851.96	\$12,078.50	\$10,532.09	\$9,183.67	\$8,007.89	\$6,982.64	\$6,088.65	\$5,309.12	\$4,629.40	\$4,036.70	\$3,519.88	\$3,089.23	\$2,676.28
\$6,814.04	\$5,941.64	\$5,180.93	\$4,517.62	\$3,939.23	\$3,434.89	\$2,995.12	\$2,611.56	\$2,277.29	\$1,985.73	\$1,731.50	\$1,509.81	\$1,316.51	\$1,147.96	\$1,000.99	\$872.83	\$761.08	\$663.64	\$578.67	\$504.59	\$439.98	\$383.65	\$334.53
\$47,698.28	\$41,591.48	\$36,286.54	\$31,623.34	\$27,574.61	\$24,044.24	\$20,965.86	\$18,281.61	\$15,941.02	\$13,900.09	\$12,120.47	\$10,568.69	\$9,215.58	\$8,035.71	\$7,006.90	\$6,109.81	\$5,327.57	\$4,645.48	\$4,050.72	\$3,532.11	\$3,079.89	\$2,685.58	\$2,341.74
\$4,371.74	\$3,812.03	\$3,323.97	\$2,898.41	\$2,527.32	\$2,203.75	\$1,921.61	\$1,675.58	\$1,461.06	\$1,274.00	\$1,110.89	\$968.66	\$844.64	\$736.51	\$642.21	\$559.99	\$488.29	\$425.78	\$371.26	\$323.73	\$282.28	\$246.14	\$214.63
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847	\$21,847
\$21,479.55	\$15,932.46	\$11,095.56	\$6,877.93	\$3,200.29	-\$6.51	-\$2,802.74	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$1,048,564.13	\$1,064,496.59	\$1,075,582.15	\$1,082,470.09	\$1,085,670.37	\$1,086,663.86	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12	\$1,082,861.12

Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99
5553	5907	6300	6185	6927	6942	7547	6968	6892	6393	8375	7493	6916	6728	7374	6386	5140	4934	6984	5867	4543	3760	5136	2084	313	0
13337	13187	13035	12884	12749	12602	12461	12317	12179	12038	11899	11765	11629	11499	11366	11234	11117	10988	10865	10740	10619	10497	10375	10259	10140	10027

2038	2039	2040
547	477	416
528	460	401
5	5	4
\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87
\$2,333.63	\$2,034.86	\$1,774.34
\$291.70	\$254.36	\$221.79
\$2,041.93	\$1,780.50	\$1,552.54
\$187.15	\$163.19	\$142.30
\$0	\$0	\$1
\$21.847	\$21.847	\$21.847
\$0.00	\$0.00	\$0.00
\$1,082,861.12	\$1,082,861.12	\$1,082,861.12

Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02
0	772	1739	9578	9471	9361	9256	197	1559	1657	1612	1663	2326	1492	429	8352	443	613	532	1248	1377	1380	506	1481	367	610	3077
9911	9796	9690					9149	9043	8942	8839	8740	8639	8539	8449		8238	8163	8071	7978	7886	7797	7707	7621	7533	7446	7368

Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Balancing
3773	2491	1676	1378	1108	1020	979	2535	4476	4468	4651	5321	5266	5228	5424	6132	6218	6073	5447	6112	5794	23850
7282	7201	7118	7038	6956	6876	6799	6720	6645	6568	6492	6424	6350	6279	6206	6137	6066	5996	5929	5860	0	23850
																					0

26
29N
12W
Sep-00
Dec-00
Feb-01

Capital Costs, \$	\$241,502
Operating Costs, \$/yr.	\$34,701
Severance Tax Rate	7.94%
Ad Valorem Tax Rate	1.23%

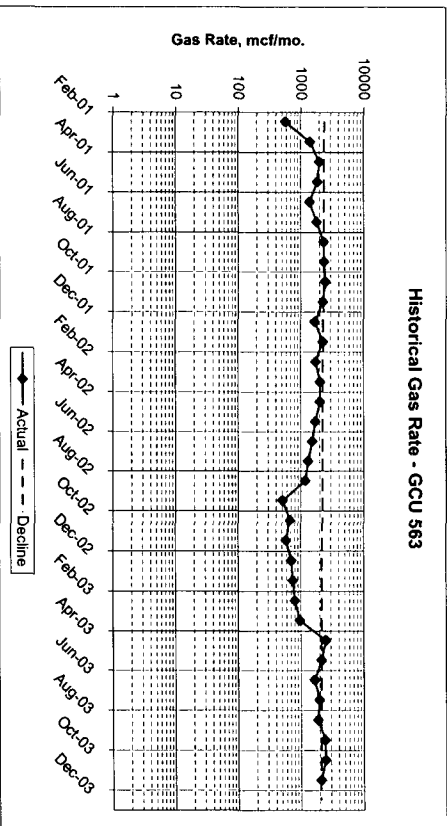
Plant Shrinkage	5.467%
NGL Yield, bbls/nmcsf	9.49
Wet Gas BTU	1027
Working Interest	100.0%
Royalty Interest	12.5%
Net of Royalty Interest	87.5%

Gross Gas Rate, mcf/mo
Decline Match, mcf/mo
Exponential Decline Rate

[illegible]

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GROSS WET GAS, mcf	19838	16085	21373	26039	24695	23420	22211	21064	19977	18946	17968	17040	16161	15327	14535	13785	13073	12399	11759	11152	10576
Gross Residue, mmbtu	19147	15525	20629	25132	23835	22604	21438	20331	19281	18286	17342	16447	15598	14793	14029	13305	12618	11967	11349	10763	10208
Gross NGL, bbls	188	153	203	247	234	222	211	200	190	180	171	162	153	145	138	131	124	118	112	106	100
Residue Gas Price, \$/mmbtu	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering&Processing Fee	\$0.30	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$80,074.75	\$41,608.66	\$91,183.44	\$111,088.09	\$105,353.72	\$99,915.36	\$94,757.73	\$89,866.34	\$85,227.44	\$80,828.00	\$76,655.66	\$72,698.70	\$68,946.99	\$65,397.00	\$62,011.72	\$58,810.68	\$55,774.87	\$52,895.77	\$50,165.29	\$47,575.76	\$45,119.90
ROYALTY, \$	\$10,009.34	\$5,201.08	\$11,397.93	\$13,886.01	\$13,169.21	\$12,489.42	\$11,844.72	\$11,233.29	\$10,653.43	\$10,103.50	\$9,581.96	\$9,087.34	\$8,618.25	\$8,173.37	\$7,751.47	\$7,351.33	\$6,971.86	\$6,611.97	\$6,270.66	\$5,946.97	\$5,639.99
NRI REVENUE, \$	\$70,065.41	\$36,407.58	\$79,785.51	\$97,202.07	\$92,184.50	\$87,425.94	\$82,913.02	\$78,633.05	\$74,574.01	\$70,724.50	\$67,073.70	\$63,611.36	\$60,327.74	\$57,213.62	\$54,260.26	\$51,459.34	\$48,803.01	\$46,283.80	\$43,894.63	\$41,628.79	\$39,479.91
SEVERANCE and AD VALOREM	\$6,421.78	\$3,336.90	\$7,312.66	\$8,908.96	\$8,449.08	\$8,012.94	\$7,599.31	\$7,207.03	\$6,835.01	\$6,482.18	\$6,147.57	\$5,830.24	\$5,529.28	\$5,243.86	\$4,973.17	\$4,716.45	\$4,472.99	\$4,242.10	\$4,023.12	\$3,815.45	\$3,618.49
CAPITAL EXPENSE	\$241,502	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$34,701	\$59,387	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701
NET INCOME, \$	\$-272,559.36	\$-26,316.39	\$37,771.84	\$53,592.12	\$49,034.43	\$44,712.00	\$40,612.71	\$36,725.01	\$33,028.00	\$29,541.32	\$26,225.13	\$23,080.12	\$20,097.46	\$17,288.77	\$14,586.09	\$12,041.89	\$9,629.02	\$7,340.71	\$5,170.51	\$3,112.35	\$1,160.42
CUMULATIVE NET CASH FLOW, \$	\$-212,559.36	\$-238,875.75	\$-201,103.91	\$-147,511.80	\$-98,477.37	\$-53,765.37	\$-13,152.66	\$23,572.35	\$56,610.36	\$86,151.67	\$112,376.80	\$135,456.93	\$155,554.39	\$172,823.16	\$187,409.24	\$199,451.13	\$209,080.15	\$216,420.86	\$221,591.37	\$224,703.72	\$225,864.14

\$6,416

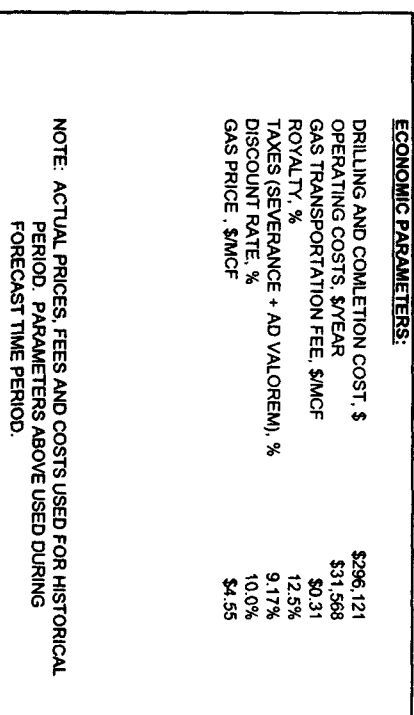


DRILLING AND COMPLETION COST, \$	\$241,502
OPERATING COSTS, \$/YEAR	\$34,701
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAKE (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Balancing
574	699	740	789	962	2448	2102	1643	1942	1831	2386	2425	2053	2062	16830
2184	2174	2165	2155	2146	2137	2127	2118	2108	2099	2090	2080	2071	2062	16830
														0

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
10030	9612	9021	8556	8114	7695	7298	6921	6564	6225	5904	5599	5310	5036	4776	4529	4296	4074	3864
9681	9181	8707	8258	7831	7427	7044	6680	6335	6008	5698	5404	5125	4861	4610	4372	4146	3932	3729
95	90	86	81	77	73	69	66	62	59	56	53	50	48	45	43	41	39	37
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$42,790.81	\$40,581.95	\$38,487.11	\$36,500.41	\$34,616.26	\$32,829.37	\$31,134.72	\$29,527.54	\$28,003.33	\$26,557.80	\$25,186.89	\$23,886.74	\$22,653.71	\$21,484.32	\$20,375.30	\$19,323.53	\$18,326.05	\$17,380.06	\$16,482.90
\$5,348.85	\$5,072.74	\$4,810.89	\$4,562.55	\$4,327.03	\$4,103.67	\$3,891.84	\$3,690.94	\$3,500.42	\$3,319.72	\$3,148.36	\$2,985.84	\$2,831.71	\$2,685.54	\$2,546.91	\$2,415.44	\$2,290.76	\$2,172.51	\$2,060.36
\$37,441.96	\$35,509.21	\$33,676.22	\$31,937.86	\$30,289.23	\$28,725.70	\$27,242.88	\$25,836.60	\$24,502.91	\$23,238.07	\$22,038.52	\$20,900.90	\$19,821.99	\$18,798.78	\$17,828.39	\$16,908.09	\$16,035.29	\$15,207.55	\$14,422.54
\$3,431.71	\$3,254.56	\$3,086.56	\$2,927.23	\$2,776.13	\$2,632.82	\$2,496.92	\$2,368.03	\$2,245.79	\$2,129.86	\$2,019.92	\$1,915.65	\$1,816.76	\$1,722.98	\$1,634.04	\$1,549.69	\$1,469.70	\$1,393.83	\$1,321.88
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701	\$34,701
-\$690.74	-\$2,446.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$225,173.40	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05	\$222,727.05



PRODUCTION HISTORY

Gross Gas Rate, mcf/mo	372	1831	3195	3818	1836	1470	2880	3780	4246	3370	4757	4388	4303	4855	5515	6006	4555	4769	4866	4749	5166
Decline Match, mcf/mo	6902	6786	6660	6540	6418	6303	6185	6070	5961	5850	5745	5638	5533	5440	5339	5243	5146	5053	4959	4867	4776
Exponential Decline Rate	<div><div></div><div>22.1%</div></div>																				

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS																					
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GROSS WET GAS, mcf	31355	58449	48900	39204	31430	25198	20202	16196	12985	10410	8346	6691	5364	4301	3448	2764	2216	1777	1424	1142	916
Gross Residue, mmmbtu	30263	56414	47197	37839	30036	24321	19498	15632	12633	10048	8055	6458	5178	4151	3328	2668	2139	1715	1375	1102	886
Gross NGL, bbls	298	555	464	372	298	239	192	154	123	99	79	63	51	41	33	26	21	17	14	11	9
Residue Gas Price, \$/mmmbtu	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering/Processing Fee	\$0.30	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$126,562.35	\$151,195.82	\$208,618.78	\$167,253.15	\$134,089.64	\$107,501.90	\$86,186.07	\$69,096.81	\$55,396.06	\$44,111.95	\$35,065.80	\$28,565.76	\$22,865.62	\$18,347.78	\$14,709.72	\$11,793.03	\$9,454.67	\$7,579.96	\$6,076.98	\$4,872.02	\$3,905.91
ROYALTY, \$	\$15,820.29	\$18,899.48	\$26,077.35	\$20,906.64	\$16,761.21	\$13,437.74	\$10,773.26	\$8,637.10	\$6,924.51	\$5,551.49	\$4,450.73	\$3,568.22	\$2,860.70	\$2,293.47	\$1,838.72	\$1,474.13	\$1,181.83	\$947.50	\$759.62	\$609.00	\$488.25
NRI REVENUE, \$	\$110,742.06	\$132,296.34	\$182,541.43	\$146,346.51	\$117,328.44	\$94,064.17	\$75,412.81	\$60,459.71	\$48,471.56	\$38,860.46	\$31,155.08	\$24,977.54	\$20,024.91	\$16,054.31	\$12,871.01	\$10,318.90	\$8,272.83	\$6,632.47	\$5,317.36	\$4,263.02	\$3,417.77
SEVERANCE and AD VALOREM	\$10,149.95	\$12,125.49	\$16,730.65	\$13,413.24	\$10,753.62	\$8,621.36	\$6,911.89	\$5,541.37	\$4,442.61	\$3,561.72	\$2,855.49	\$2,289.29	\$1,835.36	\$1,471.44	\$1,179.68	\$945.77	\$758.24	\$607.89	\$487.36	\$390.72	\$313.21
CAPITAL EXPENSE	\$296,121	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$31,568	\$37,602	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568	\$31,568
NET INCOME, \$	\$-227,096.90	\$82,569.18	\$134,243.01	\$101,365.27	\$75,006.82	\$53,874.81	\$36,932.83	\$23,350.33	\$12,460.94	\$3,730.74	-\$3,286.41	-\$8,879.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$	\$-227,096.90	-\$144,527.71	-\$10,284.70	\$91,080.57	\$166,087.38	\$219,982.19	\$256,895.12	\$280,245.45	\$292,706.40	\$296,437.14	\$293,168.72	\$294,288.98	\$294,288.98	\$294,288.98	\$294,288.98	\$294,288.98	\$294,288.98	\$294,288.98	\$294,288.98	\$294,288.98	\$294,288.98
DISCOUNTED NET CASH FLOW @ 10%	\$141,458																				

Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Balancing
4672	4622	4794	4265	4779	4411	4302	4046	2857	4154	4011	3604	3984	3693	90130
4690	4606	4520	4436	4362	4261	4203	4125	4051	3976	3902	3832	3760	3693	90130
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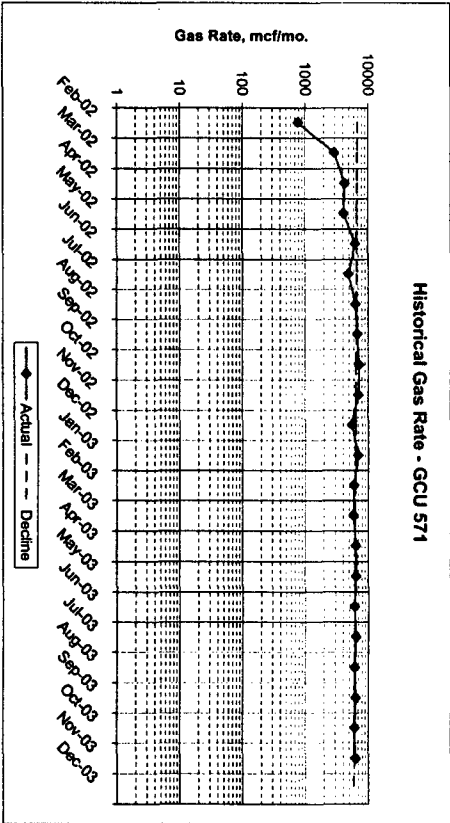
2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
734	588	472	378	303	243	195	156	125	100	81	65	52	41	33	27	21	17	14
708	568	455	365	293	235	188	151	121	97	78	62	50	40	32	26	21	17	13
7	6	4	4	3	2	2	1	1	1	1	1	0	0	0	0	0	0	0
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$3,131.49	\$2,510.57	\$2,012.76	\$1,613.67	\$1,283.70	\$1,037.18	\$831.53	\$666.65	\$534.46	\$428.49	\$343.53	\$275.41	\$220.80	\$177.02	\$141.92	\$113.78	\$91.22	\$73.13	\$58.63
\$391.44	\$313.82	\$251.60	\$201.71	\$161.71	\$129.65	\$103.94	\$83.33	\$66.81	\$53.56	\$42.94	\$34.43	\$27.60	\$22.13	\$17.74	\$14.22	\$11.40	\$9.14	\$7.33
\$2,740.05	\$2,196.75	\$1,761.17	\$1,411.96	\$1,131.99	\$907.54	\$727.59	\$583.32	\$467.86	\$374.93	\$300.59	\$240.98	\$193.20	\$154.89	\$124.18	\$99.86	\$79.82	\$63.99	\$51.30
\$251.14	\$201.34	\$161.42	\$129.41	\$103.75	\$83.18	\$66.69	\$53.46	\$42.86	\$34.36	\$27.55	\$22.09	\$17.71	\$14.20	\$11.38	\$9.12	\$7.32	\$5.86	\$4.70
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$31,568	\$31,568	\$31,568	\$31,568	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98	\$284,288.98

WELL NAME		Gallegos Canyon Unit Well No. 571
API#	300453070300	
Sec	14	
Township	28N	
Range	13W	
Start Date	Sep-01	
Completion Date	Nov-01	
1st Sales Date	Feb-02	

Capital Costs, \$	\$312,507
Operating Costs, \$/yr.	\$34,537
Severance Tax Rate	7.94%
Ad Valorem Tax Rate	1.23%
Plant Shrinkage	5.467%
NGL Yield, bbls/mmscf	9.49
Wet Gas BTU	1027
Working Interest	100.0%
Royalty Interest	12.5%
Net of Royalty Interest	87.5%

PRODUCTION HISTORY

Gross Gas Rate, mcf/mo	773
Decline Match, mcf/mo	6865
Exponential Decline Rate	8.2%



ECONOMIC PARAMETERS:		
DRILLING AND COMPLETION COST, \$		\$312,507
OPERATING COSTS, \$/YEAR		\$34,537
GAS TRANSPORTATION FEE, \$/MCF		\$0.31
ROYALTY, %		12.5%
TAXES (SEVERANCE + AD VALOREM), %		9.17%
DISCOUNT RATE, %		10.0%
GAS PRICE, \$/MCF		\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

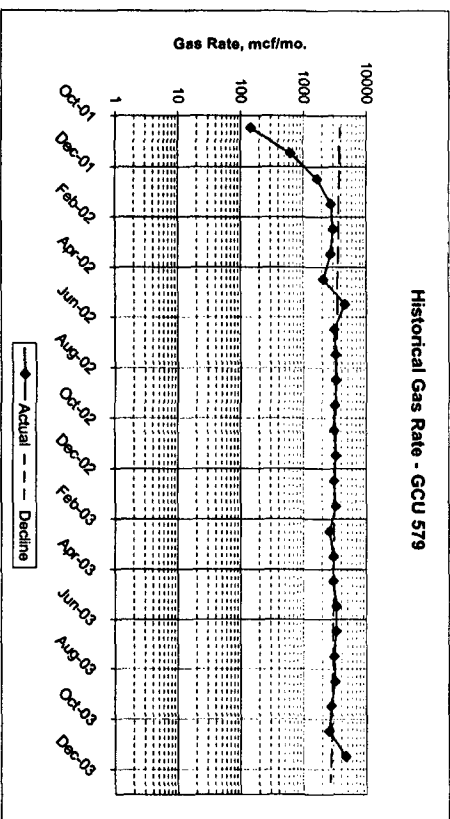
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GROSS WET GAS, mcf	55710	74037	68208	62838	57891	53334	49135	45266	41703	38420	35395	32608	30041	27676	25497	23490	21640	19937	18367	16921	15589
Gross Residue, mmbtu	53770	71459	65833	60650	55876	51477	47424	43690	40251	37082	34162	31473	28995	26712	24609	22672	20887	19243	17728	16332	15046
Gross NGL, bbls	529	703	647	596	549	506	466	430	396	365	336	309	285	263	242	223	205	189	174	161	148
Residue Gas Price, \$/mmbtu	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering&Processing Fee	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$144,110.58	\$315,861.69	\$290,994.52	\$268,085.09	\$246,979.28	\$227,535.08	\$209,621.69	\$193,118.58	\$177,914.74	\$163,907.86	\$151,003.71	\$139,115.49	\$128,163.20	\$118,073.16	\$108,777.49	\$100,213.65	\$92,324.03	\$85,055.54	\$78,359.28	\$72,190.21	\$66,506.82
ROYALTY, \$	\$18,013.82	\$39,482.71	\$36,374.31	\$33,510.64	\$30,872.41	\$28,441.89	\$26,202.71	\$24,139.82	\$22,239.34	\$20,488.48	\$18,875.46	\$17,389.44	\$16,020.40	\$14,759.14	\$13,597.19	\$12,526.71	\$11,540.50	\$10,631.94	\$9,794.91	\$9,023.78	\$8,313.35
NRI REVENUE, \$	\$126,096.76	\$276,378.98	\$254,620.20	\$234,574.45	\$216,106.87	\$199,093.20	\$183,418.98	\$168,978.76	\$155,675.39	\$143,419.38	\$132,128.25	\$121,726.05	\$112,142.80	\$103,314.01	\$95,180.30	\$87,686.95	\$80,783.52	\$74,423.60	\$68,564.37	\$63,166.43	\$58,193.46
SEVERANCE and AD VALOREM	\$11,557.27	\$25,331.24	\$23,336.96	\$21,499.69	\$19,807.06	\$18,247.69	\$16,811.08	\$15,487.58	\$14,268.27	\$13,144.96	\$12,110.08	\$11,156.68	\$10,278.34	\$9,469.14	\$8,723.66	\$8,036.86	\$7,404.13	\$6,821.22	\$6,284.20	\$5,789.46	\$5,333.66
CAPITAL EXPENSE	\$312,507	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$24,117	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537
NET INCOME, \$	-\$222,084.49	\$216,511.02	\$196,746.24	\$178,537.77	\$161,762.81	\$146,308.51	\$132,070.90	\$118,954.18	\$106,870.12	\$95,737.42	\$86,481.17	\$78,032.37	\$67,327.46	\$58,307.87	\$51,919.65	\$46,113.09	\$38,842.39	\$33,065.38	\$27,743.17	\$22,899.98	\$18,322.80
CUMULATIVE NET CASH FLOW, \$	-\$222,084.49	-\$5,573.47	\$191,172.78	\$369,710.54	\$531,473.35	\$677,781.96	\$809,652.76	\$928,806.94	\$1,035,677.06	\$1,131,414.48	\$1,216,895.64	\$1,292,928.01	\$1,360,255.48	\$1,419,563.35	\$1,471,483.00	\$1,516,596.08	\$1,555,438.47	\$1,588,503.85	\$1,616,247.02	\$1,639,087.00	\$1,657,409.80

DISCOUNTED NET CASH FLOW @ 10%	\$774,361
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Nov-03	Dec-03	Balancing
6193		80597
5948	5908	80597
		0

2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
14362	13231	12189	11230	10346	9531	8781	8089	7453	6866	6325	5827	5369	4946	4557	4198	3867	3563
13862	12770	11765	10839	9985	9199	8475	7808	7193	6627	6105	5624	5182	4774	4398	4052	3733	3439
136	126	116	107	98	90	83	77	71	65	60	55	51	47	43	40	37	34
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$61,270.86	\$56,447.13	\$52,003.16	\$47,909.05	\$44,137.26	\$40,662.42	\$37,461.15	\$34,511.91	\$31,794.85	\$29,291.71	\$26,985.63	\$24,661.10	\$22,903.84	\$21,100.66	\$19,439.45	\$17,909.02	\$16,489.08	\$15,200.14
\$7,658.86	\$7,055.89	\$6,500.39	\$5,988.63	\$5,517.16	\$5,082.80	\$4,682.64	\$4,313.99	\$3,974.36	\$3,661.46	\$3,373.20	\$3,107.64	\$2,862.98	\$2,637.58	\$2,429.93	\$2,238.63	\$2,062.38	\$1,900.02
\$53,612.01	\$49,391.24	\$45,502.76	\$41,920.42	\$38,620.11	\$35,579.62	\$32,778.51	\$30,197.92	\$27,820.50	\$25,630.24	\$23,612.42	\$21,755.46	\$20,040.86	\$18,463.08	\$17,009.52	\$15,670.39	\$14,436.69	\$13,300.12
\$4,913.75	\$4,526.90	\$4,170.51	\$3,842.17	\$3,539.69	\$3,261.01	\$3,004.28	\$2,767.76	\$2,549.86	\$2,349.11	\$2,164.17	\$1,993.79	\$1,836.82	\$1,692.22	\$1,558.99	\$1,436.25	\$1,323.18	\$1,219.01
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537	\$34,537
\$14,161.25	\$10,327.33	\$6,795.25	\$3,541.24	\$943.42	-\$2,218.39	-\$4,782.77	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$1,671,571.05	\$1,681,888.38	\$1,686,693.64	\$1,692,234.88	\$1,692,778.30	\$1,690,559.81	\$1,685,797.13	\$1,685,797.13	\$1,685,797.13	\$1,685,797.13	\$1,685,797.13	\$1,685,797.13	\$1,685,797.13	\$1,685,797.13	\$1,685,797.13	\$1,685,797.13	\$1,685,797.13	\$1,685,797.13

WELL NAME		Gallegos Canyon Unit Well No. 579
APH#	300453007200	
Sec	34	
Township	29N	
Range	12W	
Start Date	Sep-01	
Completion Date	Oct-01	
1st Sales Date	Oct-01	
Capital Costs, \$		\$357,459
Operating Costs, \$/yr.	\$16,398	
Severance Tax Rate	7.94%	
Ad Valorem Tax Rate	1.23%	
Plant Shrinkage	5.467%	
NGL Yield, bbls/mmscf	9.49	
Well Gas BTU	1027	
Working Interest	100.0%	
Royalty Interest	12.5%	
Net of Royalty Interest	87.5%	



ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$357,459
OPERATING COSTS, \$/YEAR	\$16,398
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

PRODUCTION HISTORY	
Gross Gas Rate, mcf/mo	143
Decline Match, mcf/mo	3837
Exponential Decline Rate	15.5%

Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03
618	618	1619	2150	2942	2708	2091	4527	3071	3268	3236	3197	3110	3241	3079	3263	2588	2987	2942	3332	3329
3837	3786	3739	3690	3641	3598	3551	3506	3461	3417	3372	3328	3286	3243	3202	3160	3119	3082	3041	3003	2964

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS																					
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GROSS WET GAS, mcf	2440	37220	37342	31980	27388	23456	20088	17204	14733	12618	10806	9255	7926	6788	5813	4978	4264	3651	3127	2678	2294
Gross Residue, mmbtu	2355	35924	36042	30867	26435	22639	19389	16805	14220	12179	10430	8932	7650	6551	5611	4805	4115	3524	3018	2585	2214
Gross NGL, bbls	23	353	354	303	260	223	191	163	140	120	103	88	75	64	55	47	40	35	30	25	22
Residue Gas Price, \$/mmbtu	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering&Processing Fee	\$0.30	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$9,848.90	\$96,280.66	\$159,311.04	\$136,436.39	\$116,846.20	\$100,066.86	\$85,700.49	\$73,395.20	\$62,856.76	\$53,831.48	\$46,102.10	\$39,482.54	\$33,813.45	\$28,958.35	\$24,800.37	\$21,239.41	\$18,189.75	\$15,577.98	\$13,341.22	\$11,425.62	\$9,785.08
ROYALTY, \$	\$1,231.11	\$12,035.08	\$19,913.88	\$17,054.55	\$14,805.77	\$12,508.61	\$10,712.56	\$9,174.40	\$7,857.10	\$6,728.94	\$5,762.76	\$4,935.32	\$4,226.68	\$3,619.79	\$3,100.05	\$2,654.93	\$2,273.72	\$1,947.25	\$1,667.65	\$1,428.20	\$1,223.13
NRI REVENUE, \$	\$8,617.78	\$84,245.58	\$139,397.16	\$119,381.84	\$102,240.42	\$87,558.25	\$74,987.93	\$64,220.80	\$54,999.67	\$47,102.55	\$40,339.34	\$34,547.22	\$29,586.76	\$25,338.55	\$21,700.32	\$18,584.49	\$15,916.04	\$13,630.73	\$11,673.57	\$9,997.42	\$8,561.94
SEVERANCE and AD																					
VALOREM	\$789.85	\$7,721.44	\$12,776.31	\$10,941.82	\$9,370.74	\$8,025.25	\$6,872.94	\$5,886.09	\$5,040.94	\$4,317.14	\$3,697.26	\$3,166.39	\$2,711.75	\$2,322.38	\$1,988.92	\$1,703.34	\$1,458.77	\$1,249.31	\$1,069.93	\$916.30	\$784.74
CAPITAL EXPENSE	\$357,459	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$2,868	\$16,398	\$10,107	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398
NET INCOME, \$		\$60,125.71	\$116,513.59	\$82,042.02	\$76,471.68	\$63,137.00	\$51,716.98	\$41,936.71	\$33,560.73	\$26,387.41	\$20,244.08	\$14,982.83	\$10,477.02	\$6,618.17	\$3,313.40	\$483.14	-\$1,940.73	-\$4,016.58	\$0.00	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$		-\$352,498.76	\$60,125.71	\$116,513.59	\$82,042.02	\$76,471.68	\$63,137.00	\$51,716.98	\$41,936.71	\$33,560.73	\$26,387.41	\$20,244.08	\$14,982.83	\$10,477.02	\$6,618.17	\$3,313.40	\$483.14	-\$1,940.73	-\$4,016.58	\$0.00	\$0.00
		-\$352,498.76	-\$292,373.06	-\$175,869.46	-\$63,817.44	-\$7,345.77	\$65,791.24	\$107,508.22	\$149,444.92	\$183,005.65	\$209,393.06	\$229,637.14	\$244,619.97	\$255,096.99	\$261,715.16	\$265,028.56	\$265,511.70	\$283,570.97	\$289,554.40	\$289,554.40	\$289,554.40

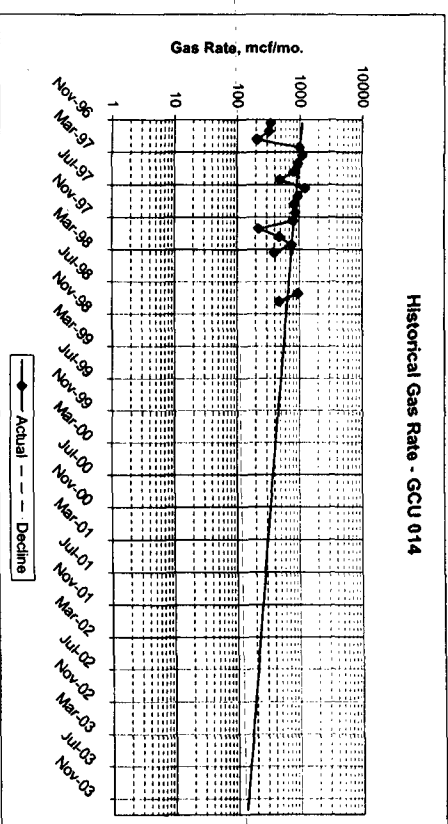
DISCOUNTED NET CASH FLOW @ 10%

\$49,712

Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Balancing
3033	3162	2759	2516	4669		56660
2926	2888	2850	2814	2777	2742	56660
						0

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
1964	1682	1441	1234	1057	905	775	664	568	487	417	357	306	262	224	192	164	141	121
1896	1624	1391	1191	1020	873	748	641	549	470	402	345	295	253	216	185	159	136	116
19	16	14	12	10	9	7	6	5	5	4	3	3	2	2	2	2	1	1
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$8,380.09	\$7,176.84	\$6,146.35	\$5,263.83	\$4,508.02	\$3,860.74	\$3,306.40	\$2,831.65	\$2,425.07	\$2,076.86	\$1,778.66	\$1,523.27	\$1,304.55	\$1,117.24	\$956.82	\$819.43	\$701.78	\$601.01	\$514.72
\$1,047.51	\$897.10	\$768.29	\$657.98	\$563.50	\$482.59	\$413.30	\$353.96	\$303.13	\$259.61	\$222.33	\$190.41	\$163.07	\$139.65	\$119.60	\$102.43	\$87.72	\$75.13	\$64.34
\$7,332.58	\$6,279.73	\$5,378.06	\$4,606.85	\$3,944.52	\$3,378.15	\$2,893.10	\$2,477.69	\$2,121.83	\$1,817.25	\$1,556.32	\$1,332.86	\$1,141.48	\$977.58	\$837.22	\$717.00	\$614.05	\$525.88	\$450.38
\$672.06	\$575.56	\$492.92	\$422.14	\$361.53	\$309.62	\$265.16	\$227.09	\$194.48	\$166.56	\$142.64	\$122.16	\$104.62	\$89.60	\$76.73	\$65.72	\$56.28	\$48.20	\$41.28
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398	\$16,398
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40	\$259,554.40

Well Name	Gallageo Canyon Unit Well No. 14		
API#	300450710100		
Sec	26		
Township	28N		
Range	12W		
Start Date	Dec-95		
Completion Date	Feb-96		
1st Sales Date	Nov-96		
Capital Costs, \$	\$220,000		
Operating Costs, \$/yr.	\$9,600		
Severance Tax Rate	7.94%		
Ad Valorem Tax Rate	1.23%		
Plant Shrinkage	5.467%		
NGL Yield, bbls/mmcf	9.49		
Wet Gas BTU	1027		
Working Interest	100.0%		
Royalty Interest	12.5%		
Net of Royalty Interest	87.5%		



PRODUCTION HISTORY																					
	Nov-96	Dec-96	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98
Gross Gas Rate, mcf/mo	339	318	204	991	1121	956	804	480	1218	931	806	855	793	221	475	751	388				
Decline Match, mcf/mo	1100	1074	1047	1021	998	973	950	926	904	882	860	839	818	799	779	759	742	724	706	689	674
Exponential Decline Rate	29.6%																				

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS																						
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
GROSS WET GAS, mcf	657	9176	3021	0	0	0	0	0	1386	1031	767	570	424	316	235	175	130	97	72	53	40	
Gross Residue, mmmbtu	634	8857	2916	0	0	0	0	0	1338	995	740	551	409	305	227	168	125	93	69	52	36	
Gross NGL, bbls	6	87	29	0	0	0	0	0	13	10	7	5	4	3	2	2	1	1	1	1	0	
Residue Gas Price, \$/mmmbtu	\$1.96	\$2.33	\$1.98	\$2.19	\$3.89	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	
Gathering/Processing Fee	\$0.13	\$0.16	\$0.13	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	
NGL Price, \$/bbl	\$14.69	\$11.72	\$7.34	\$10.56	\$18.21	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	
GROSS REVENUE, \$	\$1281.73	\$20,297.24	\$5,604.72	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,913.71	\$4,398.54	\$3,271.58	\$2,433.38	\$1,809.90	\$1,346.18	\$1,001.27	\$744.74	\$553.92	\$412.00	\$306.44	\$227.93	\$169.55	
ROYALTY, \$	\$156.47	\$2,537.15	\$700.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$739.21	\$549.82	\$408.95	\$304.17	\$226.24	\$168.27	\$125.16	\$93.09	\$69.24	\$51.50	\$38.31	\$28.49	\$21.16	
NRI REVENUE, \$	\$1,095.26	\$17,760.08	\$4,904.13	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,174.50	\$3,848.73	\$2,862.63	\$2,129.19	\$1,583.67	\$1,177.91	\$876.12	\$651.64	\$484.68	\$360.50	\$268.14	\$199.44	\$148.39	
SEVERANCE and AD VALOREM	\$100.38	\$1,627.78	\$449.48	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$474.26	\$352.75	\$262.37	\$195.15	\$145.15	\$107.96	\$80.30	\$59.73	\$44.42	\$33.04	\$24.58	\$18.28	\$13.64	
CAPITAL EXPENSE	\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
OPERATING EXPENSE	\$9,600	\$9,600	\$9,600	\$712	\$0	\$307	-\$691	\$0	\$9,600	\$9,600	\$9,600	\$9,600	\$9,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
NET INCOME, \$	-\$228,605.13	\$6,632.30	-\$5,145.35	-\$712.00	\$0.00	-\$307.00	\$891.00	\$0.00	-\$4,899.77	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
CUMULATIVE NET CASH FLOW, \$	-\$228,605.13	-\$227,072.83	-\$227,218.18	-\$227,930.18	-\$227,930.18	-\$228,237.18	-\$227,546.18	-\$227,546.18	-\$232,445.94	-\$232,445.94	-\$232,445.94	-\$232,445.94	-\$232,445.94	-\$232,445.94	-\$232,445.94	-\$232,445.94	-\$232,445.94	-\$232,445.94	-\$232,445.94	-\$232,445.94	-\$232,445.94	
DISCOUNTED NET CASH FLOW @ 10%	(\$208,673)																					

Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00
937	470																					
656	639	624	609	594	579	565	552	538	525	512	500	488	476	464	453	442	431	420	410	400	391	381

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
30	22	16	12	9	7	5	4	3	2	2	1	1	1	0	0	0	0	0	0	0	0	0
29	21	16	12	9	6	5	4	3	2	1	1	1	1	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$128.09	\$93.79	\$69.76	\$51.88	\$38.59	\$28.70	\$21.35	\$15.88	\$11.81	\$8.78	\$6.53	\$4.86	\$3.61	\$2.69	\$2.00	\$1.49	\$1.11	\$0.82	\$0.61	\$0.46	\$0.34	\$0.25	\$0.19
\$15.76	\$11.72	\$8.72	\$6.49	\$4.82	\$3.59	\$2.67	\$1.98	\$1.48	\$1.10	\$0.82	\$0.61	\$0.45	\$0.34	\$0.25	\$0.19	\$0.14	\$0.10	\$0.08	\$0.06	\$0.04	\$0.03	\$0.02
\$110.33	\$82.06	\$61.04	\$45.40	\$33.77	\$25.12	\$18.68	\$13.89	\$10.33	\$7.69	\$5.72	\$4.25	\$3.16	\$2.35	\$1.75	\$1.30	\$0.97	\$0.72	\$0.54	\$0.40	\$0.30	\$0.22	\$0.16
\$10.11	\$7.52	\$5.59	\$4.16	\$3.09	\$2.30	\$1.71	\$1.27	\$0.95	\$0.70	\$0.52	\$0.39	\$0.29	\$0.22	\$0.16	\$0.12	\$0.09	\$0.07	\$0.05	\$0.04	\$0.03	\$0.02	\$0.02
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94	-\$232.445.94

Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02
372	362	353	345	336	328	320	312	305	298	290	283	276	270	263	257	250	244	238	232	227	221	216	211	206	201	196

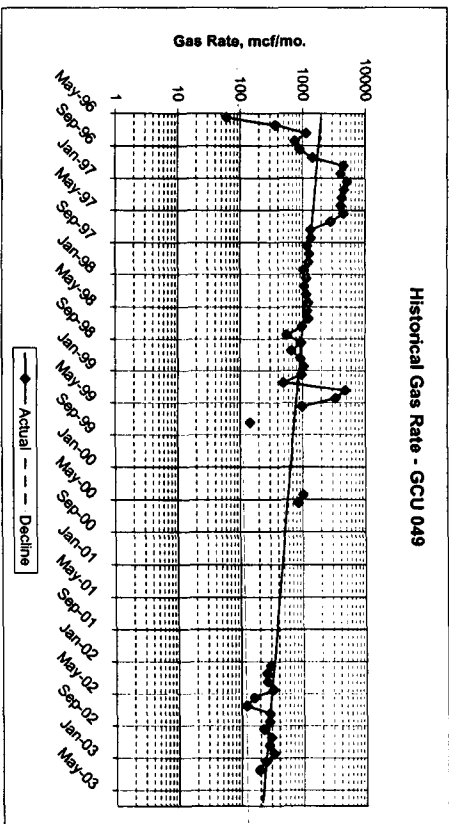
2040																										
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\$4.55																										
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-\$232,445.94																										

Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
191	186	182	177	173	169	165	161	157	153	149	145	142	138	135

WELL NAME		Gallegos Canyon Unit Well No. 49
API#	300450707600	
Sec	31	
Township	28N	
Range	12W	
Start Date	Jan-96	
Completion Date	May-96	
1st Sales Date	May-96	
Capital Costs, \$	\$220,000	
Operating Costs, \$/yr.	\$15,751	
Severance Tax Rate	7.94%	
Ad Valorem Tax Rate	1.23%	
Plant Shrinkage	5.467%	
NGL Yield, bbls/mmscf	9.49	
Wet Gas BTU	1027	
Working Interest	100.0%	
Royalty Interest	12.5%	
Net of Royalty Interest	87.5%	

PRODUCTION HISTORY

Gross Gas Rate, mcf/mo	May-96	Jun-96	Jul-96	Aug-96	Sep-96	Oct-96	Nov-96	Dec-96	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98
Decline Match, mcf/mo	60	362	1142	744	886	1435	4321	4085	5094	4540	4215	4011	4461	2795	1331	1350	1183	1272	1228	1009	1124
Exponential Decline Rate	2000	1947	1897	1847	1799	1753	1706	1663	1619	1576	1538	1498	1460	1421	1385	1348	1313	1279	1245	1213	1181
	31.5%																				



ECONOMIC PARAMETERS:		
DRILLING AND COMPLETION COST, \$	\$220,000	
OPERATING COSTS, \$/YEAR	\$15,751	
GAS TRANSPORTATION FEE, \$/MCF	\$0.31	
ROYALTY, %	12.5%	
TAXES (SEVERANCE + AD VALOREM), %	9.17%	
DISCOUNT RATE, %	10.0%	
GAS PRICE, \$/MCF	\$4.55	

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS																						
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
GROSS WET GAS, mcf	13235	31500	12067	10689	1860	0	3068	488	1861	1358	991	723	528	385	281	205	150	109	80	58	42	
Gross Residue, mmbtu	12774	30403	11647	10317	1795	0	2961	471	1796	1311	957	698	510	372	271	198	145	105	77	56	41	
Gross NGL, bbls	126	299	115	101	18	0	29	5	18	13	9	7	5	4	3	2	1	1	1	1	0	
Residue Gas Price, \$/mmbtu	\$1.96	\$2.33	\$1.98	\$2.19	\$3.89	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	
Gathering&Processing Fee	\$0.13	\$0.16	\$0.13	\$0.15	\$0.26	\$0.00	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	
NGL Price, \$/bbl	\$14.69	\$11.72	\$7.34	\$10.56	\$18.21	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	
GROSS REVENUE, \$	\$25,215.50	\$69,677.74	\$22,367.36	\$22,134.20	\$6,834.53	\$0.00	\$7,936.30	\$2,081.94	\$7,939.90	\$5,794.45	\$4,228.73	\$3,086.08	\$2,252.19	\$1,643.62	\$1,199.50	\$875.38	\$638.84	\$468.22	\$340.24	\$248.30	\$181.21	
ROYALTY, \$	\$3,151.94	\$8,709.72	\$2,798.42	\$2,766.78	\$854.32	\$0.00	\$992.04	\$260.24	\$992.49	\$724.31	\$528.59	\$385.76	\$281.52	\$205.45	\$149.94	\$109.42	\$79.86	\$58.28	\$42.53	\$31.04	\$22.65	
NRI REVENUE, \$	\$22,063.56	\$60,968.02	\$19,568.94	\$19,367.43	\$5,980.22	\$0.00	\$6,944.26	\$1,821.70	\$6,947.42	\$5,070.15	\$3,700.14	\$2,700.32	\$1,970.66	\$1,438.17	\$1,049.56	\$765.96	\$558.99	\$407.94	\$297.71	\$217.27	\$158.56	
SEVERANCE and AD VALOREM	\$2,022.21	\$5,587.96	\$1,795.40	\$1,775.10	\$548.11	\$0.00	\$636.47	\$166.97	\$636.76	\$464.70	\$339.13	\$247.50	\$180.62	\$131.81	\$96.20	\$70.20	\$51.23	\$37.39	\$27.29	\$19.91	\$14.53	
CAPITAL EXPENSE	\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
OPERATING EXPENSE	\$15,751	\$15,751	\$15,751	\$13,886	\$9,140	\$5,367	\$12,451	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	
NET INCOME, \$	-\$215,709.65	\$39,629.06	\$2,042.53	\$3,706.32	-\$3,707.89	-\$5,367.00	-\$6,143.21	-\$14,096.27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
CUMULATIVE NET CASH FLOW, \$	-\$215,709.65	-\$176,080.60	-\$174,038.06	-\$170,331.74	-\$174,039.63	-\$179,406.63	-\$185,549.84	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	
DISCOUNTED NET CASH FLOW @ 10%	(\$174,343)																					

Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99
1051	1140	1226	1183	1239	975	560	950	667	922	1030	953	485	4798	3331	978	757	144	718	699	681	663	646
1150	1123	1093	1065	1037	1011	984	958	933	909	886	862	839	819	798	777	757	737					

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
31	23	17	12	9	6	5	3	2	2	1	1	1	1	0	0	0	0	0	0	0	0	0
30	22	16	12	8	6	5	3	2	2	1	1	1	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$132.26	\$96.51	\$70.43	\$51.40	\$37.51	\$27.38	\$19.98	\$14.58	\$10.64	\$7.77	\$5.67	\$4.14	\$3.02	\$2.20	\$1.61	\$1.17	\$0.86	\$0.62	\$0.46	\$0.33	\$0.24	\$0.18	\$0.13
\$16.53	\$12.06	\$8.80	\$6.43	\$4.69	\$3.42	\$2.50	\$1.82	\$1.33	\$0.97	\$0.71	\$0.52	\$0.38	\$0.28	\$0.20	\$0.15	\$0.11	\$0.08	\$0.06	\$0.04	\$0.03	\$0.02	\$0.02
\$115.71	\$94.45	\$61.63	\$44.98	\$32.82	\$23.95	\$17.48	\$12.76	\$9.31	\$6.79	\$4.96	\$3.62	\$2.64	\$1.93	\$1.41	\$1.03	\$0.75	\$0.55	\$0.40	\$0.29	\$0.21	\$0.16	\$0.11
\$10.61	\$7.74	\$5.65	\$4.12	\$3.01	\$2.20	\$1.60	\$1.17	\$0.85	\$0.62	\$0.45	\$0.33	\$0.24	\$0.18	\$0.13	\$0.09	\$0.07	\$0.05	\$0.04	\$0.03	\$0.02	\$0.01	\$0.01
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11

Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	
629	613	597	1016	844	567	552	538	524	510	497	484	471	459	447	436	425	414	403	392	382	372	362	353	344	288	254	257

2040
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Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
191	186	182	177	173	169	165	161	157	153	149	145	142	138	135

WELL NAME		Gallegos Canyon Unit Well No. 49
API#	300490707600	
Sec	31	
Township	28N	
Range	12W	
Start Date	Jan-96	
Completion Date	Jan-96	
1st Sales Date	May-96	

Capital Costs, \$	\$220,000
Operating Costs, \$/yr.	\$15,751
Severance Tax Rate	7.94%
Ad Valorem Tax Rate	1.23%

Plant Shrinkage	5.467%
NGL Yield, bbls/mmscf	9.49
Wet Gas BTU	1027
Working Interest	100.0%
Royalty Interest	12.5%
Net of Royalty Interest	87.5%

PRODUCTION HISTORY	
Gross Gas Rate, mcf/mo	May-96 60
Decline Match, mcf/mo	2000 1947
Exponential Decline Rate	31.5%

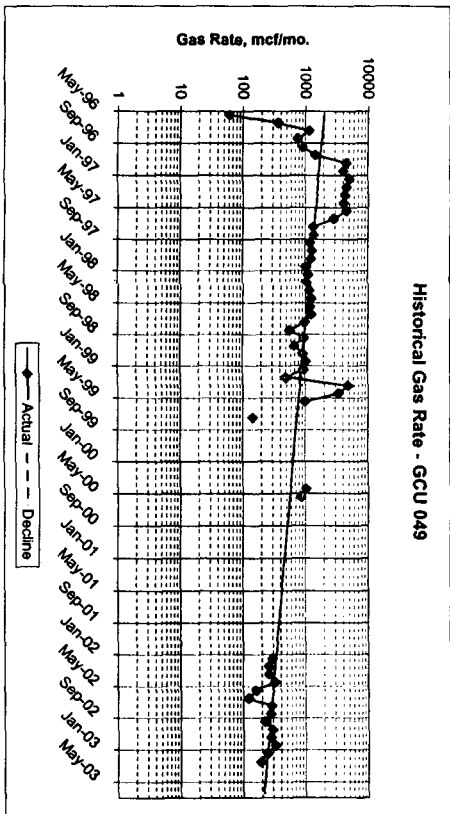
	May-96	Jun-96	Jul-96	Aug-96	Sep-96	Oct-96	Nov-96	Dec-96	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98
Gross Gas Rate, mcf/mo	60	362	1142	744	886	1435	4521	4085	5094	4540	1633	5094	4481	2795	1331	1350	1183	1272	1228	1009	1124
Decline Match, mcf/mo	2000	1947	1897	1847	1799	1753	1706	1653	1619	1576	1538	1498	1460	1421	1385	1348	1313	1279	1245	1213	1181
Exponential Decline Rate	31.5%																				

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GROSS WET GAS, mcf	13235	31500	12067	10889	1860	0	3068	488	1861	1358	991	723	528	385	281	205	150	109	80	58	42
Gross Residue, mmmbtu	12774	30403	11647	10317	1795	0	2961	471	1796	1311	957	698	510	372	271	198	145	105	77	56	41
Gross NGL, bbls	126	289	115	101	18	0	29	5	18	13	9	7	5	4	3	2	1	1	1	1	0
Residue Gas Price, \$/mmmbtu	\$1.96	\$2.33	\$1.98	\$2.19	\$3.89	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering&Processing Fee	\$0.13	\$0.16	\$0.13	\$0.15	\$0.26	\$0.00	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$14.69	\$11.72	\$7.34	\$10.56	\$18.21	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$25,215.50	\$69,677.74	\$22,387.36	\$22,134.20	\$6,834.53	\$0.00	\$7,936.30	\$2,081.94	\$7,599.90	\$5,794.45	\$4,228.73	\$3,086.08	\$2,252.19	\$1,643.62	\$1,199.50	\$876.38	\$638.84	\$466.22	\$340.24	\$248.30	\$181.21
ROYALTY, \$	\$3,151.94	\$8,709.72	\$2,798.42	\$2,766.78	\$854.32	\$0.00	\$992.04	\$280.24	\$992.49	\$724.31	\$528.59	\$385.76	\$281.52	\$205.45	\$149.94	\$109.42	\$79.86	\$58.28	\$42.53	\$31.04	\$22.65
NRI REVENUE, \$	\$22,063.56	\$60,968.02	\$19,588.94	\$19,367.43	\$5,980.22	\$0.00	\$6,944.26	\$1,821.70	\$6,607.42	\$5,070.15	\$3,700.14	\$2,700.32	\$1,970.66	\$1,438.17	\$1,049.56	\$766.96	\$558.98	\$407.94	\$297.71	\$217.27	\$158.56
SEVERANCE and AD VALOREM	\$2,022.21	\$5,587.96	\$1,795.40	\$1,775.10	\$548.11	\$0.00	\$636.47	\$166.97	\$636.76	\$464.70	\$339.13	\$247.50	\$180.62	\$131.81	\$96.20	\$70.20	\$51.23	\$37.39	\$27.29	\$19.91	\$14.53
CAPITAL EXPENSE	\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$15,751	\$15,751	\$15,751	\$13,886	\$9,140	\$5,367	\$12,451	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751	\$15,751
NET INCOME, \$	-\$215,709.65	\$39,629.06	\$2,042.53	\$3,706.32	-\$3,707.89	-\$5,387.00	-\$6,143.21	-\$14,096.27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$	-\$215,709.65	-\$176,080.60	-\$174,038.06	-\$170,331.74	-\$174,039.63	-\$179,406.63	-\$185,549.84	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11	-\$199,646.11

DISCOUNTED NET CASH FLOW @ 10%

(\$174,343)



ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$220,000
OPERATING COSTS, \$/YEAR	\$15,751
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

Page 2 of 5

0	0	0
0	0	0
0	0	0
\$4.55	\$4.55	
\$0.31	\$0.31	
\$17.87	\$17.87	
\$0.00	\$0.00	
\$0.00	\$0.00	
\$0.00	\$0.00	
\$0.00	\$0.00	
\$0	\$0	
\$0.00	\$0.00	
\$0.00	\$0.00	

Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03
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198	189	181	173	165	158	151	145	138	132	126	121	115	110	105	100	96	92	87	84	80	77	73	70	67	64	61
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	Nov-03	Dec-03
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58

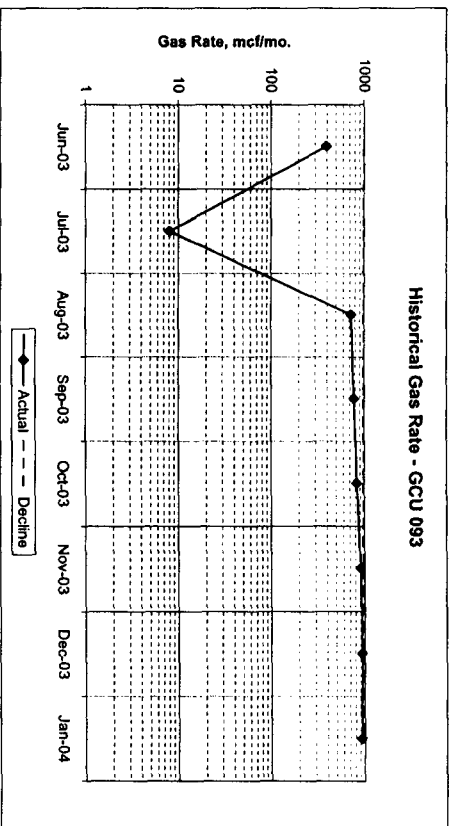
56

WELL NAME		Gallegos Canyon Unit Well No. 093
API#	300450769900	
Sec	36	
Township	29N	
Range	12W	
Start Date		
Completion Date	Apr-03	
1st Sales Date	Jun-03	

Capital Costs, \$	\$273,765
Operating Costs, \$/yr.	\$25,000
Severance Tax Rate	7.94%
Ad Valorem Tax Rate	1.23%

Plant Shrinkage	5.467%
NGL Yield, bbls/mmscf	9.49
Well Gas BTU	1027
Working Interest	100.0%
Royalty Interest	12.5%
Net of Royalty Interest	87.5%

PRODUCTION HISTORY	
Gross Gas Rate, mcf/mo	392
Decline Match, mcf/mo	1000
Exponential Decline Rate	5.3%



ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$273,765
OPERATING COSTS, \$/YEAR	\$25,000
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GROSS WET GAS, mcf	4356	7407	7025	6662	6318	5992	5683	5389	5111	4847	4597	4360	4135	3921	3719	3527	3345	3172	3008	2853	2706
Gross Residue, mmbtu	4397	7149	6780	6430	6098	5783	5485	5202	4933	4679	4437	4208	3991	3785	3589	3404	3228	3062	2904	2754	2612
Gross NGL, bbls	43	70	67	63	60	57	54	51	49	46	44	41	39	37	35	33	32	30	29	27	26
Residue Gas Price, \$/mmbtu	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering/Processing Fee	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$19,437.10	\$31,600.73	\$29,969.50	\$28,422.48	\$26,965.31	\$25,563.88	\$24,244.27	\$22,992.78	\$21,805.89	\$20,680.27	\$19,612.76	\$18,600.35	\$17,640.20	\$16,728.61	\$15,868.03	\$15,047.02	\$14,270.30	\$13,533.66	\$12,855.06	\$12,172.51	\$11,544.17
ROYALTY, \$	\$2,429.64	\$3,950.09	\$3,746.19	\$3,552.81	\$3,369.41	\$3,195.48	\$3,030.53	\$2,874.10	\$2,725.74	\$2,585.03	\$2,451.59	\$2,325.04	\$2,205.02	\$2,091.20	\$1,983.25	\$1,880.88	\$1,783.79	\$1,691.71	\$1,604.38	\$1,521.56	\$1,443.02
NRI REVENUE, \$	\$17,007.47	\$27,650.64	\$26,223.31	\$24,869.67	\$23,595.90	\$22,368.39	\$21,213.74	\$20,118.68	\$19,080.16	\$18,095.24	\$17,161.16	\$16,275.30	\$15,435.17	\$14,638.41	\$13,882.78	\$13,168.15	\$12,486.51	\$11,841.96	\$11,230.68	\$10,650.96	\$10,101.15
SEVERANCE and AD VALOREM	\$1,558.80	\$2,534.29	\$2,403.47	\$2,279.40	\$2,161.74	\$2,050.15	\$1,944.32	\$1,843.96	\$1,748.77	\$1,658.50	\$1,572.89	\$1,491.70	\$1,414.70	\$1,341.67	\$1,272.41	\$1,206.73	\$1,144.44	\$1,085.36	\$1,029.34	\$976.20	\$925.81
CAPITAL EXPENSE	\$273,765	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$14,583	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
NET INCOME, \$	-\$272,899.67	\$116.35	-\$1,180.16	-\$2,409.74	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$	-\$272,899.67	-\$272,783.32	-\$273,963.48	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22

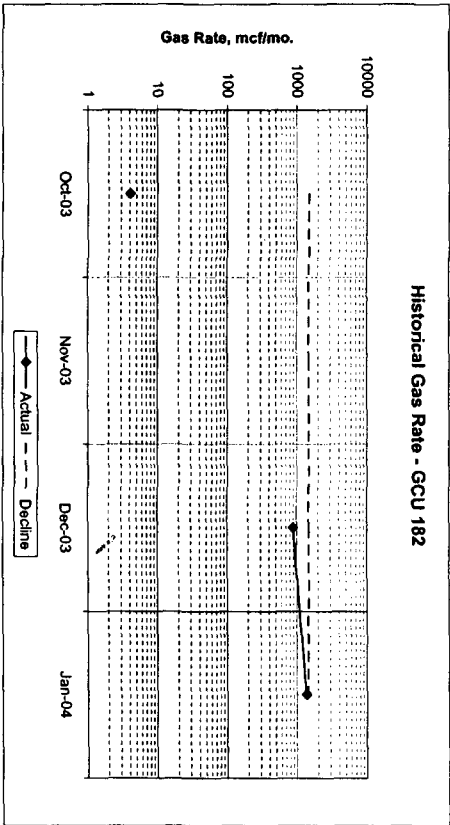
DISCOUNTED NET CASH FLOW @ 10%	(\$250,527)
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2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
2566	2434	2308	2189	2076	1969	1867	1771	1679	1583	1511	1433	1359	1288	1222	1159	1089
2477	2349	2228	2113	2004	1900	1802	1709	1621	1537	1458	1383	1311	1244	1179	1119	1061
24	23	22	21	20	19	18	17	16	15	14	14	13	12	12	11	10
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$10,948.28	\$10,383.11	\$9,847.13	\$9,338.82	\$8,858.75	\$8,399.57	\$7,965.98	\$7,554.78	\$7,164.80	\$6,794.95	\$6,444.20	\$6,111.55	\$5,796.07	\$5,498.88	\$5,213.13	\$4,944.03	\$4,688.82
\$1,368.53	\$1,297.89	\$1,230.89	\$1,167.35	\$1,107.09	\$1,049.95	\$995.75	\$944.35	\$895.60	\$849.37	\$805.52	\$763.94	\$724.51	\$687.11	\$651.64	\$618.00	\$586.10
\$9,579.72	\$9,085.22	\$8,616.24	\$8,171.47	\$7,749.86	\$7,349.82	\$6,970.23	\$6,610.43	\$6,269.20	\$5,945.58	\$5,638.87	\$5,347.81	\$5,071.56	\$4,809.77	\$4,561.49	\$4,326.02	\$4,102.71
\$878.02	\$832.70	\$789.71	\$748.95	\$710.29	\$673.62	\$638.85	\$605.87	\$574.60	\$544.94	\$516.81	\$490.13	\$464.83	\$440.83	\$418.08	\$396.50	\$376.03
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22	-\$276,373.22

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WELL NAME		Gallegos Canyon Unit Well No. 182	
API#	3004507302200		
Sec	19		
Township	28N		
Range	11W		
Start Date	Oct-03		
Completion Date	Oct-03		
1st Sales Date	Oct-03		
Capital Costs, \$		\$273,765	
Operating Costs, \$/yr.		\$25,000	
Severance Tax Rate		7.94%	
Ad Valorem Tax Rate		1.23%	
Plant Shrinkage		5.467%	
NGL Yield, bbls/mmscf		9.49	
Wet Gas BTU		1027	
Working Interest		100.0%	
Royalty Interest		12.5%	
Net of Royalty Interest		87.5%	

PRODUCTION HISTORY			
Gross Gas Rate, mcf/mo	Oct-03	Nov-03	Dec-03
Decline Match, mcf/mo	4	1487	869
Exponential Decline Rate	1500	1487	1475
	10.0%		1463



Insufficient Data to Determine Paying Well

ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$273,765
OPERATING COSTS, \$/YEAR	\$25,000
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS																						
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
GROSS WET GAS, mcf	873	9479	8577	7761	7022	6354	5749	5202	4707	4259	3854	3487	3155	2855	2583	2338	2115	1914	1732	1567	1418	
Gross Residue, mmbtu	843	9149	8278	7491	6778	6133	5549	5021	4543	4111	3720	3366	3045	2756	2493	2256	2041	1847	1671	1512	1368	
Gross NGL, bbls	8	90	81	74	67	60	55	49	45	40	37	33	30	27	25	22	20	18	16	15	13	
Residue Gas Price, \$/mmbtu	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	
Gathering&Processing Fee	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	
NGL Price, \$/bbl	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	
GROSS REVENUE, \$	\$3,724.45	\$40,440.25	\$36,591.85	\$33,109.68	\$29,958.88	\$27,107.91	\$24,528.25	\$22,194.08	\$20,082.04	\$18,170.98	\$16,441.78	\$14,877.14	\$13,461.39	\$12,180.37	\$11,021.25	\$9,972.44	\$9,023.44	\$8,164.75	\$7,387.77	\$6,684.73	\$6,048.59	
ROYALTY, \$	\$465.56	\$5,055.03	\$4,573.98	\$4,138.71	\$3,744.86	\$3,388.49	\$3,066.03	\$2,774.26	\$2,510.25	\$2,271.37	\$2,055.22	\$1,859.64	\$1,682.67	\$1,522.55	\$1,377.66	\$1,246.56	\$1,127.93	\$1,020.59	\$923.47	\$835.59	\$756.07	
NRI REVENUE, \$	\$3,258.89	\$35,385.22	\$32,017.87	\$28,970.97	\$26,214.02	\$23,719.42	\$21,462.22	\$19,419.82	\$17,571.78	\$15,898.60	\$14,386.56	\$13,017.50	\$11,778.72	\$10,657.82	\$9,643.60	\$8,725.89	\$7,895.51	\$7,144.15	\$6,464.30	\$5,848.14	\$5,282.52	
SEVERANCE and AD VALOREM	\$298.69	\$3,243.20	\$2,934.57	\$2,656.31	\$2,402.62	\$2,173.98	\$1,967.10	\$1,779.90	\$1,610.52	\$1,457.26	\$1,316.59	\$1,193.11	\$1,079.57	\$976.83	\$883.87	\$799.76	\$723.66	\$654.79	\$592.48	\$536.10	\$485.08	
CAPITAL EXPENSE	\$273,765	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
OPERATING EXPENSE	\$14,583	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	
NET INCOME, \$	-\$285,388.13	\$7,142.02	\$4,063.31	\$1,315.66	-\$1,188.60	-\$3,454.56	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
CUMULATIVE NET CASH FLOW, \$	-\$285,388.13	-\$278,246.11	-\$274,182.80	-\$272,847.14	-\$274,035.74	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	
DISCOUNTED NET CASH FLOW @ 10%	(\$252,283)																					

2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
1283	1161	1050	950	860	778	704	637	576	522	472	427	386	350	316	286	259
1238	1120	1014	917	830	751	680	615	556	503	456	412	373	337	305	276	250
12	11	10	9	8	7	7	6	5	5	4	4	4	3	3	3	2
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$5,472.99	\$4,952.17	\$4,489.91	\$4,064.49	\$3,698.66	\$3,319.54	\$3,003.64	\$2,717.81	\$2,459.17	\$2,225.15	\$2,013.40	\$1,821.80	\$1,648.43	\$1,491.56	\$1,349.62	\$1,221.19	\$1,104.98
\$684.12	\$619.02	\$560.11	\$506.81	\$458.58	\$414.94	\$375.46	\$339.73	\$307.40	\$278.14	\$251.68	\$227.73	\$206.05	\$188.45	\$168.70	\$152.65	\$138.12
\$4,788.87	\$4,333.15	\$3,920.79	\$3,547.68	\$3,210.07	\$2,894.80	\$2,628.19	\$2,378.08	\$2,151.78	\$1,947.01	\$1,761.73	\$1,594.08	\$1,442.38	\$1,305.12	\$1,180.92	\$1,068.54	\$966.88
\$438.92	\$397.15	\$359.36	\$325.16	\$294.22	\$266.22	\$240.88	\$217.96	\$197.22	\$178.45	\$161.47	\$146.10	\$132.20	\$119.62	\$108.24	\$97.94	\$88.62
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$0	\$0	\$0	\$0
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30	-\$277,490.30

Gallegos Canyon Unit Well No. 192
300457157100
30
28N
12W
Nov-03

Capital Costs, \$	\$273,765
Operating Costs, \$/yr.	\$25,000
Sovereignty Tax Rate	7.94%
Ad Valorem Tax Rate	1.23%

Plant Shrinkage	5.467%
NGL Yield, bbls/mmscf	9.49
Wet Gas BTU	1027
Working Interest	100.0%
Royalty Interest	12.5%
Net of Royalty Interest	87.5%

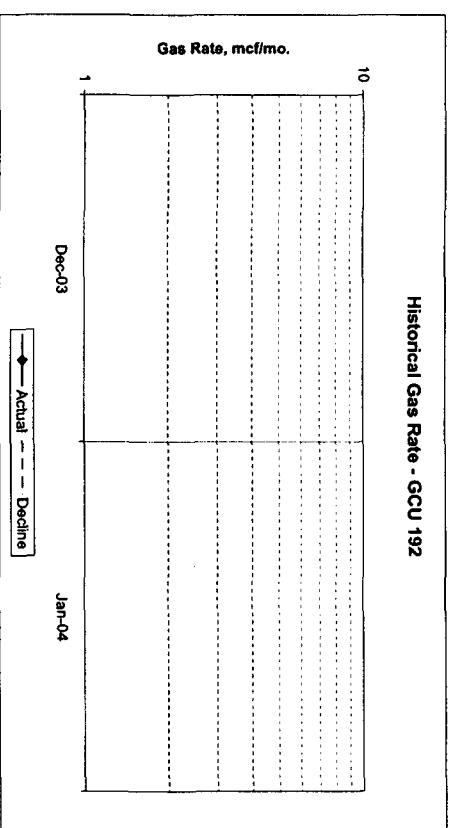
Gross Gas Rate, mcf/mo
Decline Match, mcf/mo
Exponential Decline Rate

Dec-03	Jan-04
0	0
10.0%	

[illegible]

DISCOUNTED NET CASH FLOW @ 10%

(\$248,877)



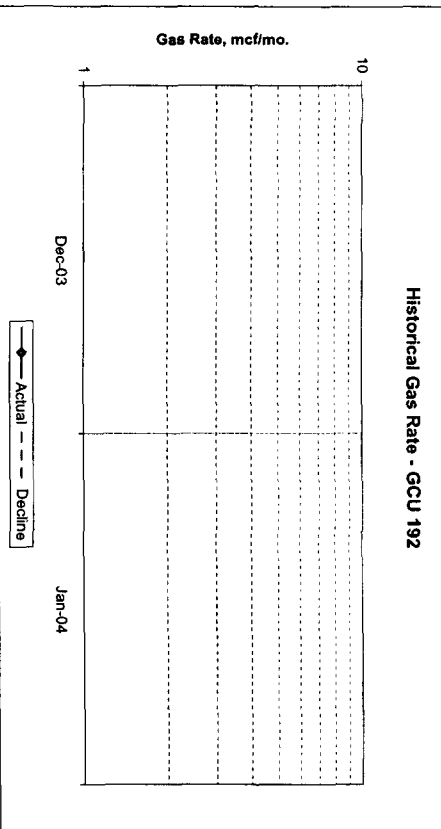
ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$273,765
OPERATING COSTS, \$/YEAR	\$25,000
GAS TRANSPORTATION FEE, \$/MCF	\$0.00
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

WELL NAME		Gallegos Canyon Unit Well No. 192
API#	300451157100	
Sec	30	
Township	28N	
Range	12W	
Start Date		
Completion Date		
1st Sales Date	Nov-03	

Capital Costs, \$	\$273,765
Operating Costs, \$/yr.	\$25,000
Severance Tax Rate	7.94%
Ad Valorem Tax Rate	1.23%
Plant Shrinkage	5.467%
NGL Yield, bbls/mmscf	9.49
Wet Gas BTU	1027
Working Interest	100.0%
Royalty Interest	12.5%
Net of Royalty Interest	87.5%

PRODUCTION HISTORY	
Gross Gas Rate, mcf/mo	Dec-03 0 Jan-04 0
Decline Match, mcf/mo	
Exponential Decline Rate	10.0%



Insufficient Data to Determine Paying Well
Well Not Yet Producing

ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$273,765
OPERATING COSTS, \$/YEAR	\$25,000
GAS TRANSPORTATION FEE, \$/MCF	\$0.00
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

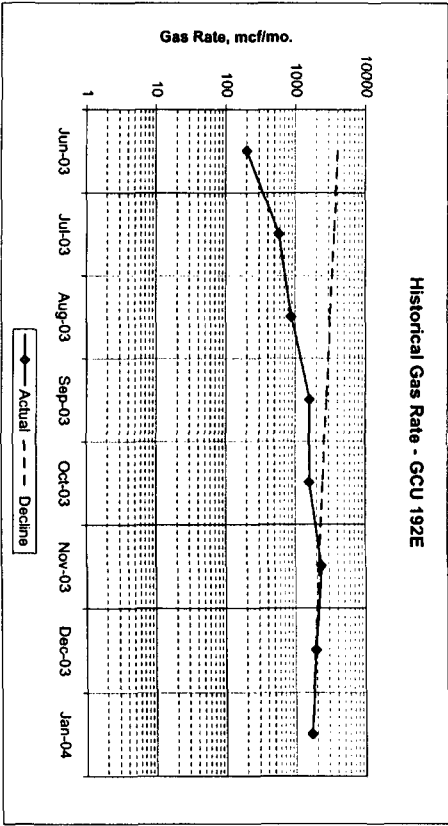
PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS																						
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
GROSS WET GAS, mcf	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Gross Residue, mmmbtu	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Gross NGL, bbls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Residue Gas Price, \$/mmmbtu	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	
Gathering&Processing Fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
NGL Price, \$/bbl	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	
GROSS REVENUE, \$	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
ROYALTY, \$	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
NRI REVENUE, \$	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
SEVERANCE and AD VALOREM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
CAPITAL EXPENSE	\$273,765	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
OPERATING EXPENSE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
NET INCOME, \$	-\$273,765.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
CUMULATIVE NET CASH FLOW, \$	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	-\$273,765.00	
DISCOUNTED NET CASH FLOW @ 10%	<div></div>																					

(\$248,877)

[illegible]

WELL NAME		Gallegos Canyon Unit Well No. 192E
API#	300452517200	
Sec	30	
Township	28N	
Range	12W	
Start Date		
Completion Date	May-03	
1st Sales Date	Jun-03	
Capital Costs, \$		\$273,765
Operating Costs, \$/yr.		\$25,000
Severance Tax Rate		7.94%
Ad Valorem Tax Rate		1.23%
Plant Shrinkage		5.467%
NGL Yield, bbls/mmscf		9.49
Wet Gas BTU		1027
Working Interest		100.0%
Royalty Interest		12.5%
Net of Royalty Interest		87.5%

PRODUCTION HISTORY											
Gross Gas Rate, mcf/mo	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Balancing		
Decline Match, mcf/mo	199	569	870	1573	1567	2315	1931	1657	3588		
Exponential Decline Rate	4048	3578	3150	2773	2452	2158	1908	1680	3588		
	150.0%								0		



ECONOMIC PARAMETERS:		
DRILLING AND COMPLETION COST, \$	\$273,765	
OPERATING COSTS, \$/YEAR	\$25,000	
GAS TRANSPORTATION FEE, \$/MCF	\$0.31	
ROYALTY, %	12.5%	
TAXES (SEVERANCE + AD VALOREM), %	9.17%	
DISCOUNT RATE, %	10.0%	
GAS PRICE, \$/MCF	\$4.55	
NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.		

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

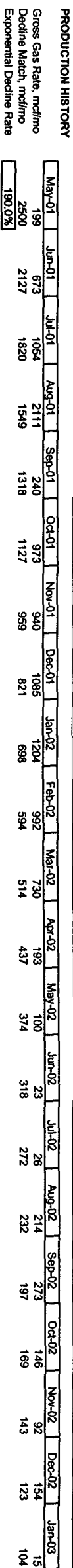
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GROSS WET GAS, mcf	9024	3452	770	172	38	9	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Residue, mmbtu	8710	3332	743	166	37	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross NGL, bbls	86	33	7	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residue Gas Price, \$/mmbtu	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering&Processing Fee	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$38,498.77	\$14,726.12	\$3,265.84	\$733.17	\$163.59	\$36.50	\$8.14	\$1.82	\$0.41	\$0.09	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ROYALTY, \$	\$4,812.35	\$1,840.77	\$410.73	\$91.65	\$20.45	\$4.56	\$1.02	\$0.23	\$0.05	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NRI REVENUE, \$	\$33,686.43	\$12,885.36	\$2,875.11	\$641.52	\$143.14	\$31.94	\$7.13	\$1.59	\$0.35	\$0.08	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SEVERANCE and AD VALOREM	\$3,087.50	\$1,180.99	\$263.52	\$58.80	\$13.12	\$2.93	\$0.65	\$0.15	\$0.03	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CAPITAL EXPENSE	\$273,765	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$14,583	\$25,000	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET INCOME, \$	-\$257,748.40	-\$13,295.64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$	-\$257,748.40	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04	-\$271,045.04
DISCOUNTED NET CASH FLOW @ 10%																					

(\$245,306)

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Page 1 of 2

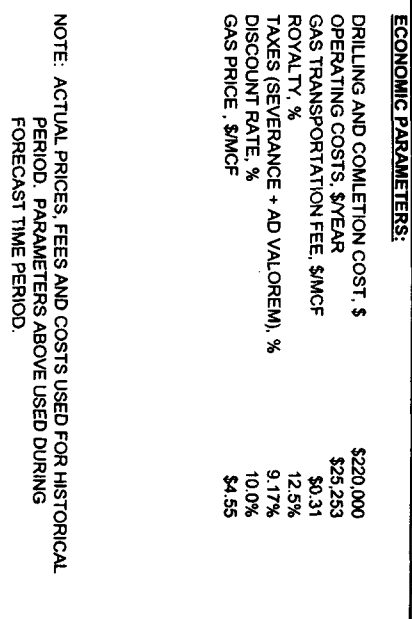
2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
1033	935	846	765	692	627	567	513	464	420	390	344	311	282	255	231	209
997	902	816	739	668	605	547	495	448	405	367	332	300	272	246	222	201
10	9	8	7	7	6	5	5	4	4	4	3	3	3	2	2	2
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$4,407.23	\$3,987.83	\$3,608.34	\$3,264.96	\$2,964.26	\$2,673.12	\$2,416.74	\$2,188.67	\$1,980.30	\$1,791.66	\$1,621.33	\$1,467.04	\$1,327.43	\$1,201.11	\$1,086.81	\$983.39	\$889.80
\$550.90	\$498.48	\$451.04	\$408.12	\$369.28	\$334.14	\$302.34	\$273.57	\$247.54	\$223.98	\$202.67	\$183.38	\$165.93	\$150.14	\$135.85	\$122.92	\$111.23
\$3,856.33	\$3,489.35	\$3,157.29	\$2,866.84	\$2,594.97	\$2,338.98	\$2,116.40	\$1,915.00	\$1,732.76	\$1,567.87	\$1,418.66	\$1,283.66	\$1,161.50	\$1,050.97	\$950.96	\$860.46	\$778.58
\$353.45	\$319.81	\$289.38	\$261.84	\$236.92	\$214.38	\$193.98	\$175.52	\$158.81	\$143.70	\$130.03	\$117.65	\$106.46	\$96.33	\$87.16	\$78.86	\$71.36
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51	-\$290,470.51



PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

Page 1 of 2

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<u>ECONOMIC PARAMETERS:</u>	
DRILLING AND COMPLETION COST, \$	\$220,000
OPERATING COSTS, \$/YEAR	\$25,253
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

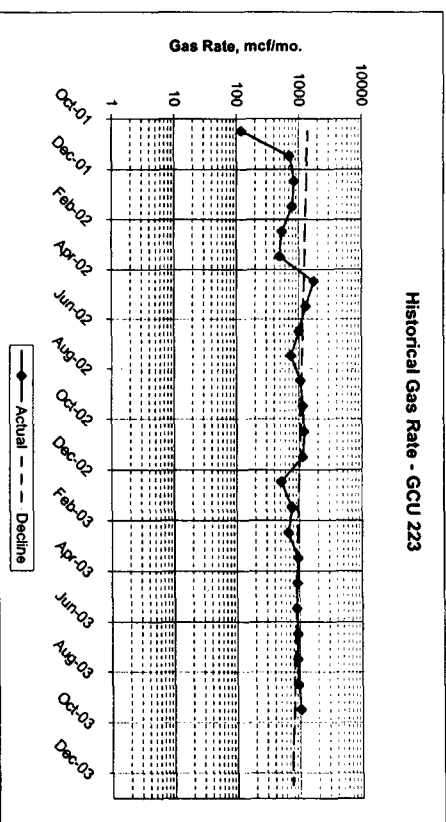
<u>ECONOMIC PARAMETERS:</u>	
DRILLING AND COMPLETION COST, \$	\$220,000
OPERATING COSTS, \$/YEAR	\$25,253
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03
369	426	358	329	107	45	297	125	267	253	239	226	215	203	127	268	178	191	43	58	9	56	56
413	391	370	350	331	314	297	281	267	253	239	226	215	203	192	182	172	163	154	146	139	131	124

2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$0.09	\$0.05	\$0.02	\$0.01	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.01	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.08	\$0.04	\$0.02	\$0.01	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11	-\$305,253.11

	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
	118	111	105	100	94	89	85

Gallegos Canyon Unit Well No. 223	
300457161900	
9	
28N	
12W	
Oct-01	
Oct-01	
	\$220,000
	\$8,269
	7.94%
	1.23%
	5.467%
	9.49
	1027
	100.0%
	12.5%
	87.5%



<u>ECONOMIC PARAMETERS:</u>	
DRILLING AND COMPLETION COST, \$	\$220,000
OPERATING COSTS, \$/YEAR	\$8,289
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03
Gross Gas Rate, mcf/mo	119	703	825	774	540	483	1710	1275	999	727	1047	1146	1192	1140	512	756	658	948	919	884	928
Decline Match, mcf/mo	1362		1330	1297	1266	1238	1208	1180	1151	1124	1097	1070	1045	1020	996	972	948	927	905	884	862
Exponential Decline Rate	28.9%																				

[illegible]

DISCOUNTED NET CASH FLOW @ 10%

(\$135,604)

Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
921	940	1013			7964
842	822	802	783	764	746
					7964
					0

[illegible]

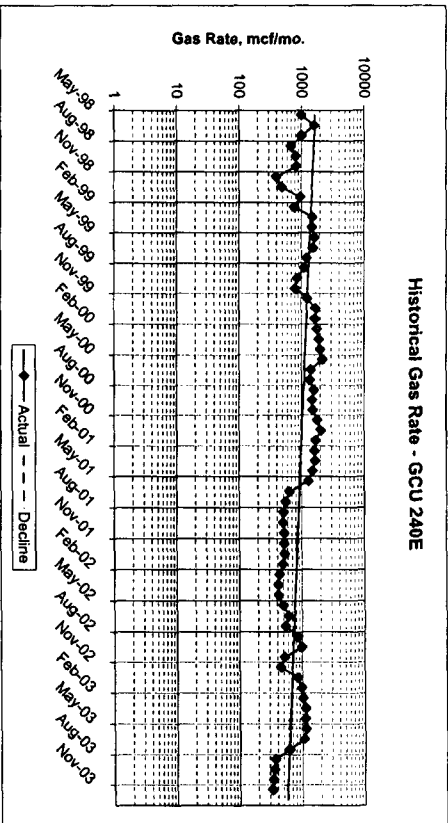
WELL NAME		Gallegos Canyon Unit Well No. 240E
API#	300452634100	
Sec	24	
Township	28N	
Range	13W	
Start Date		
Completion Date	Mar-98	
1st Sales Date	May-98	

Capital Costs, \$	\$220,000
Operating Costs, \$/yr.	\$20,672
Severance Tax Rate	7.94%
Ad Valorem Tax Rate	1.23%

Plant Shrinkage	5.467%
NGL Yield, bbls/mmscf	9.49
Wet Gas BTU	1027
Working Interest	100.0%
Royalty Interest	12.5%
Net of Royalty Interest	87.5%

PRODUCTION HISTORY	
Gross Gas Rate, mcf/mo	May-98 999
Decline Match, mcf/mo	1655
Experimental Decline Rate	19.1%

	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00
Gross Gas Rate, mcf/mo	999	1606	989	669	802	820	391	477	941	758	1489	1474	1618	1533	1196	1096	852	796	1233	1688	1611
Decline Match, mcf/mo	1655	1628	1603	1577	1552	1528	1503	1480	1456	1432	1412	1389	1367	1345	1324	1303	1282	1262	1242	1222	1203
Experimental Decline Rate	19.1%																				



ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$220,000
OPERATING COSTS, \$/YEAR	\$20,672
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GROSS WET GAS, mcf	6753	14674	20448	11372	7016	8983	7421	6131	5065	4184	3457	2856	2359	1949	1610	1330	1099	908	750	620	512
Gross Residue, mmbtu	6518	14163	19736	10976	6772	8670	7163	5917	4889	4039	3336	2756	2277	1881	1554	1284	1061	876	724	598	494
Gross NGL, bbls	64	139	194	108	67	85	70	58	48	40	33	27	22	18	15	13	10	9	7	6	5
Residue Gas Price, \$/mmbtu	\$1.98	\$2.19	\$3.89	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering&Processing Fee	\$0.13	\$0.15	\$0.26	\$0.30	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$7.34	\$10.56	\$18.21	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$12,528.53	\$30,386.12	\$75,135.77	\$45,902.31	\$18,148.98	\$38,324.20	\$31,660.87	\$26,156.08	\$21,808.39	\$17,851.39	\$14,747.62	\$12,183.49	\$10,065.18	\$8,315.17	\$6,869.43	\$5,675.06	\$4,688.35	\$3,873.20	\$3,199.78	\$2,643.44	\$2,183.83
ROYALTY, \$	\$1,566.07	\$3,798.27	\$9,391.97	\$5,737.79	\$2,268.62	\$4,790.53	\$3,957.61	\$3,269.51	\$2,701.05	\$2,231.42	\$1,843.45	\$1,522.94	\$1,258.15	\$1,039.40	\$858.68	\$709.38	\$586.04	\$484.15	\$399.97	\$330.43	\$272.98
NRI REVENUE, \$	\$10,962.47	\$26,587.86	\$65,743.80	\$40,164.52	\$15,880.36	\$33,533.68	\$27,703.26	\$22,886.57	\$18,907.34	\$15,619.97	\$12,904.17	\$10,660.55	\$8,807.03	\$7,275.77	\$6,010.75	\$4,965.68	\$4,102.31	\$3,388.05	\$2,798.81	\$2,313.01	\$1,910.85
SEVERANCE and AD VALOREM	\$1,004.75	\$2,436.88	\$6,025.68	\$3,681.24	\$1,455.50	\$3,073.50	\$2,539.11	\$2,097.65	\$1,732.93	\$1,431.63	\$1,182.72	\$977.08	\$807.20	\$666.85	\$550.91	\$455.12	\$375.99	\$310.62	\$256.61	\$212.00	\$175.14
CAPITAL EXPENSE	\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$13,716	\$20,574	\$11,355	\$10,639	\$20,672	\$11,575	\$20,672	\$20,672	\$20,672	\$20,672	\$20,672	\$20,672	\$20,672	\$20,672	\$20,672	\$20,672	\$20,672	\$20,672	\$20,672	\$20,672	\$20,672
NET INCOME, \$	-\$223,796.49	\$3,576.67	\$48,362.79	\$26,844.63	-\$6,246.98	\$18,885.55	\$4,492.15	\$116.92	-\$3,497.59	-\$6,483.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$	-\$223,796.49	-\$220,181.81	-\$171,819.02	-\$145,974.40	-\$152,221.38	-\$133,335.83	-\$128,843.68	-\$128,726.76	-\$132,224.35	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01

DISCOUNTED NET CASH FLOW @ 10%	(\$141,315)
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Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01
1740	1875	1971	2155	1411	1334	1563	1466	1505	1793	2024	1650	1601	1636	1483	1281	624	544	499	498	521	518	517
1183	1166	1147	1129	1111	1093	1076	1059	1042	1025	1009	993	977	963	947	933	918	903	889	874	861	847	834

2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
423	349	289	238	197	163	134	111	92	76	63	52	43	35	29	24	20	16	14	11	9	8
408	337	279	230	190	157	130	107	89	73	60	50	41	34	28	23	19	16	13	11	9	7
4	3	3	2	2	2	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$1,804.14	\$1,490.46	\$1,231.31	\$1,017.23	\$840.37	\$694.25	\$573.55	\$473.82	\$391.44	\$323.38	\$267.16	\$220.71	\$182.33	\$150.63	\$124.44	\$102.81	\$84.93	\$70.16	\$57.96	\$47.89	\$39.56	\$32.08
\$225.52	\$186.31	\$153.91	\$127.15	\$105.05	\$86.78	\$71.69	\$59.23	\$48.93	\$40.42	\$33.39	\$27.59	\$22.79	\$18.83	\$15.56	\$12.85	\$10.62	\$8.77	\$7.25	\$5.99	\$4.95	\$4.09
\$1,578.62	\$1,304.15	\$1,077.40	\$890.07	\$735.32	\$607.47	\$501.85	\$414.60	\$342.51	\$282.96	\$233.76	\$193.12	\$159.54	\$131.80	\$108.89	\$89.95	\$74.31	\$61.39	\$50.72	\$41.90	\$34.62	\$28.60
\$144.69	\$119.53	\$98.75	\$81.58	\$67.39	\$55.68	\$46.00	\$38.00	\$31.39	\$25.93	\$21.43	\$17.70	\$14.62	\$12.08	\$9.98	\$8.24	\$6.81	\$5.63	\$4.65	\$3.84	\$3.17	\$2.62
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$20.672	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01	-\$138,708.01

Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
490	430	415	419	499	599	538	846	980	518	451	831	967	1011	1130	1112	1139	1048	614	367	353	342	331	569
820	807	795	783	770	758	746	734	722	711	700	689	678	667	657	647	637	626	617	607	597	588	578	569

68677
68677
0

WELL NAME		Gallegos Canyon Unit Well No. 291
API#	300452382200	
Sec	23	
Township	28N	
Range	12W	
Start Date		
Completion Date		
1st Sales Date		
Capital Costs, \$		\$220,000
Operating Costs, \$/yr.		\$25,000
Severance Tax Rate		7.94%
Ad Valorem Tax Rate		1.23%
Plant Shrinkage		5.467%
NGL Yield, bbls/mmscf		9.49
Wet Gas BTU		1027
Working Interest		100.0%
Royalty Interest		12.5%
Net of Royalty Interest		87.5%

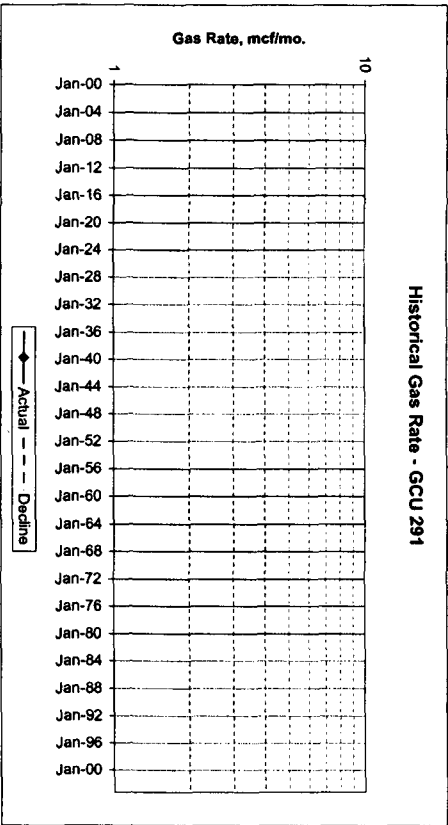
PRODUCTION HISTORY

Gross Gas Rate, mcf/mo

Decline Match, mcf/mo

Exponential Decline Rate

Jan-00	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01
10.0%																				



ECONOMIC PARAMETERS:		
DRILLING AND COMPLETION COST, \$	\$220,000	
OPERATING COSTS, \$/YEAR	\$25,000	
GAS TRANSPORTATION FEE, \$/MCF	\$0.00	
ROYALTY, %	12.5%	
TAXES (SEVERANCE + AD VALOREM), %	9.17%	
DISCOUNT RATE, %	10.0%	
GAS PRICE, \$/MCF	\$4.55	

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GROSS WET GAS, mcf	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Residue, mmmbbl	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross NGL, bbls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residue Gas Price, \$/mmbbl	\$2.19	\$3.89	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering&Processing Fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NGL Price, \$/bbl	\$10.56	\$18.21	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ROYALTY, \$	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NRI REVENUE, \$	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SEVERANCE and AD VALOREM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CAPITAL EXPENSE	\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$10,417	\$0	\$25,000	\$14,583	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET INCOME, \$	-\$230,416.67	\$0.00	-\$25,000.00	-\$14,583.33	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$	-\$230,416.67	-\$230,416.67	-\$255,416.67	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00	-\$270,000.00
DISCOUNTED NET CASH FLOW @ 10%	(\$238,213)																				

Page 2 of 3

Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
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WELL NAME

Gallegos Canyon Unit Well No. 311

API#	300452465400
Sec	14
Township	28N
Range	12W
Start Date	Jan-96
Completion Date	Jan-96
1st Sales Date	Nov-96

Capital Costs, \$
Operating Costs, \$/yr.
Severance Tax Rate
Ad Valorem Tax Rate

Plant Shrinkage
NGL Yield, bbls/mmscf
Wet Gas BTU
Working Interest
Royalty Interest
Net of Royalty Interest

Capital Costs, \$	\$220,000
Operating Costs, \$/yr.	\$17,978
Severance Tax Rate	7.94%
Ad Valorem Tax Rate	1.23%
Plant Shrinkage	5.467%
NGL Yield, bbls/mmscf	9.49
Wet Gas BTU	1027
Working Interest	100.0%
Royalty Interest	12.5%
Net of Royalty Interest	87.5%

PRODUCTION HISTORY

Gross Gas Rate, mcf/mo
Decline Match, mcf/mo
Exponential Decline Rate

	Nov-96	Dec-96	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98
Gross Gas Rate, mcf/mo	933	363	3495	3284	3801	3387	3380	3152	3534	3876	2495	527	521	613	1004	351	1173	1342	8	464	784
Decline Match, mcf/mo	600	593	586	579	573	566	559	553	546	540	534	527	521	515	509	503	497	492	486	480	475
Exponential Decline Rate	14.1%																				

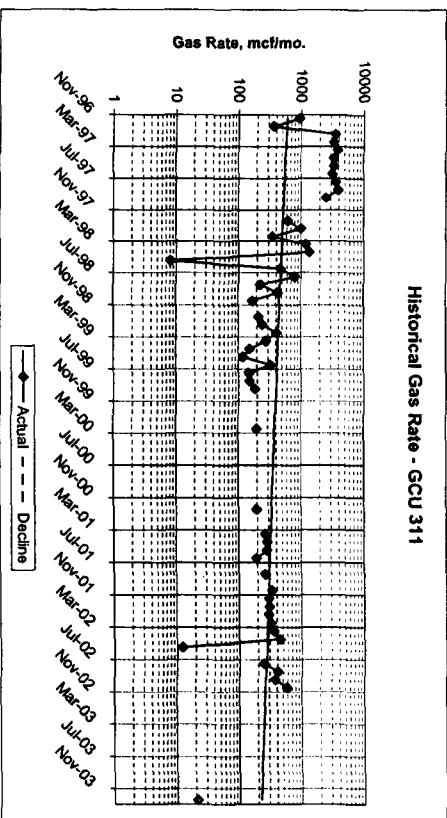
PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GROSS WET GAS, mcf	1296	27532	6160	1993	389	2218	3042	21	391	339	295	256	222	193	168	146	127	110	95	83	72
Gross Residue, mmbtu	1251	26573	5946	1924	375	2141	2936	20	377	328	285	247	215	186	162	141	122	106	92	80	69
Gross NGL, bbls	12	261	58	19	4	21	29	0	4	3	3	2	2	2	2	1	1	1	1	1	1
Residue Gas Price, \$/mmbtu	\$1.96	\$2.33	\$1.98	\$2.19	\$3.89	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering&Processing Fee	\$0.13	\$0.16	\$0.13	\$0.15	\$0.26	\$0.30	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$14.69	\$11.72	\$7.34	\$10.56	\$18.21	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$2,469.16	\$60,900.55	\$11,428.37	\$4,127.00	\$1,428.37	\$8,952.81	\$7,869.04	\$89.59	\$1,867.34	\$1,448.07	\$1,257.63	\$1,092.24	\$948.60	\$823.85	\$715.50	\$621.41	\$539.69	\$468.71	\$407.07	\$353.54	\$307.04
ROYALTY, \$	\$308.64	\$7,612.57	\$1,428.55	\$515.87	\$178.67	\$1,119.10	\$983.53	\$11.20	\$208.42	\$181.01	\$157.20	\$136.53	\$118.57	\$102.98	\$89.44	\$77.68	\$67.46	\$58.59	\$50.88	\$44.19	\$38.38
NRI REVENUE, \$	\$2,160.51	\$53,287.98	\$9,999.82	\$3,611.12	\$1,250.70	\$7,833.71	\$6,885.41	\$78.39	\$1,458.82	\$1,267.06	\$1,100.43	\$955.71	\$830.02	\$720.87	\$628.07	\$543.73	\$472.22	\$410.12	\$356.19	\$298.34	\$268.66
SEVERANCE and AD VALOREM	\$198.02	\$4,884.06	\$916.52	\$330.97	\$114.63	\$717.99	\$631.08	\$7.18	\$133.72	\$116.13	\$100.86	\$87.59	\$76.08	\$66.07	\$57.38	\$49.84	\$43.28	\$37.59	\$32.65	\$28.35	\$24.62
CAPITAL EXPENSE	\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$17,978	\$17,978	\$17,978	\$12,073	\$19,814	\$30,405	\$9,621	\$1,620	\$17,978	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET INCOME, \$	-\$236,015.51	\$30,425.93	-\$8,994.70	-\$8,783.13	-\$16,677.75	-\$23,289.78	-\$3,366.88	-\$1,549.37	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$	-\$236,015.51	-\$205,589.58	-\$214,484.28	-\$223,277.41	-\$241,955.16	-\$265,244.93	-\$288,611.81	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18

DISCOUNTED NET CASH FLOW @ 10%

(\$229,297)

Historical Gas Rate - GCU 311



ECONOMIC PARAMETERS:

DRILLING AND COMPLETION COST, \$ \$220,000
OPERATING COSTS, \$/YEAR \$17,978
GAS TRANSPORTATION FEE, \$/MCF \$0.31
ROYALTY, % 12.5%
TAXES (SEVERANCE + AD VALOREM), % 9.17%
DISCOUNT RATE, % 10.0%
GAS PRICE, \$/MCF \$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00
224	433	169	453	208	241	405	274	151	118	329	145	149	181	398	393	389	384	197	375	371	366	362
469	463	458		447	442	437	432	427	422	417	412	407	402									

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
63	54	47	41	36	31	27	23	20	18	15	13	12	10	9	8	7	6	5	4	4	4	3
60	52	46	40	34	30	26	22	20	17	15	13	11	10	8	7	6	5	5	4	4	3	3
1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$286.66	\$231.59	\$201.14	\$174.69	\$151.71	\$131.76	\$114.43	\$99.38	\$86.31	\$74.96	\$65.10	\$56.54	\$49.11	\$42.65	\$37.04	\$32.17	\$27.94	\$24.26	\$21.07	\$18.30	\$15.89	\$13.80	\$11.99
\$33.33	\$28.95	\$25.14	\$21.84	\$18.96	\$16.47	\$14.30	\$12.42	\$10.79	\$9.37	\$8.14	\$7.07	\$6.14	\$5.33	\$4.63	\$4.02	\$3.49	\$3.03	\$2.63	\$2.29	\$1.99	\$1.73	\$1.50
\$233.33	\$202.64	\$175.99	\$152.85	\$132.75	\$115.29	\$100.13	\$86.96	\$75.52	\$65.59	\$56.97	\$49.47	\$42.97	\$37.32	\$32.41	\$28.15	\$24.45	\$21.23	\$18.44	\$16.01	\$13.91	\$12.08	\$10.49
\$21.39	\$18.57	\$16.13	\$14.01	\$12.17	\$10.57	\$9.18	\$7.97	\$6.92	\$6.01	\$5.22	\$4.53	\$3.94	\$3.42	\$2.97	\$2.58	\$2.24	\$1.95	\$1.69	\$1.47	\$1.27	\$1.11	\$0.96
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18	-\$270,160.18

Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02
					192	333	329	265	284	281	190	311	262	303	334	297	305	297	325	363	449	12	273	244	402	372
358	354	349	345	341	337			326	322	318	314		307		300		293	289	286	283	280	276		270	267	264

2040

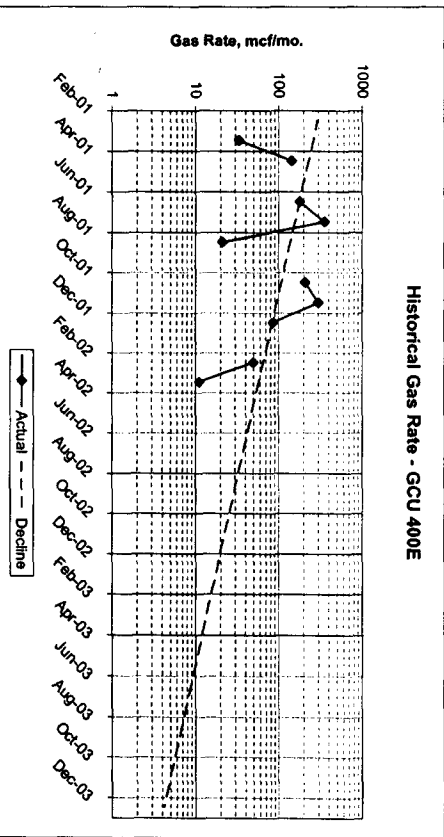
2
2
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\$4.55
\$0.31
\$17.87
\$10.41
\$1.30
\$9.11
\$0.84
\$0
\$0.00
-\$270,160.18

Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
578														21
260	257	254	251	248	246	243	240	237	234	232	229	226	224	221

WELL NAME		Galliegos Canyon Unit Well No. 400E
API#	300452628700	
Sec	25	
Township	28N	
Range	12W	
Start Date	Jan-01	
Completion Date	Jan-01	
1st Sales Date	Mar-01	
Capital Costs, \$	\$220,000	
Operating Costs, \$/yr.	\$18,775	
Severance Tax Rate	7.94%	
Ad Valorem Tax Rate	1.23%	
Plant Shrinkage	5.467%	
NGL Yield, bbls/mmscf	9.49	
Wet Gas BTU	1027	
Working Interest	100.0%	
Royalty Interest	12.5%	
Net of Royalty Interest	87.5%	

PRODUCTION HISTORY
Gross Gas Rate, mcf/mo
Decline Match, mcf/mo
Exponential Decline Rate

Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02
33	142	228	202	177	352	157	21	122	205	85	74	49	11	51	45	40	35	31	27	24
291	259																			
150.0%																				



ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$220,000
OPERATING COSTS, \$/YEAR	\$18,775
GAS TRANSPORTATION FEE, \$/MCF	\$0.00
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

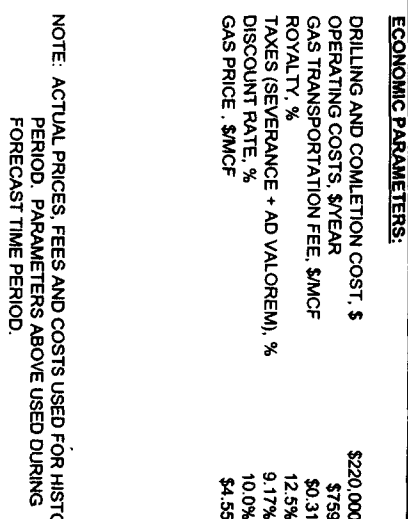
NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GROSS WET GAS, mcf	1310	60	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Residue, mmthbu	1264	58	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross NGL, bbls	12	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residue Gas Price, \$/mmthbu	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering/Processing Fee	\$0.30	\$0.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NGL Price, \$/bbl	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$5,287.73	\$155.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ROYALTY, \$	\$660.97	\$19.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NRI REVENUE, \$	\$4,626.76	\$135.81	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SEVERANCE AND AD VALOREM	\$424.06	\$12.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CAPITAL EXPENSE	\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$18,775	\$16,296	\$3,862	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET INCOME, \$	-\$234,572.30	-\$16,172.53	-\$3,862.06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$	-\$234,572.30	-\$250,744.83	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89	-\$254,606.89
DISCOUNTED NET CASH FLOW @ 10%	(\$229,515)																				

	Balancing	
Dec-03		4
Nov-03		5
Oct-03		5
Sep-03		6
Aug-03		7
Jul-03		8
Jun-03		9
May-03		10
Apr-03		11
Mar-03		13
Feb-03		14
Jan-03		16
Dec-02		19
Nov-02		21
	1370	
	1370	
	0	

[illegible]



PRODUCTION HISTORY																						
	Apr-95	May-95	Jun-95	Jul-95	Aug-95	Sep-95	Oct-95	Nov-95	Dec-95	Jan-96	Feb-96	Mar-96	Apr-96	May-96	Jun-96	Jul-96	Aug-96	Sep-96	Oct-96	Nov-96	Dec-96	
Gross Gas Rate, mcf/mo	1138	1205																				
Decline Match, mcf/mo	1200	1180	1161	1142	1122	1103	1086	1067	1050	1032	1015	999	982	966	950	934	918	903	888	873	859	
Exponential Decline Rate	20.0%																					

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Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98
845	830	818	804	791	778	765	752	739	727	715	703	691	680	669	658	647	637	626	616	605	595	585

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
207	170	139	114	93	76	62	51	42	34	28	23	19	15	13	10	8	7	6	5	4	3	3
200	164	134	110	90	74	60	49	40	33	27	22	18	15	12	10	8	7	5	4	4	3	3
2	2	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$883.82	\$723.69	\$592.51	\$485.10	\$397.17	\$325.17	\$266.23	\$217.97	\$178.46	\$146.11	\$118.63	\$97.94	\$80.19	\$65.65	\$53.75	\$44.01	\$36.03	\$29.50	\$24.15	\$19.77	\$16.19	\$13.25	\$10.65
\$110.49	\$90.46	\$74.06	\$60.64	\$49.65	\$40.65	\$33.28	\$27.25	\$22.31	\$18.26	\$14.95	\$12.24	\$10.02	\$8.21	\$6.72	\$5.50	\$4.50	\$3.69	\$3.02	\$2.47	\$2.02	\$1.66	\$1.36
\$773.43	\$633.23	\$518.44	\$424.47	\$347.52	\$284.53	\$232.95	\$190.72	\$156.15	\$127.85	\$104.67	\$85.70	\$70.16	\$57.45	\$47.03	\$38.51	\$31.53	\$25.81	\$21.13	\$17.30	\$14.17	\$11.60	\$9.50
\$70.69	\$58.04	\$47.52	\$38.90	\$31.85	\$26.08	\$21.35	\$17.48	\$14.31	\$11.72	\$9.59	\$7.85	\$6.43	\$5.27	\$4.31	\$3.53	\$2.89	\$2.37	\$1.94	\$1.59	\$1.30	\$1.06	\$0.87
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87	-\$298,928.87

Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01
578	566	557	548	539	530	521	513	504	496	487	479	471	464	456	449	441	434	426	420	412	406	399	392	386	379	373

2039	2040
2	2
0	0
\$4.55	\$4.55
\$0.31	\$0.31
\$17.87	\$17.87
\$8.98	\$7.27
\$1.11	\$0.91
\$7.77	\$8.37
\$0.71	\$0.58
\$0	\$0
\$0	\$0
\$0.00	\$0.00
-\$298,928.87	-\$298,928.87

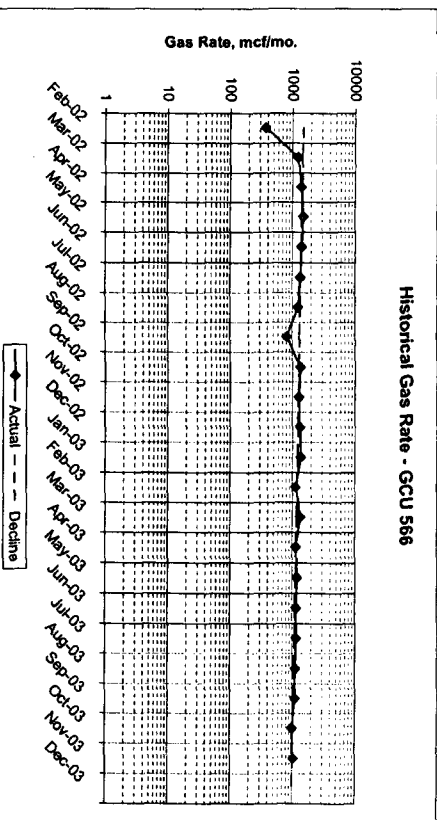
GCU411

Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03
367	361	355	349	343	338	332	327	321	316	311	305	301	296	291	286	281	276	272	267	263	259	254	250	246	242	238

JUN-03	JUL-03	AUG-03	SEP-03	OCT-03	NOV-03	DEC-03
234	230	226	223	219	215	212

WELL NAME		Gallegos Canyon Unit Well No. 566
API#	300453031900	
Sec	28	
Township	29N	
Range	12W	
Start Date	Sep-01	
Completion Date	Nov-01	
1st Sales Date	Feb-02	
Capital Costs, \$		\$311,915
Operating Costs, \$/yr.		\$27,447
Severance Tax Rate		7.94%
Ad Valorem Tax Rate		1.23%
Plant Shrinkage		5.467%
NGL Yield, bbls/mmscf		9.49
Wet Gas BTU		1027
Working Interest		100.0%
Royalty Interest		12.5%
Net of Royalty Interest		87.5%

PRODUCTION HISTORY	
Gross Gas Rate, mcf/mo	364
Decline Match, mcf/mo	1489
Exponential Decline Rate	22.2%



ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$311,915
OPERATING COSTS, \$/YEAR	\$27,447
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GROSS WET GAS, mcf	13111	13631	10917	8744	7003	5609	4492	3598	2882	2308	1848	1480	1186	950	761	609	488	391	313	251	201
Gross Residue, mmbtu	12655	13156	10537	8439	6759	5413	4336	3473	2781	2228	1784	1429	1144	917	734	588	471	377	302	242	194
Gross NGL, bbls	124	129	104	83	66	53	43	34	27	22	18	14	11	9	7	6	5	4	3	2	2
Residue Gas Price, \$/mmbtu	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering&Processing Fee	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$33,915.52	\$58,152.25	\$46,575.03	\$37,302.65	\$29,876.27	\$23,928.36	\$19,164.59	\$15,346.22	\$12,283.42	\$9,845.99	\$7,885.81	\$6,315.86	\$5,058.47	\$4,051.41	\$3,244.83	\$2,598.84	\$2,081.45	\$1,667.06	\$1,335.18	\$1,060.36	\$864.47
ROYALTY, \$	\$4,239.44	\$7,269.03	\$5,821.88	\$4,662.83	\$3,734.53	\$2,991.05	\$2,395.57	\$1,918.65	\$1,536.68	\$1,230.75	\$985.73	\$789.48	\$632.31	\$506.43	\$405.60	\$324.85	\$260.18	\$208.38	\$166.90	\$133.67	\$107.06
NRI REVENUE, \$	\$29,676.08	\$50,883.22	\$40,753.15	\$32,639.82	\$26,141.74	\$20,937.32	\$16,769.02	\$13,426.57	\$10,756.75	\$8,615.24	\$6,900.08	\$5,526.38	\$4,426.16	\$3,544.98	\$2,839.23	\$2,273.98	\$1,821.27	\$1,458.68	\$1,168.28	\$935.69	\$749.41
SEVERANCE and AD VALOREM	\$2,719.93	\$4,663.65	\$3,735.19	\$2,991.57	\$2,395.99	\$1,918.99	\$1,536.95	\$1,230.97	\$985.90	\$789.82	\$632.42	\$506.51	\$405.68	\$324.91	\$260.23	\$208.42	\$166.93	\$133.69	\$107.08	\$85.76	\$68.69
CAPITAL EXPENSE	\$311,915	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$27,447	\$2,557	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447	\$27,447
NET INCOME, \$	-\$312,406.25	\$43,862.77	\$9,570.96	\$2,201.25	-\$3,701.26	-\$8,428.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$	-\$312,406.25	-\$268,743.47	-\$259,172.51	-\$256,971.26	-\$260,872.52	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19

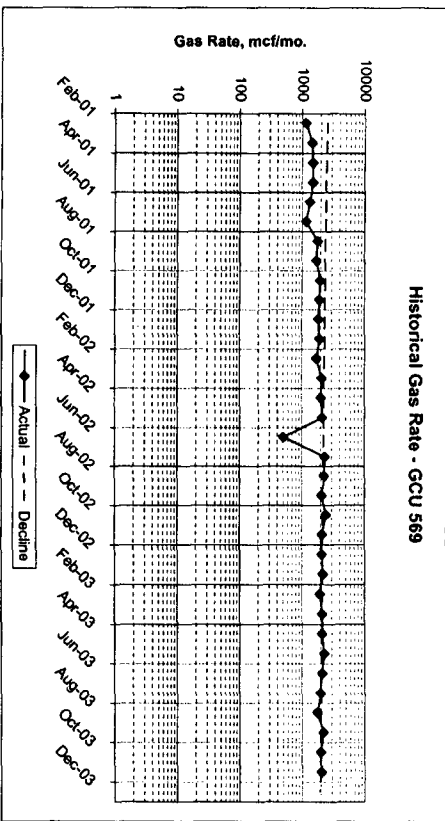
DISCOUNTED NET CASH FLOW @ 10%	
	(\$246,282)

Nov-03	Dec-03	Balancing
1021		22792
1010	992	22792
		0

2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
161	129	103	83	66	53	42	34	27	22	17	14	11	9	7	6	5	4
155	124	100	80	64	51	41	33	26	21	17	13	11	9	7	6	4	4
2	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$695.96	\$549.40	\$440.02	\$352.42	\$282.26	\$228.06	\$181.06	\$145.01	\$116.14	\$93.02	\$74.50	\$59.67	\$47.79	\$38.28	\$30.86	\$24.55	\$19.66	\$15.75
\$85.75	\$68.67	\$55.00	\$44.05	\$35.28	\$28.26	\$22.63	\$18.13	\$14.52	\$11.63	\$9.31	\$7.46	\$5.97	\$4.78	\$3.83	\$3.07	\$2.46	\$1.97
\$600.22	\$480.72	\$385.02	\$308.37	\$246.98	\$197.81	\$158.43	\$128.89	\$101.82	\$81.39	\$65.19	\$52.21	\$41.82	\$33.49	\$26.82	\$21.48	\$17.21	\$13.78
\$55.01	\$44.06	\$35.29	\$28.26	\$22.64	\$18.13	\$14.52	\$11.63	\$9.31	\$7.46	\$5.97	\$4.79	\$3.83	\$3.07	\$2.46	\$1.97	\$1.58	\$1.26
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19	-\$269,101.19

WELL NAME		Gallegos Canyon Unit Well No. 569
API#	300453033000	
Sec	33	
Township	29N	
Range	12W	
Start Date	Sep-00	
Completion Date	Nov-00	
1st Sales Date	Feb-01	
Capital Costs, \$		\$229,093
Operating Costs, \$/yr.		\$39,436
Severance Tax Rate		7.94%
Ad Valorem Tax Rate		1.23%
Plant Shrinkage		5.467%
NGL Yield, bbls/mmscf		9.49
Wet Gas BTU		1027
Working Interest		100.0%
Royalty Interest		12.5%
Net of Royalty Interest		87.5%

PRODUCTION HISTORY																					
Gross Gas Rate, mcf/mo	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02
Decline Match, mcf/mo	1119	1423	1467	1488	1310	1152	1764	1695	1926	1872	1835	1889	1690	2054	2012	2078	498	2313	2255	2049	2399
Exponential Decline Rate	2511	2494	2476	2458	2439	2422	2404	2386	2369	2351	2334	2317	2299	2284	2267	2251	2234	2218	2201	2185	2169
	8.8%																				



ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$229,093
OPERATING COSTS, \$/YEAR	\$39,436
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS																					
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GROSS WET GAS, mcf	17051	23359	24390	22336	20454	18731	17153	15708	14385	13173	12064	11047	10117	9265	8484	7769	7115	6516	5967	5464	5004
Gross Residue, mmbtu	16457	22546	23541	21558	19742	18079	16556	15161	13884	12715	11644	10663	9764	8942	8189	7499	6867	6289	5759	5274	4830
Gross NGL, bbls	162	222	231	212	194	178	163	149	137	125	114	105	96	88	81	74	68	62	57	52	47
Residue Gas Price, \$/mmbtu	\$4.36	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering&Processing Fee	\$0.30	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$11.85	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$68,825.22	\$60,425.04	\$104,055.88	\$95,280.40	\$97,263.22	\$79,912.24	\$73,180.51	\$67,015.84	\$61,370.49	\$56,200.69	\$51,466.39	\$47,130.91	\$43,160.64	\$39,524.83	\$36,195.29	\$33,146.23	\$30,354.02	\$27,797.03	\$25,455.43	\$23,311.09	\$21,347.36
ROYALTY, \$	\$8,603.15	\$7,553.13	\$13,007.00	\$11,911.30	\$10,907.90	\$9,989.03	\$9,147.56	\$8,376.98	\$7,671.31	\$7,025.09	\$6,433.30	\$5,891.36	\$5,395.08	\$4,940.60	\$4,524.41	\$4,143.28	\$3,794.25	\$3,474.63	\$3,181.93	\$2,913.89	\$2,668.42
NRI REVENUE, \$	\$60,222.06	\$52,871.91	\$91,048.99	\$83,379.10	\$76,355.32	\$69,923.21	\$64,032.94	\$58,638.86	\$53,699.18	\$49,175.61	\$45,033.10	\$41,239.55	\$37,765.56	\$34,584.23	\$31,670.88	\$29,002.95	\$26,559.77	\$24,322.40	\$22,273.50	\$20,397.20	\$18,678.96
SEVERANCE and AD VALOREM																					
CAPITAL EXPENSE	\$5,519.59	\$4,845.92	\$8,345.00	\$7,642.03	\$6,998.27	\$6,408.74	\$5,868.88	\$5,374.49	\$4,921.74	\$4,507.14	\$4,127.46	\$3,779.77	\$3,461.36	\$3,169.78	\$2,902.76	\$2,658.24	\$2,434.31	\$2,229.25	\$2,041.46	\$1,869.49	\$1,712.00
OPERATING EXPENSE	\$229,093	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$39,436	\$39,436	\$48,323	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436
NET INCOME, \$	\$-213,828.53	\$8,589.60	\$34,380.53	\$36,301.07	\$29,921.05	\$24,078.47	\$18,728.07	\$13,828.38	\$9,341.43	\$5,232.46	\$1,469.63	\$-1,976.22	\$-5,131.80	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$	\$-213,828.53	\$-205,238.93	\$-170,856.40	\$-134,555.33	\$-104,634.28	\$-80,555.81	\$-61,827.74	\$-47,999.37	\$-38,657.93	\$-33,425.47	\$-31,955.84	\$-33,932.06	\$-39,063.86	\$-39,063.86	\$-39,063.86	\$-39,063.86	\$-39,063.86	\$-39,063.86	\$-39,063.86	\$-39,063.86	\$-39,063.86
DISCOUNTED NET CASH FLOW @ 10%	(\$84,054)																				

Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Balancing
2091	2031	2133	1925	2117	2067	2227	2078	1961	1728	2181	1988	2028	1957	35571
2153	2137	2122	2106	2092	2076	2061	2046	2031	2016	2001	1986	1972	1957	35571
														0

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
4582	4196	3843	3519	3223	2951	2703	2475	2266	2075	1901	1741	1594	1460	1337	1224	1121	1027	940
4423	4050	3709	3397	3110	2848	2608	2389	2187	2003	1834	1680	1538	1409	1290	1181	1082	991	907
43	40	36	33	31	28	26	23	22	20	18	17	15	14	13	12	11	10	9
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$19,549.10	\$17,902.30	\$16,394.22	\$15,013.19	\$13,748.49	\$12,590.33	\$11,529.73	\$10,558.48	\$9,669.04	\$8,854.53	\$8,108.63	\$7,426.57	\$6,800.04	\$6,227.21	\$5,702.64	\$5,222.25	\$4,782.34	\$4,379.48	\$4,010.55
\$2,443.64	\$2,237.79	\$2,049.28	\$1,876.65	\$1,718.56	\$1,573.79	\$1,441.22	\$1,319.81	\$1,208.63	\$1,106.82	\$1,013.58	\$928.20	\$850.01	\$778.40	\$712.83	\$652.78	\$597.79	\$547.43	\$501.32
\$17,105.46	\$15,664.51	\$14,344.95	\$13,136.54	\$12,029.33	\$11,016.54	\$10,088.52	\$9,238.67	\$8,460.41	\$7,747.71	\$7,095.05	\$6,497.37	\$5,950.04	\$5,448.81	\$4,989.81	\$4,569.47	\$4,184.54	\$3,832.04	\$3,509.23
\$1,567.78	\$1,435.72	\$1,314.77	\$1,204.02	\$1,102.59	\$1,009.71	\$924.65	\$846.76	\$775.43	\$710.11	\$650.29	\$595.51	\$545.34	\$499.41	\$457.34	\$418.81	\$383.53	\$351.22	\$321.64
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436	\$39,436
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86	-\$39,063.86

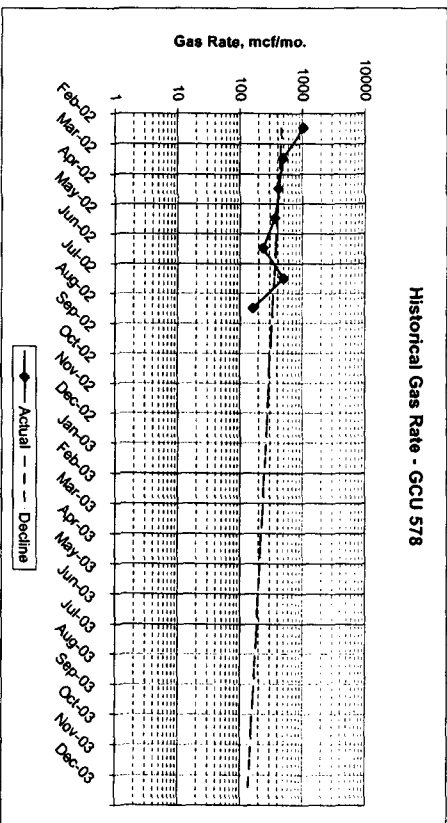
WELL NAME		Gallegos Canyon Unit Well No. 578
API#	300453067800	
Sec	27	
Township	29N	
Range	12W	
Start Date	Sep-01	
Completion Date	Oct-01	
1st Sales Date	Feb-02	

Capital Costs, \$	\$389,336
Operating Costs, \$/yr.	\$25,317
Severance Tax Rate	7.94%
Ad Valorem Tax Rate	1.23%
Plant Shrinkage	5.467%
NGL Yield, bbls/mmscf	9.49
Wet Gas BTU	1027
Working Interest	100.0%
Royalty Interest	12.5%
Net of Royalty Interest	87.5%

PRODUCTION HISTORY

Gross Gas Rate, mcf/mo
Decline Match, mcf/mo
Exponential Decline Rate

	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03
Gross Gas Rate, mcf/mo	1042	491	420	358	235	377	458	161	319	302	285	270	255	241	229	216	205	193	183	173	163
Decline Match, mcf/mo	470	447	422	399	377	357	337	319	302	285	270	255	241	229	216	205	193	183	173	163	155
Exponential Decline Rate	66.9%																				



ECONOMIC PARAMETERS:	
DRILLING AND COMPLETION COST, \$	\$389,336
OPERATING COSTS, \$/YEAR	\$25,317
GAS TRANSPORTATION FEE, \$/MCF	\$0.31
ROYALTY, %	12.5%
TAXES (SEVERANCE + AD VALOREM), %	9.17%
DISCOUNT RATE, %	10.0%
GAS PRICE, \$/MCF	\$4.55

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GROSS WET GAS, mcf	3205	138	1176	602	309	158	81	41	21	11	6	3	1	1	0	0	0	0	0	0	0
Gross Residue, mmbtu	3093	133	1135	581	298	153	78	40	20	11	5	3	1	1	0	0	0	0	0	0	0
Gross NGL, bbls	30	1	11	6	3	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residue Gas Price, \$/mmbtu	\$2.75	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
Gathering&Processing Fee	\$0.19	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
NGL Price, \$/bbl	\$12.11	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
GROSS REVENUE, \$	\$8,290.69	\$589.46	\$5,016.88	\$2,589.75	\$1,318.28	\$674.23	\$345.35	\$176.90	\$90.61	\$46.41	\$23.77	\$12.18	\$6.24	\$3.19	\$1.64	\$0.84	\$0.43	\$0.22	\$0.11	\$0.06	\$0.03
ROYALTY, \$	\$1,036.34	\$73.68	\$627.11	\$321.22	\$164.53	\$84.28	\$43.17	\$22.11	\$11.33	\$5.80	\$2.97	\$1.52	\$0.78	\$0.40	\$0.20	\$0.10	\$0.05	\$0.03	\$0.01	\$0.01	\$0.00
NRI REVENUE, \$	\$7,254.35	\$515.78	\$4,389.77	\$2,268.53	\$1,151.74	\$589.95	\$302.18	\$154.78	\$79.28	\$40.61	\$20.80	\$10.66	\$5.46	\$2.80	\$1.43	\$0.73	\$0.38	\$0.19	\$0.10	\$0.05	\$0.03
SEVERANCE and AD VALOREM	\$664.89	\$47.27	\$402.34	\$206.09	\$105.56	\$54.07	\$27.70	\$14.19	\$7.27	\$3.72	\$1.91	\$0.98	\$0.50	\$0.26	\$0.13	\$0.07	\$0.03	\$0.02	\$0.01	\$0.00	\$0.00
CAPITAL EXPENSE	\$389,336	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSE	\$25,317	\$6,998	\$25,317	\$25,317	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET INCOME, \$	-\$408,063.37	-\$6,529.49	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CUMULATIVE NET CASH FLOW, \$	-\$408,063.37	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86

DISCOUNTED NET CASH FLOW @ 10%

(376,363)

Nov-03	Dec-03	Balancing
		2002
146	138	2002
		0

2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
\$0.02	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.01	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86	-\$414,592.86