

BP America Production Company

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

Brett Woody Land Negotiator

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August 6, 2004

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

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

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

Ladies and Gentleman:

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	Decenber 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

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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
GCU #192E GCU #195E GCU #196 GCU #209 GCU #223 GCU #240E GCU #291 GCU #311 GCU #400E GCU #411 GCU #566 GCU #569	E/2 Sec. 30-T28N-R12W E/2 Sec. 33-T29N-R12W W/2 Sec. 19-T28N-R12W W/2 Sec. 15-T28N-R12W All Sec. 9-T28N-R12W W/2 Sec. 24-T28N-R13W E/2 Sec. 23-T28N-R12W S/2 Sec. 14-T28N-R12W E/2 Sec. 25-T28N-R12W W/2 Sec. 34-T29N-R12W N/2 Sec. 34-T29N-R12W E/2 Sec. 33-T29N-R12W	320.00 321.03 305.28 320.00 272.56 320.00 320.00 320.00 320.00 319.83 319.66 321.03	May 2003 October 2003 February 2001 October 1999 October 2001 March 1998 December 1996 January 1996 January 2001 April 1995 October 2001 November 2000	June 2003 December 2003 May 2001 October 1999 October 2001 May 1998 Never Produced November 1996 March 2001 April 1995 February 2002 February 2001	I-149-Ind-8470 SF-078109 (CA) I-149-Ind-8476 (CA) SF-078106 I-149-Ind-8486 (CA) SF-077966 SF-078904 SF-078828-A (CA) SF-078903-A SF-078828-A I-149-Ind-8486

^{*} 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

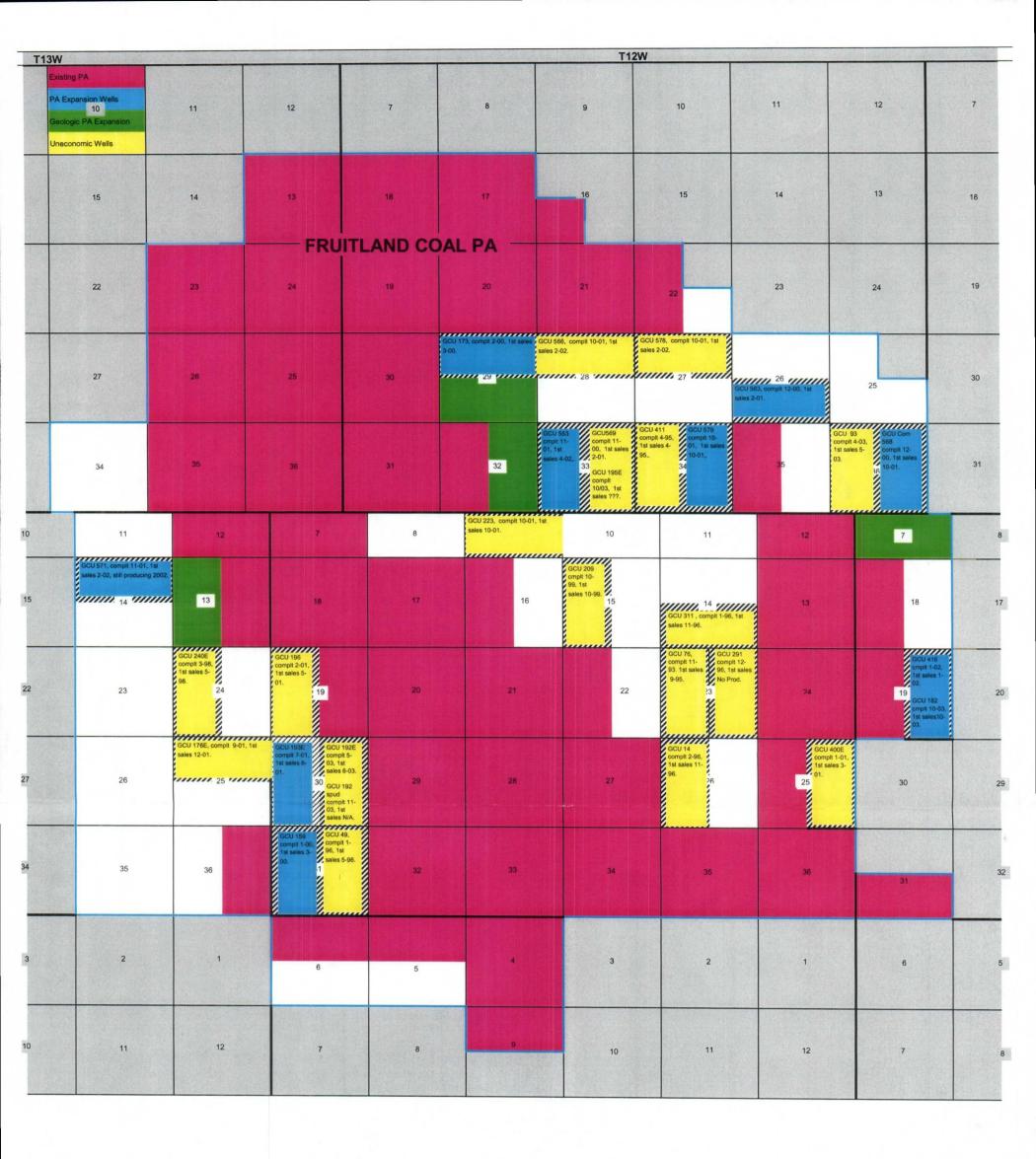
It is respectfully requested that the enclosed well determinations be approved. BP will then forward documentation for the PA revision. Should you require further information or have any questions, you can contact me at the phone number noted above for land questions, and Gary Warden (281-366-3300) for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

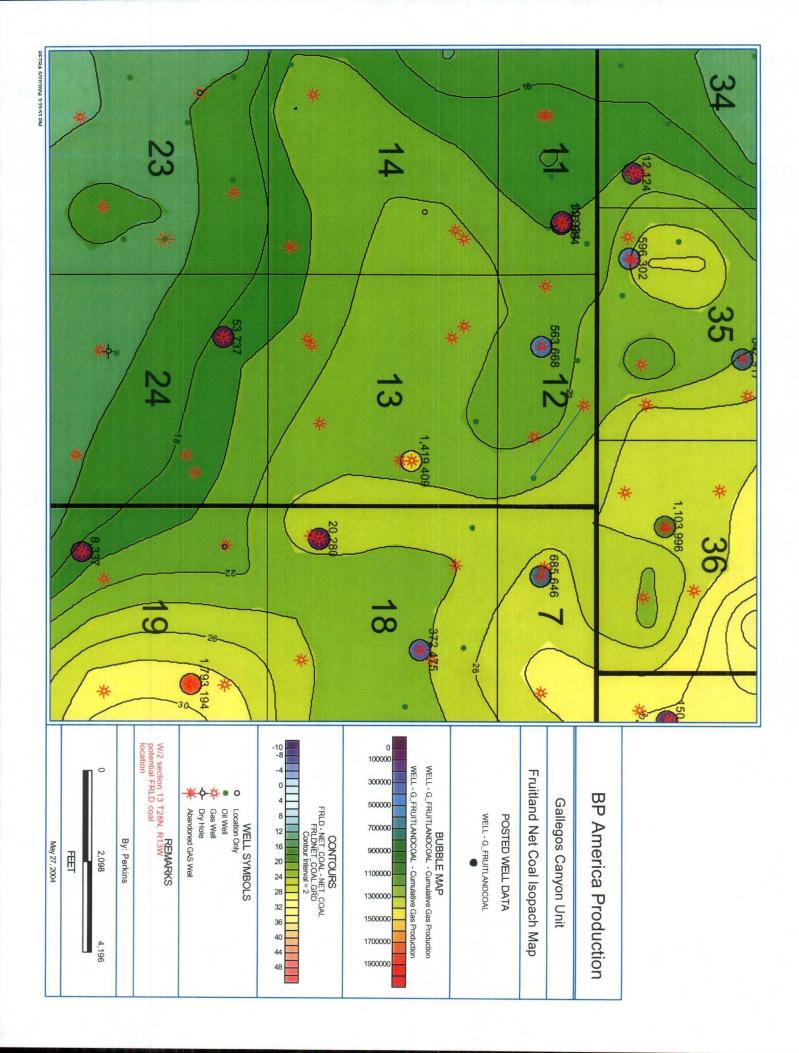
Respectfully

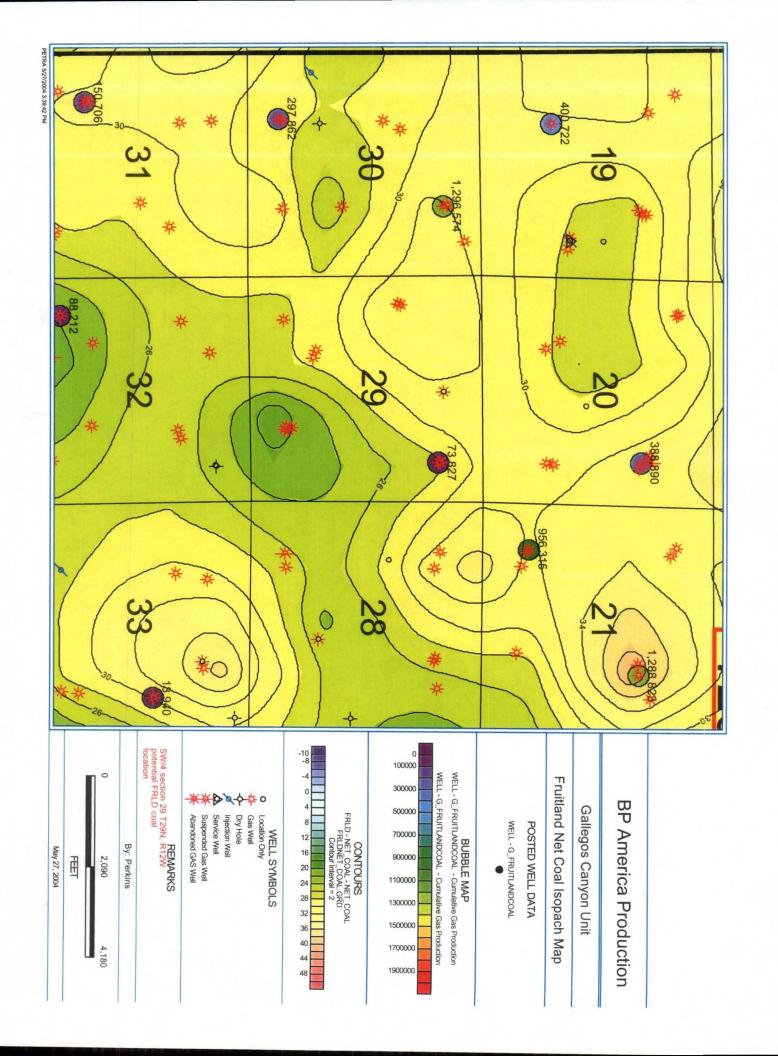
Brett Woody

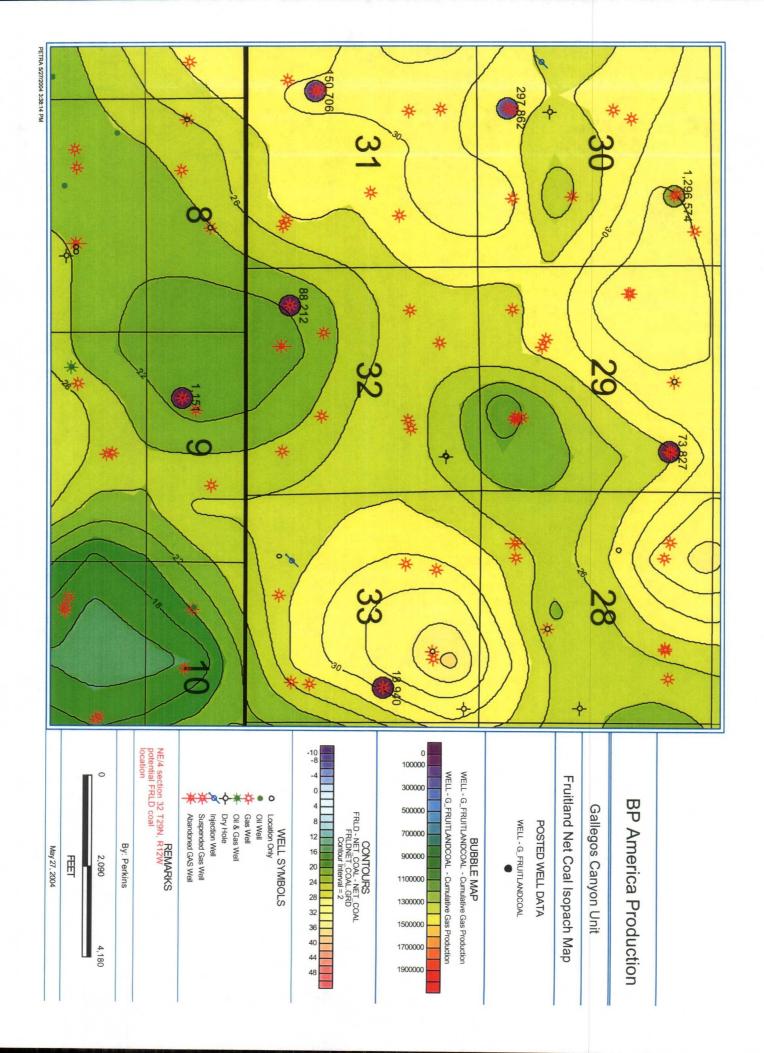
Cc: Gary Warden-BP-Houston

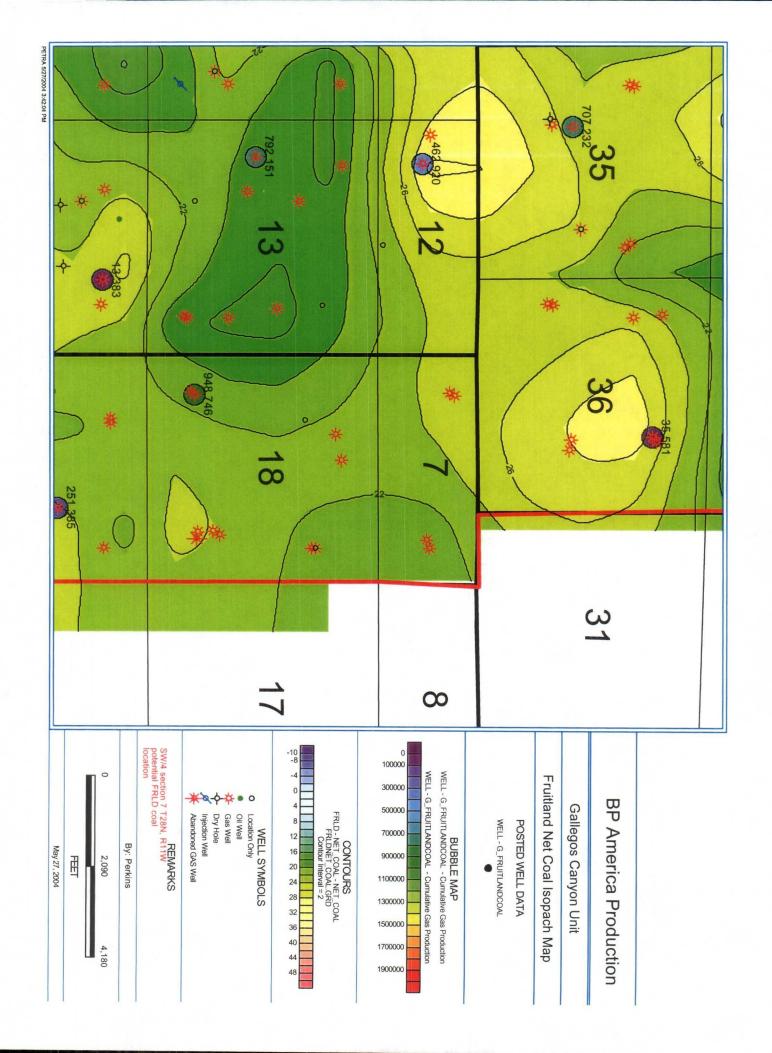
Enclosures

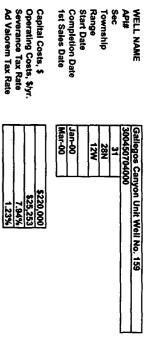


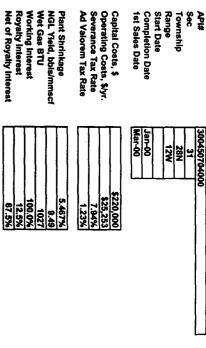












Gross Gas Rate, mc/imo Decline Match, mc/imo Exponential Decline Rate

PRODUCTION HISTORY

Mar-00 987 29457 16.6%

Apr-00 2233 29045

2409 28651

2780 28250

Jul-00 3235 27867

Aug-00 5797 27477

Sep-00 6511 27092

Oct-00 4314 26725

Nov-00 3565 26351

Dec-00 3888 25994

Jan-01 5809 25630

5083 25271

5434 24951

8401 24602

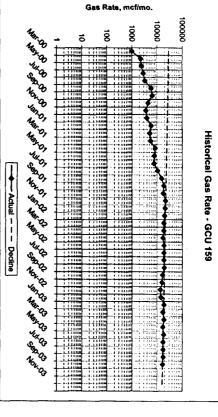
7894 24269

7451 23929

10409 23605

15235 23274

18580 22948



18 CF	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.		GAS PRICE, SMCF	DISCOUNT RATE, %	ROYALTY, % TAXES (SEVERANCE + AD VALOREM) %	GAS TRANSPORTATION FEE, \$/MCF	DRILLING AND COMLETION COST, \$ OPERATING COSTS, \$YYEAR	ECONOMIC PARAMETERS:
ISED FOR HISTORICAL USED DURING		\$4.55	10.0%	12.5%	\$0.31	\$220,000 \$25,253	

FLOW, \$	NET INCOME, \$	CAPITAL EXPENSE OPERATING EXPENSE	SEVERANCE and AD VALOREM	NR! REVENUE, \$	ROYALTY, \$	GROSS REVENUE, \$	NGL Price, \$/bbi	Gathering&Processing Fee	Residue Gas Price, \$/mmbtu	Gross NGL, bbls	Gross Residue, mmbtu	GROSS WET GAS, mcf		PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS
-\$139,336.61	-\$139,336.61	\$220,000 \$23,653	\$10,525.79	\$114,842.67	\$16,406.10	\$131,248.76	\$18.21	\$0.26	\$3.89	339	34475	35719	2000	ND DISCOUN
\$297,641.96	\$436,978.57	\$0 \$26,120	\$46,727.66	\$509,826.69	\$16,406.10 \$72,832.38 \$67,397.43 \$109,223.03	\$582,659.08	\$11.85	\$ 0.30	\$ 4.36	1370	139324	144350	2001	T CASH FLO
\$688,982.30	\$391,340.35		\$43,240.71	\$471,782.03	\$67,397.43	\$539,179,47	\$12.11	\$0.19	\$2.75	1978	201178	208435	2002	W ANALYSIS
\$1,358,215.39	\$669,233.09	\$0 \$25,253	\$70,075.09	\$764,561.19	\$109,223.03	\$873,784.22	\$17.87	\$0.31	\$4.55	1944	197681	204812	2003	
\$688,982.30 \$1,358,215.39 \$1,921,220.16 \$2,394,248.68 \$2,791,063.17 \$3,123,320.84 \$3,400,895.91	\$563,004.76	\$0 \$25,253	\$59,356.43	\$647,614.19	\$92,516.31 \$78,365.59	\$740,130.51	\$17.87	\$0.31	\$4.55	1646	167444	173484	2004	
\$2,394,248.68	\$473,028.52	\$0 \$25,253	\$50,277.64	\$548,559.16	\$78,365.59	\$626,924.76	\$17.87	\$0.31	\$4.55	1395	141833	146949	2005	
\$2,791,063.17	\$396,814.49	\$0 \$25,253	\$42,587.49	\$464,654.97	\$66,379.28 \$56,226.32	\$531,034.26	\$17.87	\$0.31	\$4.55	1181	120139	124473	2006	
\$3,123,320.84	\$332,257.68	\$0 \$25,253	\$36,073.57	\$393,584.25		\$449,810.57	\$17.87	\$0.31	\$4 .55	1001	101763	105434	2007	
	\$277,575.07	\$0 \$25,253	\$30,555.98	\$333,384.05	\$47,626.29	\$381,010.35	\$17.87	\$0.31	\$4.55	848	86198	89308	2008	
\$3,632,152.29	\$231,256.38	\$0 \$25,253	\$25,882.33	\$282,391.71	\$40,341.67	\$322,733.38	\$17.87	\$0.31	\$4.55	718	73014	75648	2009	
\$3,824,174.59 \$3,982,963.82 \$4,113,603.09	\$192,022.30	\$0 \$25,253	\$21,923.53	\$239,198.83	\$34,171.26	\$273,370.09	\$17.87	\$0.31	\$4.55	608	61846	64077	2010	
\$3,982,963.82	\$158,789.23	\$0 \$25,253	\$18,570.24	\$202,612.47	\$28,944.64	\$231,557,11	\$17.87	\$0.31	\$4.55	515	52387	54276	2011	
	\$130,639.27	\$0 \$25,253	\$15,729.85	\$171,622.13	\$24,517.45	\$196,139.58	\$17.87	\$0.31	\$4 .55	436	44374	45975	2012	
\$4,220,398.06	\$106,794.96	\$0 \$25,253	\$13,323.91	\$145,371.88	\$20,767.41	\$166,139.29	\$17.87	\$0.31	\$4.55	370	37587	38943	2013	
\$4,306,995.79	\$86,597.73	\$0 \$25,253	\$11,285.97	\$123,136.70	\$17,590.96	\$140,727.66	\$17.87	\$0.31	\$4.55	313	31838	32986	2014	
\$4,376,485.53	\$69,489.74	\$0 \$25,253	\$9,559.74	\$104,302,48	\$14,900.35	\$119,202.83	\$17.87	\$0.31	\$4.55	265	26968	27941	2015	
\$4,431,484.01	\$54,998.48	\$0 \$25,253	\$8,097.54	\$88,349.02	\$12,621.29	\$100,970.31	\$17.87	\$0.31	\$4 .55	225	22843	23667	2016	
\$4,474,207.73	\$42,723.72	\$0 \$25,253	\$6,858.99	\$74,835.71	\$10,690.82	\$85,526.52	\$17.87	\$0.31	\$4 .55	19 0	19349	20047	2017	
\$4,220,398.06 \$4,306,986.79 \$4,376,485.53 \$4,431,484.01 \$4,474,207.73 \$4,506,534.15 \$4,530,053.58 \$4,546,113.	\$32,326.42	\$0 \$25,253	\$5,809.88	\$63,389.30	\$9,055.61	\$72,444,92	\$17.87	\$0.31	\$4.55	161	16390	16981	2018	
\$4,530,053.58	\$23,519.43	\$0 \$25,253	\$4,921.24	\$53,693.67	\$7,670.52	•		\$0.31			13883	14384	2019	
\$4,546,113.08	\$16,059.50	\$0 \$25,253	\$4,168.52	\$45,481.02	\$6,497.29	\$51,978.31	\$17.87	\$0.31	\$4.55	116	11759	12184	2020	

DISCOUNTED NET CASH FLOW @ 10%

\$2,418,223

\$4 ,555	8	\$3 ,5	\$ 38	\$5,5	\$144,00
853.68	\$9,740.60	\$3,530.93 \$0 \$25,253	\$38,524.53	\$5,503.50	10320 9961 9961 98 \$4.55 \$0.31 \$17.87 \$44,028.03
\$4,555,853,68 \$4,560,241.88	\$4,388.20	\$2,990.86 \$0 \$25,253	\$32,632.06	\$4,661.72	8742 8437 83 \$4.55 \$0.31 \$17.87 \$37.293.78
\$4,560,096.35	-\$145.53	\$2,533.40 \$0 \$25,253	\$27,640.86	\$3,948.69	\$4.55 \$0.31 \$17.87 \$31.589.56
\$4,560,096.35 \$4,556,110.53	\$3,985.82	\$2,145.90 \$0 \$25,253	\$23,413.09	\$3,344.73	\$0272 60272 6054 6054 6054 54.55 \$0.31 \$17.87 \$26,757.81
\$4,556,110.53 \$4,556,110.53	\$0.00	\$1,817.68 \$0 \$25,253	\$19,831.97	\$2,833.14	\$128 5128 5128 50 \$4.55 \$0.31 \$17.87 \$22,665.11
\$4,556,110.53	\$0.00	\$1,539.66 \$0 \$25,253	\$16,798.59	\$2,399.80	4500 4343 4343 \$4.55 \$0.31 \$17.87 \$19,196,39
\$4,556,110.53	\$0.00	\$1,304.16 \$0 \$25,253	\$14,229.19	\$2,032.74	3812 3679 36 36 \$4.55 \$0.31 \$17.87 \$16.261.93
\$4,556,110.53 \$4,556,110.53 \$4,556,110.53	\$ 0.00	\$1,104.69 \$0 \$25,253	\$12,052.78	\$1,721.83	\$4.55 \$0.31 \$4.55 \$0.31 \$17.87
\$4,556,110.53	\$0.00	\$935.72 \$0 \$25,253	\$10,209.26	\$1,458.47	2735 2640 2640 26 \$4.55 \$0.31 \$17.87 \$17.87
\$4,556,110.53	\$0.00	\$792.60 \$0 \$25,253	\$8,647.72	\$1,235.39	2317 2236 2236 22 \$4.55 \$0.31 \$17.87 \$9,883.10
\$4,556,110.53	\$0.00	\$671.37 \$0 \$25,253	\$7,325.01	\$1,046.43	1962 1894 199 19 \$4.55 \$0.31 \$17.87 \$8,371.45
\$4,556,110.53	\$0.00	\$568.68 \$0 \$25,253	\$6,204.63	\$886.38	\$4.55 \$0.31 \$17.87 \$7.991.00
\$4,556,110.53	\$0.00	\$481.70 \$0 \$25,253	\$5,255.61	\$750.80	1408 1359 13 \$4.55 \$0.31 \$17.87 \$6.006.41
\$4,556,110.53	\$0.00	\$408.02 \$0 \$25,253	\$4,451.74	\$635.96	\$1193 1151 1151 \$4.55 \$0.31 \$17.87 \$5.087.70
\$4,556,110.53	\$0.00	\$345.61 \$0 \$25,253	\$3,770.83	\$538.69	\$4.55 \$0.31 \$17.87 \$4.309.52
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	\$0.00	\$292.75 \$0 \$25,253	\$3,194.07	\$456.30	\$26 826 826 84.55 \$0.31 \$17.87 \$3,650.36
\$4,556,110.53	\$0.00	\$247.97 \$0 \$25,253	\$2,705.52	\$386.50	725 700 7 \$4.55 \$0.31 \$17.87 \$3.992.03
\$4,556,110.53	\$0.00	\$210.04 \$0 \$25,253	\$2,291.70	\$327.39	\$4.55 \$0.31 \$17.87 \$2.619.09
\$4,556,110.53	\$0.00	\$177.92 \$0 \$25,253	\$1,941.18	\$277.31	\$20 502 502 \$4.55 \$0.31 \$17.87 \$2,218.49
\$4,556,110.53	\$0.00	\$150.70 \$0 \$25,253	\$1,644.27	\$234.90	440 425 425 \$4.55 \$0.31 \$17.87 \$1,879.16

Jan-02

Feb-02

Mar-02

Apr-02

May-02

Jun-02

Jul-02

Aug-02

Sep-02

Oct-02

Dec-02

Jan-03

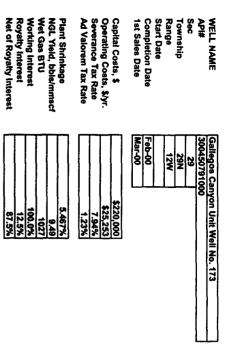
Mar-03

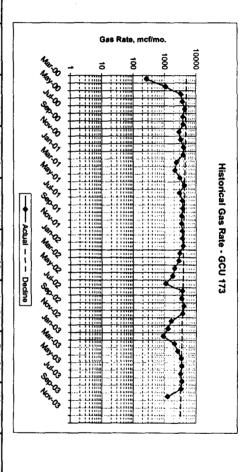
Apr-03

Sep-03

Oct-03

GCU159





DRILLING AND COMLETION COST, \$
OPERATING COSTS, \$VYEAR
GAS TRANSPORTATION FEE, \$MCF
ROYALTY, %
TAYES (SEVERANCE + AD VALOREM), %
DISCOUNT RATE, %
GAS PRICE, \$MCF

\$220,000 \$25,253 \$0.31 12.5% 9.17% 10.0% \$4.55

ECONOMIC PARAMETERS:

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

NET INCOME, \$ CUMULATIVE NET CASH	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS 2000 2001 2002 2000 30477 40241 32347 Gross Residue, mmbtu 29416 38840 31221 Gross NGL, bbis 289 382 307 Residue Gas Prica, \$/mmbtu \$3.89 \$4.36 \$2.75 Gathering&Processing Fee \$0.26 \$0.30 \$0.19 NGL Price, \$/bbi \$18.21 \$11.85 \$12.11 GROSS REVENUE, \$ \$11.897.14 \$162.430.09 \$83.675.19	Gross Gas Rate, mc/imo Decline Match, mc/imo Exponential Decline Rate
\$154,645.80	\$8,981.06 \$220,000 \$23,653	\$97,988.75	\$13,998.39	ND DISCOUN 2000 30477 29416 289 \$3.89 \$0.26 \$18.21 \$111,987.14	Mar-00 268 5072 12.5%
\$102,979.41	\$13,026.45 \$0 \$26,120	\$142,126.33	\$20,303.76	1 CASH FLO 2001 40241 38840 382 \$4.36 \$0.30 \$11.85 \$162,430.09	Apr-00 1103 5019
\$29,304.29	\$6,710.52 \$0 \$37,201	\$73,215.79	\$10,459.40	W ANALYSIS 2002 32347 31221 307 \$2.75 \$0.19 \$12.11 \$83.675.19	May-00 3301 4967
\$87,455.52	\$11,372.52 \$0 \$25,253	\$124,081.05	\$20,303.76 \$10,459.40 \$17,725.86 \$18,988.36	2003 33239 32082 315 \$4.55 \$0.31 \$17.87 \$141,806.92	Jun-00 3672 4915
\$95,482.98	\$12,182.51 \$0 \$25,253	\$132,918.49		2004 35607 34367 34367 34367 3436 \$4.55 \$0.31 \$17.87 \$151,906.85	Jul-00 4342 4865
\$81,296.13	\$10,751.03 \$0 \$25,253	\$117,300.16	\$16,757.17 \$14,788.15 \$13,050.49 \$11,517.02	2005 31423 30329 298 \$4.55 \$0.31 \$17.87 \$13.067.32	Aug-00 3769 4813
\$68,776.28	\$9,487.75 \$0 \$25,253	\$103,517.03	\$14,788.15	2006 27730 26765 263 \$4.55 \$0.31 \$17.87 \$118,305.17	Sep-00 3908 4763
\$57.727.54	\$8,372.91 \$0 \$25,253	\$91,353.45	\$13,050.49	2007 24472 23620 232 \$4.55 \$0.31 \$17.87 \$104.403.95	0ct-00 2867 4714
\$47,977.07	\$7,389.07 \$0 \$25,253	\$80,619,14	\$11,517.02	2008 21596 20844 205 \$4.55 \$0.31 \$17.87 \$92.136.16	Nov-00 3239 4664
\$39,372.31	\$6,520.83 \$0 \$25,253	\$71,146.14	\$10,163.73	2009 19059 1835 181 181 \$4.55 \$0.31 \$17.87 \$81,309.88	Dec-00 4008 4616
\$31,778.64	\$5,754.61 \$0 \$25,253	\$62,786.25	\$8,969.46	2010 16819 16234 1620 \$4.55 \$0.31 \$17.87 \$71,755.71	Jan-01 3922 4568
\$25,077.24	\$5,078.43 \$0 \$25,253	\$55,408.67	\$7,915.52	2011 14843 14826 141 \$4.55 \$0.31 \$17.87 \$63.324.20	Feb-01 2343 4519
\$19,163.28	\$4,481.70 \$0 \$25,253	\$48,897.98	\$6,985.43	2012 13099 12643 1244 \$4.55 \$0.31 \$17.87 \$55.883.41	Mar-01 2103 4476
\$13,944.23	\$3,955.08 \$0 \$25,253	\$43,152.32	\$6,164.62	2013 11560 11157 110 110 \$4.55 \$0.31 \$17.87 \$49.316.93	Apr-01 3047 4429
\$9,338.44	\$3,490.35 \$0 \$25,253	\$38,081.79	\$5,440.26	2014 10201 9846 97 \$4.55 \$0.31 \$17.87 \$43.522.04	May-01 4223 4384
\$5,273.84	\$3,080.22 \$0 \$25,253	\$33,607.06	\$4,801.01	2015 9003 8689 87. 55 \$4. 55 \$0. 31 \$17. 87 \$38.408.07	Jun-01 2964 4337
\$1,686.84	\$2,718.29 \$0 \$25,253	\$29,658.12	\$4,236.87	2016 7945 7688 768 753 \$4.55 \$0.31 \$17.87 \$33.885.00	Jul-01 3648 4293
\$1.478.68	\$2,398.88 \$0 \$25,253	\$26,173.20	\$ 3,739.03	2017 7011 6701 67 67 \$4.55 \$0.31 \$17.87 \$29.912.23	Aug-01 3746 4248
\$4.272.23	\$2,117.00 \$0 \$25,253	\$ 23,097.77	\$3,299.68	2018 6187 5972 59 \$4.55 \$0.31 \$17.87 \$26,397.45	Sep-01 3491 4203
\$0.00	\$1,868.25 \$0 \$25,253	\$20,383.71	\$2,911.96	2019 5460 5270 52 \$4.55 \$0.31 \$17.87 \$23.285.67	Oct-01 3452 4160
\$0.00	\$1,648.72 \$0 \$25,253	\$17,988.56	\$2,569.79	2020 4819 4651 46 \$4.55 \$0.31 \$17.87 \$20.558.36	Nov-01 3626 4116

PRODUCTION HISTORY

	\$ SET CASH	XPENSE	AD	€		VUE, \$	-	essing Fee	ice, \$/mmbtu	57	mmbtu	AS, mcf	
-\$154,645.80	\$154,645.80	\$8,981.06 \$220,000 \$23,653		\$97,988.75	\$13,998.39	\$111,987.14	\$18.21	\$0.26	\$3.89	289	29416	30477	2000
-\$ 51,666,39	\$102,979.41	\$13,026.45 \$0 \$26,120		\$142,126.33	\$20,303.76	\$162,430.09					38840	40241	2001
\$22,362.10	\$29,304.29	\$6,710.52 \$0 \$37,201		\$73,215.79	\$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	\$83,675.19	\$12.11	\$0.19	\$2.75	307	31221	32347	2002
\$65,093.42	\$87,455.52	\$11,372,52 \$12,182,51 \$10,751.03 \$0 \$0 \$0 \$25,253 \$25,253 \$25,253		\$124,081.05	\$17,725.86	\$141,806.92	\$17.87	\$0.31	\$ 4.55	315	32082	33239	2003
\$160,576.40	\$95,482.98	\$12,182.51 \$0 \$25,253		\$132,918.49	\$18,988.36		\$17.87	\$0.31	\$4 .55	338	34367	35607	2004
\$241.872.53	\$81,296.13	\$10,751.03 \$0 \$25,253		\$117,300.16	\$16,757.17	\$134,057.32	\$17.87	\$0.31	\$4 .55	298	30329	31423	2005
\$310,648.81	\$68,776.28	\$9,487.75 \$0 \$25,253		\$103,517.03	14,788.15	\$118,305.17	\$17.87	\$0.31	\$4.55	263	26765	27730	2006
\$368,376.35	\$57,727.54	\$8,372.91 \$0 \$25,253		\$91,353.45	13,050.49	\$104,403.95	\$17.87	\$0.31	\$4 .55	232	23620	24472	2007
\$416,353.42	\$47,977.07	\$7,389.07 \$0 \$25,253		\$80,619.14	\$11,517.02	\$92,136.16	\$17.87	\$0.31	2 55	205	20844	21596	2008
\$455,725.74	\$39,372.31	\$6,520.83 \$0 \$25,253		\$71,146.14		\$81,309.86	\$17.87	\$0.31	% .55	181	18395	19059	2009
\$487,504.38	\$31,778.64	\$5,754.61 \$0 \$25,253		\$62,786.25	\$8,969.46	\$71,755.71	\$17.87	\$0.31	4 .55	16 0	16234	16819	2010
\$512,581.62	\$25,077.24	\$5,078.43 \$0 \$25,253		\$55,408.67	\$7,915.52	\$63,324.20	\$17.87	\$ 0.31	\$.55	141	14326	14843	2011
\$531,744.91	\$19,163.28	\$4,481.70 \$0 \$25,253		\$48,897.98	\$6,985.43	\$55,883.41	\$17.87	\$ 0.31	\$4 .55	124	12643	13099	2012
\$545,689.14	\$13, 944 .23	\$3,955.08 \$0 \$25,253		\$43,152.32		5.71 \$63,324.20 \$55,883.41 \$49,316.93	\$17.87	\$0.31	\$4 .55	110	11157	11560	2013
\$555,027.58	\$9,338.44	\$3,490.35 \$0 \$25,253		\$38,081.79	\$5,440.26	\$43,522.04	\$17.87	\$0.31	\$4 .55	97	9846	10201	2014
\$560,301.41	\$5,273.84			\$33,607.06	\$4,801.01 \$4	\$38,408.07	\$17.87	\$ 0.31	\$4.55	85	8689	9003	2015
\$561,988.25	\$1,686.84	\$2,718.29 \$0 \$25,253		29,658.12	,236.87	\$43,522.04 \$38,408.07 \$33,895.00 \$29,912.23 \$26,397.45	\$17.87	\$ 0.31	\$4.55	75	7668	7945	2016
\$560,509.58	\$1.478.68	\$2,398.88 \$0 \$25,253		\$26.173.20	\$3,739.03	\$29,912.23	\$17.87	\$ 0.31	\$4 .55	67	6767	7011	2017
\$556,237.34	\$4.272.23	\$2,117.00 \$0 \$25,253		\$23,097.77	\$3,299.68	\$26,397.45	\$17.87	\$0.31	\$ 4.55	59	5972	6187	2018
\$556,237.34	\$0.00	\$1,868.25 \$0 \$25,253		7 \$20,383,71	\$2,911.96	\$23,295.67 \$20,558.36	\$17.87	\$ 0.31	2 .55	స	5270	5460	2019
\$556,237.34	\$0.00	\$1,648.72 \$0 \$25,253		\$17,988.56	\$2,569.79	\$20,558.36	\$17.87	\$ 0.31	\$4 .55	46	4651	4819	2020

DISCOUNTED NET CASH FLOW @ 10%

\$248,326

Page 1 of 3

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\$556,237.34	\$ 0.00	\$1,454.99 \$0 \$25,253	\$15,874.85	\$2,267.84	2021 4253 4105 40 \$4.55 \$0.31 \$17.87 \$18,142.69
\$556,237.34	\$0.00	\$1,284.03 \$0 \$25,253	\$14,009.51	\$2,001.36	2022 3753 3622 36 \$4.55 \$0.31 \$17.87 \$16,010.86
\$556,237.34	\$0.00	\$1,133.15 \$0 \$25,253	\$12,363.35	\$1,766.19	2023 3312 3197 3197 31 \$4.55 \$0.31 \$17.87 \$17.87
\$556,237.34	\$0.00	\$1,000.00 \$0 \$25,253	\$10,910.61	\$1,558.66	2024 2923 2821 2821 28 54.55 \$0.31 \$17.87 \$17.869.27
\$556,237.34	\$ 0.00	\$882.50 \$0 \$25,253	\$9,628.58	\$1,375.51	2025 2579 2490 2490 24 \$4.55 \$0.31 \$17.87 \$11.004.10
\$556,237.34	\$ 0.00	\$778.80 \$0 \$25,253	\$8,497.19	\$1,213.88	2026 2276 2197 2197 22 \$4.55 \$0.31 \$17.87 \$9,711.08
\$556,237.34	\$0.00	\$687.29 \$0 \$25,253	\$7,498.75	\$1,071.25	2027 2009 1939 19 \$4.55 \$0.31 \$17.87 \$8.570.00
\$556,237.34	\$0.00	\$606.53 \$0 \$25,253	\$6,617.62	\$945.37	2028 1773 1771 1711 17 \$4.55 \$0.31 \$17.87 \$7.563.00
\$556,237.34	\$0.00	\$535.26 \$0 \$25,253	\$5,840.03	\$834.29	2029 1564 1510 1510 15 \$4.55 \$0.31 \$17.87 \$6,674.32
\$556,237.34	\$ 0.00	\$472.37 \$0 \$25,253	\$5,153.81	\$736.26	2030 1381 1383 1333 133 \$4.55 \$0.31 \$17.87 \$5,890.07
\$556,237.34	\$0.00	\$416.86 \$0 \$25,253	\$4,548.22	\$649.75	2031 1218 1176 1176 12 \$4.55 \$0.31 \$17.87 \$5,197.97
\$556,237.34	\$0.00	\$367.88 \$0 \$25,253	\$4,013.79	\$573.40	2032 1075 1038 1038 10 \$4.55 \$0.31 \$17.87 \$4,567.19
\$556,237.34	\$ 0.00	\$324.65 \$0 \$25,253	\$3,542.16	\$506.02	2033 949 916 9 \$4.55 \$0.31 \$17.87 \$4,048.18
\$556,237.34	\$0.00	\$286.51 \$0 \$25,253	\$3,125.94	\$446.56	2034 837 808 84.55 \$0.31 \$17.87 \$3,572.51
\$556,237.34	\$0.00	\$252.84 \$0 \$25,253	\$2,758.64	\$394.09	2035 739 713 7 \$4.55 \$0.31 \$17.87 \$3,152.73
\$556,237.34	\$0.00	\$223.13 \$0 \$25,253	\$2,434.49	\$347.78	2036 652 629 6 \$4.55 \$0.31 \$17.87 \$2.782.27
\$556,237.34	\$0.00	\$196.91 \$0 \$25,253	\$2,148,43	\$306.92	2037 576 555 54.55 \$0.31 \$17.87 \$2.465.35
\$556.237.34	\$0.00	\$173.77 \$0 \$25,253	\$1,895.98		
\$556,237.34	\$0.00	\$153.36 \$0 \$25,253	\$1,673.20	\$239.03	2039 448 433 4 \$4.55 \$0.31 \$17.87 \$17.87
\$556,237.34	\$0.00	\$135.34 \$0 \$25,253	\$1,476.59	\$210.94	2040 396 382 4 \$4.55 \$0.31 \$17.87 \$1,687.53

Feb-02

Apr-02

Jun-02

Jul-02

Apr-03

May-03

Jun-03

Oct-03

Capital Costs, \$
Operating Costs, \$lyr.
Severance Tax Rate
Ad Valorem Tax Rate WELL NAME
API#
Sec
Township
Range
Start Date
Completion Date
1st Sales Date Gallegos Canyon Unit Well No. 193E 300452517300 30 28N 12W Jul-01 Aug-01 \$220,000 \$25,915 7.94% 1.23%

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DRILLING AND COMLETION COST, \$
OPERATING COSTS, \$YEAR
GAS TRANSPORTATION FEE, \$MCF
ROYALTY, %
TAXES (SEVERANCE + AD VALOREM), %
DISCOUNT RATE, %
GAS PRICE, \$MCF NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD. ECONOMIC PARAMETERS: \$220,000 \$25,915 \$0.31 12.5% 9.17% 10.0% \$4.55

FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$		GROSS REVENUE \$	NGL Price, \$/bb/	Gathering&Processing Fee	Residue Gas Price, \$/mmbtu	Gross NGL, bbls	Gross Residue, mmbtu	GROSS WET GAS, mcf		PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS	Exponential Decline Rate	Decline Match, mc/mo)) :	
\$175,436.31	-\$175,436.31	\$4,932.38 \$220,000 \$4,319	\$53,815.24	\$7,687.89	400,000.10	\$61 503 13	\$11.85	\$0.30	\$ 4.36	145	14706	15237	2001	ND DISCOUN	13.6%	10513	Aug-01	
\$29,837.11	\$205,273.42	\$23,327.39 \$0 \$25,915	\$254,515.81	\$36,359.40		\$290,875,21	\$12.11	\$0.19	\$2.75	1067	108531	112446	2002	CASH FLO		10392	Sep-01	
\$323,038.83	\$293,201.73	\$32,199.51 \$0 \$25,915	\$351,315.92	\$50,187.99	4701,000.00	\$401.503.90	\$17.87	\$0.31	\$4.55	893	90835	94111	2003	W ANALYSIS		10276	0ct-01	
\$586,658.28	\$263,619.45	\$29,214.63 \$0 \$25,915	\$318,749.07	\$45,535.58	4007,007.00	8364 D84 66	\$17.87	\$0.31	\$ 4.55	810	82414	85387	2004			4508 10158	Nov-01	
\$813,461.29	\$226,803.01	\$25,499.77 \$0 \$25,915	\$278,217.78	\$39,745.40	4011,000,10	\$317 OE3 18	\$17.87	\$0.31	\$4.55	707	71935	74530	2005			10045	Dec-01	
\$813,461.29 \$1,008,129.34 \$1,174,748.63 \$1,316,885.77 \$1,437,653.84	\$194,668.05	\$22,257.29 \$0 \$25,915	\$242,840.34	\$34,691.48	- CO 1.00	\$277 531 82	\$17.87	\$0.31	\$4 .55	617	62788	65053	2006			9930	Jan-02	
\$1,174,748.63	\$166,619.29	\$19,427.11 \$0 \$25,915	\$211,961.40	\$30,280.20	40.00	\$242 241 60	\$17.87	\$0.31	\$4 .55	539	54804	56781	2007			9657 9816	Feb-02	
\$1,316,885.77	\$142,137.14	\$16,956.81 \$0 \$25,915	\$185,008.95	\$26,429.85	1,100.00	\$311 A36 B0	\$17.87	\$0.31	\$4.55	470	47835	49561	2008			8626 9714	Mar-02	
	\$120,768.07	\$14,800.63 \$0 \$25,915	\$161,483.70	\$23,069.10	4107,002.00	\$184 552 80	\$17.87	\$0.31	2 .55	411	41752	43259	2009			9603	Apr-02	
\$1,539,770.08	\$102,116.24	\$12,918.62 \$0 \$25,915	\$140,949.86	\$20,135.69	4101.000.00	\$161 085 55	\$17.87	\$0.31	\$4.55	358	36443	37758	2010			9583 9496	May-02	
\$1,625,606.20	\$85,836.12	\$11,275.92 \$0 \$25,915	\$123,027.04	\$17,575.29	91-10,000.00	\$140 600 33	\$17.87	\$0.31	\$4.55	313	31809	32957	2011			9387	Jun-02	
\$1,539,770.08 \$1,625,606.20 \$1,697,232.34 \$1,756,455.41 \$1,804,852.55 \$1,843,800.35 \$1,874,500.37 \$1,898,001.37 \$1,915,218.76 \$1,926,951.55	\$71,626.14	\$9,842.10 \$0 \$25,915	\$107,383.25	\$15,340.46		\$100 703 71	\$17.87	\$0.31	\$4.55	273	27764	28766	2012			9282	Jul-02	
\$1,756,455.41	\$59,223.07	\$8,590.61 \$0 \$25,915	\$93,728.68	\$13,389.81	4107.110.40	\$107 118 49	\$17.87	\$0.31	\$4.55	238	24234	25108	2013			9176	Aug-02	
1,804,852.55	\$48,397.14	\$7,498.25 \$0 \$25,915	\$81,810.39	\$11,687.20 \$10,201.08	400,401.00	\$03 407 SA	\$17.87	\$0.31	\$4 .55	208	21153	21916	2014			8931 9070	Sep-02	
1,843,800,35	\$38,947.80	\$6,544.79 \$0 \$25,915	\$71,407.59	\$10,201.08	401,000.00	\$81 60a 58	\$17.87	\$0.31	\$4 .55	182	18463	19129	2015			9668 8970	Oct-02	
1,874,500.37	\$30,700.02	\$5,712.57 \$0 \$25,915	\$62,327.59	\$8,903.94	471,601.00	671 231 K3	\$17.87	\$0.31	\$4 .55	158	16115	16696	2016			10599 8867	Nov-02	
1,898,001.37	\$23,501.00	\$4,986.18 \$0 \$25,915	\$54,402.18	\$7,771.74	402,113.32	\$60 173 00	\$17.87	\$0.31	\$4 .55	138	14066	14573	2017			10236 8768	Dec-02	
1,915,218.76	\$17,217.39	\$4,352.15 \$0 \$25,915	\$47,484.54	\$6,783.51	\$04,200.US	2000	\$17.87	\$0.31	\$4 ,55	121	12277	12720	2018			7119 8667	Jan-03	
1,926,951.55	\$11,732.79	\$3,798.74 \$0 \$25,915	\$41,446.53	\$5,920.93	341,301.40	647 767 46	\$17.87	\$ 0.31	\$4.55	105	10716	11103	2019			6153 8568	Feb-03	
\$1,933,897.15 \$1,936,664.28	\$6,945.60	\$3,315.70 \$0 \$25,915	\$36,176.30	\$5,168.04	341,344.34		\$17.87	\$ 0.31	2 .55	92	9354	9691	2020			10797 8479	Mar-03	
1,936,664.28	\$2,767.13	\$2,894,09 \$0 \$25,915	\$31,576.22	\$4,510.89	\$36,087.10	20 201	\$17.87	\$ 0.31	\$4.55	8	8164	8459	2021			7592 8382	Apr-03	

6 9 1 6 3 1 1 2

DISCOUNTED NET CASH FLOW @ 10%

\$1,012,933

. 1,

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

5.467% 9.49 1027 100.0% 12.5% 87.5%

PRODUCTION HISTORY

\$1,935	,,	5 2 55	15	\$3,9	ž "	
,784.26 \$	\$880.01	\$2,526.08 \$0 \$25,915	\$27,561.07	\$3,937.30	7383 7126 7126 70 \$4.55 \$0.31 \$17.87 \$17.87	8288
1,931,720.86	-\$4,063.40	\$2,204.87 \$0 \$25,915	\$24,056.48	\$3,436.64	2023 6444 6220 623 623 633 \$17.87 \$27.493.11	6193
\$1,931,720.86	\$ 0.00	\$1,924.51 \$0 \$25,915	\$20,997.52	\$2,999.65	2024 5625 5429 53 \$4,55 \$0,31 \$17.87 \$23,997.16	8102
\$1,931,720.86	\$0.00	\$1,679.79 \$0 \$25,915	\$18,327.53	\$2,618.22	2025 4910 4739 4739 54.55 \$0.31 \$17.87 \$20.945.75	8009
\$1.931,720.86	\$0.00	\$1,466.19 \$0 \$25,915	\$15,997.05	\$2,285.29	2026 4285 4136 4136 413 54.55 \$0.31 \$17.87 \$18,282.34	7917
\$1,931,720.86	\$ 0.00	\$1,279.76 \$0 \$25,915	\$13,962.91	\$1,994.70	2027 3740 3610 3610 54.55 \$0.31 \$17.87 \$15.957.61	7829
\$1,931,720.86	\$0.00	\$1,117.03 \$0 \$25,915	\$12,187.42	\$1,741.06	2028 3265 3151 3151 3151 34.55 \$0.31 \$17.87	7739
\$1,931,720.86	\$0.00	\$974.99 \$0 \$25,915	\$10,637.70	\$1,519.67	2029 2850 2750 2750 2750 54.55 \$0.31 \$17.87	7653
\$1.931,720.86	\$0.00	\$851.01 \$0 \$25,915	\$9,285.04	\$1,326.43	2030 2487 2487 2401 2401 2401 243 54.55 50.31 \$17.87 \$10.611.47	138125
\$1,931,720.86	\$0.00	\$742.80 \$0 \$25,915	\$8,104.38	\$1,157.77	2031 2171 2095 2095 21 21 34,55 \$0,31 \$17.87 \$9,282.14	
\$1,935,784.26 \$1,931,720.86 \$1,	\$ 0.00	\$648.35 \$0 \$25,915	\$7,073.85	\$1,010.55	2032 1895 1829 1829 18 \$4.55 \$0.31 \$17.87 \$8.084.39	
\$1,931,720.86	\$ 0.00	\$565.90 \$0 \$25,915	\$6,174.35	\$882.05	2033 1654 1596 1596 \$4.55 \$0.31 \$17.87	
\$1,931,720.86	\$0.00	\$493.95 \$0 \$25,915	\$5,389.24	\$769.89	2034 1444 1393 14 \$4.55 \$0.31 \$17.87 \$6.59.13	
\$1,931,720.86	\$0.00	\$431.14 \$0 \$25,915	\$4,703.96	\$671.99	2035 1260 1216 1216 1216 1218 \$4.55 \$0.31 \$17.87 \$5.375.95	
\$1,931,720.86	\$ 0.00	\$376.31 \$0 \$25,915	\$4,105.81	\$586.54	2036 1100 1082 10 \$4.55 \$0.31 \$17.87 \$4.692.36	
\$1,931,720.86	\$ 0.00	\$328.46 \$0 \$25,915	\$3,583.73	\$511.96	2037 960 927 9 9 \$4.55 \$0.31 \$17.87 \$1.095.89	
\$1,931,720.86	\$ 0.00	\$286.70 \$0 \$25,915	\$3,128.03	\$446.86	2038 838 809 809 8 \$4.55 \$0.31 \$17.87	
\$1,931,720.86	\$0.00	\$250.24 \$0 \$25,915	\$2,730.28	\$390.04	2039 731 706 7 \$4.55 \$0.31 \$17.87 \$3.120.32	
\$1,931,720.86	\$ 0.00	\$218.42 \$0 \$25,915	\$2,383.10	\$340.44	2040 638 616 6 6 54.55 \$0.31 \$17.87 \$2.723.55	

Capital Costs, \$
Operating Costs, \$/yr.
Severance Tax Rate
Ad Valorem Tax Rate WELL NAME
API#
Sec
Township
Range
Start Date
Completion Date
1st Sales Date Gallegos Canyon Unit Well No. 416
300452875700
19
28N
11W
Sep-92
Feb-93
Mar-94

Royalty Interest Net of Royalty Interest	Wet Gas BTU Working Interest	NGL Yield, bbls/mmscf	Plant Shrinkage	Ad Valorem Tax Rate	Severance Tax Rate	Operating Costs, \$/yr.	Capital Costs, \$
12.5% 87.5%	1027	9.49	5.467%	1.23%	7.94%	\$21,847	\$220,000

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

Mar-94 191 22061.8802 13.7%

Apr-94 3194 21807

May-94 2804 21562

Jun-94 2536 21313

Jul-94 2085 21074

Aug-94 2208 20831

Sep-94 1891 20590

Oct-94 2105 20359

Nov-94 2005 20124

1966 19898

Jan-95 1682 19668

PRODUCTION HISTORY

						<u></u>	10	
			10	100	1000	0000	0000	
	Mar-94			1		•	11106	
	Sep-94	1	***	11111			11111	
	Mar-95	11111	111		1		11112	
	Sep-95							
		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1					11110	
	Mar-96							
	Sep-96	1111			***		11111	
	Mar-97				-::::::-		1 1 1 1 1 1 1 1	
T	Sep-97	4	-				11110	
1	Mar-98				1111111		111111	
- Actual		1 1111					111111	
ual .	Sep-98	1 1100					77.00	
Н	Mar-99	1 110			11111	\$	111111	
1	Sep-99	+++			-	4	111111	
Decline	Mar-00	+++	# #				111111	
a	Sep-00	1 1111		11111	11111	11111	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
	Mar-01						11111	
			101	11100	*		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
	Sep-01						111111	
	Mar-02	1-1111		1111		>		
	Sep-02		-	-		- 4	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
	Mar-03	14.88	1				1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
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	Sep-03				111111		11111	

1716 1994 1780 19441 19237 19015	Feb-95 Mar-95 Apr-95	Sep-01 Mar-02 Sep-02 Mar-03 Sep-03	
1642 18802	May-95	7	0077000
1416 18584	Jun-95	JOTE: ACTU	DRILLING AND COMLETION COST, \$ OPERATING COSTS, \$YEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREN DISCOUNT RATE, % GAS PRICE, \$MCF
1311 18376	Jul-95	AL PRICES, I PERIOD. PAP ORECAST T	D COMLETIC COSTS, \$/YE CORTATION I PRANCE + AI ATE, % \$/MCF
1140 18164	Aug-95	NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	DRILLING AND COMLETION COST, \$ OPERATING COSTS, \$YEEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$MCF
1006 17954	Sep-95	OSTS USED BOVE USED	**
1111 17753	Oct-95	FOR HISTOF DURING	\$220,000 \$21,847 \$01,147 12.5% 9.17% 10.0% \$4.55
1209 17547	Nov-95	RICAL	

FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS GROSS WET GAS, mcf 1994 1995 1996 GROSS WET GAS, mcf 20985 17321 20117 Gross Residue, mmbtu 20254 161 191 Gross NGL, bbls 199 164 191 Residue Gas Price, \$/mmbtu \$1.54 \$1.54 \$1.96 Gathering&Processing Fee \$0.10 \$0.10 \$0.13 NGL Price, \$/bbl \$1.54 \$11.54 \$14.69 GROSS REVENUE, \$ \$31.390.89 \$25.901.59 \$38.327.18
\$216,905.54	-\$216,905.54	\$2,516.64 \$220,000 \$21,847	\$27,458.10	\$3,922.59	ND DISCOUNT 1994 20985 20254 199 \$1.54 \$0.10 \$11.54 \$31,380.69
\$218,165.89	-\$1,260.35	\$2,077.24 \$0 \$21,847	\$22,663.89	\$3,237.70	1995 17321 16718 16718 164 \$1.54 \$0.10 \$11.54 \$25,901.59
\$209,550,34	\$8,615.55	\$3,073.73 \$0 \$21,847	\$33,536.28	\$4,790.90	V ANALYSIS 1996 20117 19417 19417 191 \$1.96 \$0.13 \$14.69 \$38.327.18
-\$169,227.52	\$40,322.83	\$6,273.06 \$ \$0 \$21,847	\$68,442.89	\$9,777.56	1997 35362 34131 336 \$2.33 \$0.16 \$11.72 \$78,220.45
\$61,082.57	\$108,144.95	\$12,451.33 \$0 \$15,255	\$135,851.47	\$9,777.56 \$19,407.35 \$13,594.70	1998 83686 80772 794 \$1.98 \$0.13 \$7.34 \$155,258.83
-\$1,597.78	\$59,484.79	\$8,722.06 \$0 \$26,956	\$95,162.93		1999 52521 50692 498 \$2.19 \$0.15 \$10.56 \$108,757,64
\$14,711.89	\$13,114.11	\$2,710.79 \$0 \$39,980	\$29,576.35	\$4,225.19	2000 9199 8879 87 \$3.89 \$0.26 \$18.21 \$33,801.54
\$12,911.83	\$1,800.05	\$3,828.53 \$0 \$36,143	\$41,771.53	\$5,967.36	2001 11827 11415 112 \$4.36 \$0.30 \$11.85 \$47,738.89
\$123,894.24	-\$110,982.41	\$4,873.10 \$ \$137,431 \$21,847	\$53,168.42	\$7,595.49 \$	2002 23490 22672 223 \$2.75 \$0.19 \$12.11 \$60,763.91
\$78,509.66	\$202,403.90	\$22,627.38 \$ \$0 \$21,847	\$246,878.29	\$35,268.33 \$	2003 66134 63832 628 \$4.55 \$0.31 \$17.87 \$282,146.61
\$252,202.77	\$173,693.11	\$19,730.40 \$ \$0 \$21,847	\$215,270.51	\$30,752.93 \$	2004 57667 55659 547 \$4.55 \$0.31 \$17.87 \$246,023.44
\$400,860.93	\$148,658.15	\$17,204.32 \$ \$0 \$21,847	\$187,709.48	\$26,815.64 \$	2005 50284 48533 477 \$4.55 \$0.31 \$17.87 \$214,525.12
\$527,689.34	\$126,828.42	\$15,001.66 \$ \$0 \$21,847	\$163,677.08	\$23,382.44 \$3	2006 43846 42320 416 \$4.55 \$0.31 \$17.87 \$187.059.52
\$635,482.88	\$107,793.54	\$13,081.00 \$ \$0 \$21,847	\$142,721.54	\$20,388.79 \$	2007 38233 36901 363 \$4.55 \$0.31 \$17.87 \$163,110.33
\$726,678.57	\$91,195.69	\$11,406.24 : \$0 \$21,847	\$124,448.93	\$17,778.42 \$	2008 33338 32177 316 \$4.55 \$0.31 \$17.87 \$142.227.35
\$803,401.43	\$76,722.86	\$9,945.90 : \$0 \$21,847	\$108,515.76	\$15,502.25 \$	2009 29069 28057 276 \$4.55 \$0.31 \$17.87 \$124.018.01
\$867,504.41	\$64,102.98	\$8,672.53 \$ \$0 \$21,847	\$94,622.51	\$13,517.50 \$1	2010 25348 24465 241 \$4.55 \$0.31 \$17.87 \$108,140.02
\$920,603.24 \$	\$53,098.83	\$7,562.19 \$ \$0 \$21,847	\$82,508.02	\$11,786.86 \$1	2011 22102 22102 21333 210 \$4.55 \$0.31 \$17.87 \$94,294.87
\$964,106.77 \$	\$43,503.53	\$6,594.00 \$ \$0 \$21,847	\$71,944.53	\$10,277.79 \$	2012 19273 18602 183 \$4.55 \$0.31 \$17.87 \$82,222.32
\$999,243.48 \$1,027,084.58	\$35,136.72	\$5,749.78 \$ \$0 \$21,847	\$62,733.49	\$8,961.93 \$	2013 16805 16220 159 \$4.55 \$0.31 \$17.87 \$71.895.42
027,084.58	\$27,841.10	\$5,013.63 \$0 \$21,847	\$54,701.74	\$7,814.53	2014 14654 14143 139 \$4.55 \$0.31 \$17.87 \$62,516.27

DISCOUNTED NET CASH FLOW @ 10%

\$218,072

Page 1 of 5

\$1,048,564.13	\$21,479.55	\$4,371.74 \$0 \$21,847	\$47,698.28	\$6,814.04	2015 12778 1233 121 \$4.55 \$0.31 \$17.87 \$54,512.33
\$1,064,496.59	\$15,932.46	\$3,812.03 \$0 \$21,847	\$41,591.48	\$5,941.64	2016 11142 10754 106 \$4.55 \$0.31 \$17.87 \$47.533.12
\$1.075,592.15 \$1,082,470.09 \$1,085,670.37 \$1,085,663.86	\$11,095.56	\$3,323.97 \$0 \$21,847	\$36,266.54	\$5,180.93	9715 9715 9377 9377 92 \$4.55 \$0.31 \$17.87 \$41,447.47
\$1,082,470.09	\$6,877.93	\$2,898.41 \$0 \$21,847	\$31,623.34	\$4,517.62	8471 8471 8176 80 \$4.55 \$0.31 \$17.87 \$36,140.96
\$1,085,670.37	\$3,200.29	\$2,527.32 \$0 \$21,847	\$27,574.61	\$3,939.23	2019 7387 7130 70 \$4.55 \$0.31 \$17.87 \$31.513.84
\$1,085,663.86	-\$6.51	\$2,203.75 \$0 \$21,847	\$24,044.24	\$3,434.89	2020 6441 6217 61 54.55 \$0.31 \$17.87 \$27,479.13
\$1,082,861.12 \$1,082,861.12	-\$2,802.74	\$1,921.61 \$0 \$21,847	\$20,965.86	\$2,995.12	5616 5421 53 54.55 \$4.55 \$0.31 \$17.87 \$23.960.98
\$1,082.861.12	\$0.00	\$1,675.58 \$0 \$21,847	\$18,281.61	\$2,611.66	2022 4897 4727 46 46 \$4.55 \$0.31 \$17.87 \$20,893.26
\$1,082,861.12	\$0.00	\$1,461.06 \$0 \$21,847	\$15,941.02	\$2,277.29	4270 4270 4122 41 \$4.55 \$0.31 \$17.87 \$18.218.30
\$1,082,861.12	\$0.00	\$1,274.00 \$0 \$21,847	\$13,900.09	\$1,985.73	3724 3724 3594 35 \$4.55 \$0.31 \$17.87 \$15.885.82
\$1,082,861.12 \$1,082,861.12 \$1,082,861.12 \$1,082,	\$0.00	\$1,110.89 \$0 \$21,847	\$12,120.47	\$1,731.50	3247 3134 3134 31 \$4.55 \$0.31 \$17.87 \$13,851.96
861.12	\$0.00	\$968.66 \$0 \$21,847	\$10,568.69	\$1,509.81	2026 2831 2733 273 27 \$4.55 \$0.31 \$17.87 \$12.078.50
\$1,082,861.12	\$0.00	\$844.64 \$0 \$21,847	\$9,215.58	\$1,316.51	202/ 2469 2383 2383 23 \$4.55 \$0.31 \$17.87 \$10.532.09
\$1,082,861.12	\$0.00	\$736.51 \$0 \$21,847	\$8,035.71	\$1,147.96	2028 2153 2078 2078 20 \$4.55 \$0.31 \$17.87 \$9,183.67
\$1,082,861.12 \$1,082,861.12 \$1,082,861.12 \$1,082,861.12	\$0.00	\$642.21 \$0 \$21,847	\$7,006.90	\$1,000.99	2029 1877 1812 18 18 18 \$4.55 \$0.31 \$17.87 \$8,007.89
\$1,082,861.12	\$0.00	\$559.99 \$0 \$21,847	\$6,109.81	\$872.83	2030 1637 1580 16 16 \$4.55 \$0.31 \$17.87 \$6,982.64
\$1,082,861.12	\$0.00	\$488.29 \$0 \$21,847	\$5,327.57	\$761.08	2031 1427 1377 14 14 \$4.55 \$0.31 \$17.87 \$6.088.65
\$1,082,861.12	\$0.00	\$425.78 \$0 \$21,847	\$4,645.48	\$663.64	1244 1201 1201 12 12 \$4.55 \$0.31 \$17.87 \$5,309.12
\$1,082,861.12	\$0.00	\$371.26 \$0 \$21,847	\$4,050.72	\$578.67	2033 1085 1047 10 10 \$4.55 \$0.31 \$17.87 \$4,629.40
1,082,861.12	\$0.00	\$323.73 \$0 \$21,847	\$3,532.11	\$504.59	946 913 913 9 \$4.55 \$0.31 \$17.87 \$4.036.70
1,082,861.12 \$	\$0.00	\$282.28 \$0 \$21,847	\$3,079.89	\$439.98	825 796 8 8 \$4.55 \$0.31 \$17.87 \$3,519.88
\$1,082,861.12 \$1,082,861.12 \$1,082,861.12 \$1,082,861.12 \$1,082,961.12	\$0.00	\$246.14 \$0 \$21,847	\$2,685.58	\$383.65	719 694 7 \$4.55 \$0.31 \$17.87 \$3.069.23
1,082,861.12	\$0.00	\$214.63 \$0 \$21,847	\$2,341.74	\$334.53	2037 627 605 6 6 \$4.55 \$0.31 \$17.87 \$2.676.28

					_
\$1 M8 564 13	\$21,479.55	\$4,371.74 \$0 \$21,847	\$47,698.28	\$6,814.04	2015 12778 1233 121 \$4.55 \$0.31 \$17.87 \$54,512.33
\$1 000 061 17 1 060 061 17 1 07 1 07 1 07	\$15,932.46	\$3,812.03 \$0 \$21,847	\$41,591.48	\$5,941.64	2016 11142 10754 106 \$4.55 \$0.31 \$17.87 \$47.533.12
\$1 075 502 15	\$11,095.56	\$3,323.97 \$0 \$21,847	\$36,266,54	\$5,180.93	2017 9715 9377 9377 92 \$4.55 \$0.31 \$17.87 \$41,447.47
\$1 082 470 09	\$6,877.93	\$2,898.41 \$0 \$21,847	\$31,623.34	\$4,517.62	2018 8471 8176 80 \$4.55 \$0.31 \$17.87 \$36,140.96
\$1 085 670 37	\$3,200.29	\$2,527.32 \$0 \$21,847	\$27,574.61	\$3,939.23	2019 7387 7130 70 \$4.55 \$0.31 \$17.87 \$31.513.84
\$1 085 663 86	-\$6.51	\$2,203.75 \$0 \$21,847	\$24,044.24	\$3,434.89	6441 6217 617 61 84.55 \$0.31 \$17.87 \$27,479.13
\$1 082 861 12	-\$2,802.74	\$1,921.61 \$0 \$21,847	\$20,965.86	\$2,995.12	5616 5421 53 54.55 \$4.55 \$0.31 \$17.87 \$23,960,98
\$1 082 861 12	\$ 0.00	\$1,675.58 \$0 \$21,847	\$18,281.61	\$2,611.66	4897 4727 4727 46 \$4.55 \$0.31 \$17.87 \$20,893.26
\$ 1 082 861 12	\$0.00	\$1,461.06 \$0 \$21,847	\$15,941.02	\$2,277.29	4270 4122 41 \$4.55 \$0.31 \$17.87 \$18,218.30
\$1 082 861 12	\$0.00	\$1,274.00 \$0 \$21,847	\$13,900.09	\$1,985.73	3724 3724 3594 35 \$4.55 \$0.31 \$17.87 \$15,885.82
\$1 082 861 12 ¢	\$0.00	\$1,110.89 \$0 \$21,847	\$12,120.47	\$1,731.50	3247 3134 3134 31 \$4.55 \$0.31 \$17.87 \$13,851.96
11 082 861 12	\$0.00	\$968.66 \$0 \$21,847	\$10,568.69	\$1,509.81	2026 2831 2733 27 \$4.55 \$0.31 \$17.87 \$12.078.50
1 082 861 12	\$0.00	\$844.64 \$0 \$21,847	\$9,215.58	\$1,316.51	2469 2469 2383 23 23 \$4.55 \$0.31 \$17.87 \$10.532.09
11 082 861 12 \$	\$ 0.00	\$736.51 \$0 \$21,847	\$8,035.71	\$1,147.96	2028 2153 2078 2078 20 \$4.55 \$0.31 \$17.87 \$17.87
108286112	\$ 0.00	\$642.21 \$0 \$21,847	\$7,006.90	\$1,000.99	2029 1877 1812 18 18 \$4.55 \$0.31 \$17.87 \$8.007.89
1 082 861 12 \$	\$0.00	\$559.99 \$0 \$21,847	\$6,109.81	\$872.83	1637 1580 16 16 \$4.55 \$0.31 \$17.87 \$6.982.64
108286112 \$	\$0.00	\$488.29 \$0 \$21,847	\$ 5,327.57	\$761.08	1427 1377 1377 14 \$4.55 \$0.31 \$17.87 \$6.088.65
082 861 12	\$0.00	\$425.78 \$0 \$21,847	\$4,645.48	\$663.64	1244 1201 1201 12 \$4.55 \$0.31 \$17.87 \$5.309.12
082 861 12 \$1	\$0.00	\$371.26 \$0 \$21,847	\$4,050.72	\$578.67	1085 1047 1047 10 \$4.55 \$0.31 \$17.87 \$4,629.40
08286112 \$1	\$0.00	\$323.73 \$0 \$21,847	\$3,532.11	\$504.59	946 913 913 9 \$4.55 \$0.31 \$17.87 \$4.036.70
082 861 12 \$1	\$0.00	\$282.28 \$0 \$21,847	\$3,079.89	\$439.98	2035 825 796 8 8 \$4.55 \$0.31 \$17.87 \$3.519.88
082 861 12 1	\$0.00	\$246.14 \$0 \$21,847	\$2,685.58	\$383.65	719 694 7 \$4.55 \$0.31 \$17.87 \$3.069.23
080 861 10	\$0.00	\$214.63 \$0 \$21,847	\$2,341.74	\$334.53	627 627 605 6 6 \$4.55 \$0.31 \$17.87 \$2,676.28

Dec-95 1314 17351

1,082,861.12	\$0.00	\$187.15 \$0 \$21,847	\$2,041.93	\$291.70	\$2,333.63	\$17.87	\$0.31	\$4.55	5	528	547	2038
\$1,082,861.12	\$0.00	\$163.19 \$0 \$21,847	\$1,780.50	\$254.36	\$2,034.86	\$17.87	\$0.31	\$4.55	5	460	477	2039
\$1,082,861.12	\$0.00	\$142.30 \$1 \$21,847	\$1,552.54	\$221.79	\$1,774.34	\$17.87	\$0.31	\$4.55	4	401	416	2040

Page 3 of 5

-:		Nov-	
3337	5553	97 1	
13187	5907	Dec-97	
13035	6300	Jan-98	
12884	6185	Feb-98	
12749	6927	Mar-98	
12602	6942	Apr-98	
12461	7547	May-98	
12317	6988	Jun-98	
12179	6892	Jul-98	
12038	6393	Aug-98	
11899	8375	Sep-98	
11765	7493	Oct-98	
11629	6916	Nov-98	
11499	6728	Dec-98	
11366	7374	Jan-99	
11234	6386	Feb-99	
11117	5140	Mar-99	
10988	4934	Apr-99	
10865	6984	May-99	
10740	5867	Jun-99	
10619	4543	Jul-99	
10497	3760	Aug-99	
10375	5136	Sep-99	
10259	2084	Oct-99	
10140	313	Nov-99	
10027	0	Dec-99	

Jan-00 991
Feb-00 0 772 1 9796
Mar-00 2 1739 6 9690
Apr-00
May-00 9471
Jun-00 9361
Jul-00 9256
Aug-00 197 9149
Sep-00 1559 9043
Oct-00 1657 8942
Nov-00 1612 8839
Dec-00 1663 8740
Jan-01 F 2326 8639
1492 8539
1ar-01 A 429 8449
pr-01 M 8352
ay-01 Ju 443 8258
613 8163
532 8071
1248 7978
1377 7886
3+01 No 1380 7797
v-01 De 506 7707
c-01 Jan 1481 7621
1-02 Feb 367 7533
610 37446 7
- <u>02</u> 3077 7368

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

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Plant Shrinkage
NGL Yield, bbls/mmscf
Wet Gas BTU
Working Interest
Royalty Interest
Net of Royalty Interest Capital Costs, \$
Operating Costs, \$/yr.
Severance Tax Rate
Ad Valorem Tax Rate WELL NAME
API#
Sec
Township
Range
Start Date
Completion Date
1st Sales Date GROS Gross Gross Gross Reside Gathe GROS ROYA NRI R VALO VALO OPER NET II Gross Declir Expor DISCOUNTED NET CASH FLOW @ 10% Gallegos Canyon Unit Well No. 563
300453029000
26
29N
12W
Sep-00
Dec-00
Feb-01 \$6,416

verating Costs, \$yyr. verance Tax Rate I Valorem Tax Rate I Valorem Tax Rate I Shrinkage SL Yield, bbls/mmscf et Gas BTU orking Interest		\$34,701 7.94% 1.23% 5.467% 9.49 1027 100.0%				Gas Rate, m	o,	O ₇	&	\$	∞	ଓ	&		NO	TE: ACTUAL	PRICES, FE	ES AND CO.	NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL	DR HISTORIC	À
orking Interest yalty Interest t of Royalty Interest		100.0% 12.5% 87.5%				*800,	ADTO TO AND OT	Oct. 01 - 680 Oc	A STOS SURVEY	Or Or Or	Cline Or Or Or A	ري. مين	O _{K,O}		NO	TE: ACTUAI PE FO	JAL PRICES, FEES AND COPERIOD. PARAMETERS A FORECAST TIME PERIOD.	ES AND CO: METERS AB IE PERIOD.	UAL PRICES, FEES AND COSTS USED FOR HIST PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	OR HISTORK JURING	SAL
ODUCTION HISTORY	Feb-01	Mar-01	Apr-01	Mav-01	Jun-01 [Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02 F	Feb-02	Mar-02		May-02	Jun-02		Aug-02	11	Oct-02
oss Gas Rate, mcf/mo	569 730s	1411	1972	1812	1374	1770	2291	2314	\$ 6	~ \-\ 	3 23	ت » ا	3 =	2025	2014	1691	ᇷᄝ	1296	<u>۔</u> کنا	Γ	654
ponential Decline Rate 5.3%	5.3%	2386	23/5	2360	2354	2344	2334	2323	2313	2303	2293	2822		2203	2233	2243		2223	2213	2203	2134
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
OSS WET GAS, mcf oss Residue, mmbtu	19838 19147	16085 15525	21373 20629	26039 25132	24695 23835	23420 22604	22211 21438	21064 20331	19977 19281	18946 18286	17968 17342	17040 16447	16161 15598	15327 14793	14535 14029	13785 13305	13073 12618	12399 11967	11759 11349	11152 10763	10576 10208
oss NGL, bbls	188	153	203	247	234	222	211	200	190	180	171	162	153	145	138	131	124	118	112	106	100
sidue Gas Price, \$/mmbtu thering&Processing Fee	\$4.36 \$0.30	\$2.75 \$0.19	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$0.31	\$4.55 \$0.31	\$4.55 \$0.31	\$4.55 \$0.31
iL Price, \$/bbl	\$11.85	\$12.11			\$17.87	\$17.87	\$17.87	\$17.87		17.87							\$17.87	\$17.87			\$17.87
OSS 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	\$68,945.99	\$65,387.00	\$62,011.72	\$58,810.68	\$55,774.87	\$52,895.77	\$50,165.29	\$47,575.76	\$45,119.90
YALTY, \$	\$10,009.34	\$5,201.08 \$	\$11,397.93 \$13,886.01		\$13,169.21 \$12,489.42		11,844.72 \$	\$11,844.72 \$11,233.29 \$10,653.43	10,653.43 \$1	\$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
I 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
VERANCE and AD LOREM PITAL EXPENSE	\$6,421.78 \$241,502 \$34,701	\$3,336.90 \$0 \$59,387	\$7,312.66 \$0 \$34,701	\$8,908.96 \$0 \$34,701	\$8,449.08 \$0 \$34,701	\$8,012.94 \$0 \$34,701	\$7,599.31 \$0 \$34,701	\$7,207.03 \$0 \$34,701	\$6,835.01 \$ \$0 \$34,701	\$6,482.18 \$ \$0 \$34,701	\$6,147.57 \$ \$0 \$34,701	\$5,830.24 \$ \$0 \$34,701	\$5,529.28 \$ \$0 \$34,701	\$5,243.86 \$ \$0 \$34,701	\$4,973.17 \$ \$0 \$34,701	\$4,716.45 \$0 \$34,701	\$4,472.99 \$ \$0 \$34,701	\$4,242.10 \$ \$0 \$34,701	\$4,023.12 \$ \$0 \$34,701	\$3,815.45 \$ \$0 \$34,701	\$3,618.49 \$0 \$34,701
TINCOME, \$	-\$212,559.36	-\$26,316.39	\$37,771.84	\$53,592.12	\$49,034,43	\$44,712.00	\$40,612.71	\$36,725.01	\$33,038.00	\$29,541.32	\$26,225.13	\$23,080.12	\$20,097.46	\$17,268.77	\$14,586.09	\$12,041.89	\$9,629.02	\$7,340.71	\$5,170.51	\$3,112.35	\$1,160.42
OW. \$	-\$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

Page 1 of 2

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NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	GAS PRICE, \$MCF	TAXES (SEVERANCE + AD VALOREM), %	ROYALTY, %	GAS TRANSPORTATION FEE, \$/MCF	OPERATING COSTS, \$/YEAR	DRILLING AND COMLETION COST, \$	ECONOMIC PARAMETERS:
SED FOR HISTORICAL JSED DURING	\$4.55	9.17%	12.5%	\$0.31	\$34,701	\$241,502	

Gas Rate, mcf/mo.

10000

Historical Gas Rate - GCU 563

1000

69		4 0		69	П
\$225,173.40	-\$690.74	\$3,431.71 \$0 \$34,701	\$37,441.96	\$5,348.85	2022 10030 9681 95 \$4.55 \$0.31 \$17.87 \$42.790.81
\$222,727.05	-\$2,446.35	\$3,254.56 \$0 \$34,701	\$35,509.21	\$5,072.74	2023 9512 9181 90 \$4.55 \$0.31 \$17.87 \$40,581.95
\$222,727.05	\$0.00	\$3,086.56 \$0 \$34,701	\$33,676.22	\$4,810.89	2024 9021 8707 86 \$4.55 \$0.31 \$17.87 \$38,487.11
\$222,727.05	\$0.00	\$2,927.23 \$0 \$34,701	\$31,937.86	\$4,562.55	2025 8556 8258 81 \$4.55 \$0.31 \$17.87 \$36.500.41
\$222,727.05	\$0.00	\$2,776.13 \$0 \$34,701	\$30,289.23	\$4,327.03	2026 8114 7831 77 \$4.55 \$0.31 \$17.87 \$34,616.26
\$222,727.05	\$0.00	\$2,632.82 \$0 \$34,701	\$28,725.70	\$4,103.67	2027 7695 7427 73 \$4.55 \$0.31 \$17.87 \$32,829.37
\$222,727.05	\$0.00	\$2,496.92 \$0 \$34,701	\$27,242.88	\$3,891.84	2028 7298 7044 69 \$4.55 \$0.31 \$17.87 \$31,134.72
\$222,727.05	\$0.00	\$2,368.03 \$0 \$34,701	\$25,836.60	\$3,690.94	2029 6921 6680 66 \$4.55 \$0.31 \$17.87 \$29.527.54
\$222,727.05	\$ 0.00	\$2,245.79 \$0 \$34,701	\$24,502.91	\$3,500.42	2030 6564 6335 62 \$4.55 \$0.31 \$17.87 \$28.003.33
\$222,727.05	\$0.00	\$2,129.86 \$0 \$34,701	\$23,238.07	\$3,319.72	2031 6225 6008 59 \$4.55 \$0.31 \$17.87 \$26,557.80
\$222,727.05	\$0.00	\$2,019.92 \$0 \$34,701	\$22,038.52	\$3,148.36	2032 5904 5698 56 \$4.55 \$0.31 \$17.87 \$25,186.89
\$222,727.05	\$0.00	\$1,915.65 \$0 \$34,701	\$20,900.90	\$2,985.84	2033 5599 5404 53 \$4.55 \$0.31 \$17.87 \$23.886.74
\$222,727.05	\$0.00	\$1,816.76 \$0 \$34,701	\$19,821.99	\$2,831.71	2034 5310 5125 50 \$4.55 \$0.31 \$17.87 \$22,653.71
\$222.727.05 \$222.727.05 \$222.727.05	\$0.00	\$1,722.98 \$0 \$34,701	\$18,798.78	\$2,685.54	2035 5036 4861 4861 486 \$4.55 \$0.31 \$17.87 \$21.484.32
\$222,727.05	\$0.00	\$1,634.04 \$0 \$34,701	78 \$17.828.39	\$2,685.54 \$2,546.91 \$2,415.44	2036 4776 4610 45 \$4.55 \$0.31 \$17.87 \$20,375.30
\$222,727.05	\$0.00	\$1,549.69 \$0 \$34,701	\$16,908.09		2037 4529 4372 4372 43 \$4.55 \$0.31 \$17.87 \$19.323.53
\$222,727.05	\$0.00	\$1,469.70 \$0 \$34,701	\$16,035.29	\$2,290.76	2038 4296 4146 4146 41 \$4.55 \$0.31 \$17.87 \$18.326.05
\$222,727.05	\$0.00	\$1,393.83 \$0 \$34,701	\$15,207.55	\$2,172.51	2039 4074 3932 39 \$4.55 \$0.31 \$17.87 \$17,380.06
\$222.727.05	\$0.00	\$1,321.88 \$0 \$34,701	\$14,422.54	\$2,060.36	2040 3864 3729 37 \$4.55 \$0.31 \$17.87 \$16.482.90

Dec-02 699 2174

Jan-03 | 740 2165

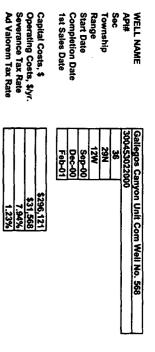
Apr-03 2448 2137

Jun-03 1643 2118

Jul-03 1942 2108

Oct-03 2425 2080

Nov-03 2053 2071



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

5.467% 9.49 1027 100.0% 12.5% 87.5%

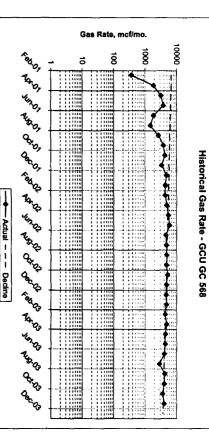
Ad Valorem Tax Rate

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

6902 22.1%

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

PRODUCTION HISTORY



DRILLING AND COMLETION COST, \$
OPERATING COSTS, \$/YEAR
GAS TRANSPORTATION FEE, \$/MCF
ROYALTY, %
TAXES (SEVERANCE + AD VALOREM), %
DISCOUNT RATE, %
GAS PRICE, \$MCF

\$296,121 \$31,568 \$0.31 12.5% 9.17% 10.0% \$4.55

ECONOMIC PARAMETERS:

6902	372	Feb-01		
6786	1831	Mar-01		
6660	3195	Apr-01		
6540	3818	May-01		
6418	1836	Jun-01		
6303	1470	Jul-01		
6185	2680	Aug-01		
6070	3780	Sep-01		
5961	4246	Oct-01		
5850	3370	Nov-01		tual Do
5745	4757	Dec-01		dine
5638	4368	Jan-02		
5533	4303	Feb-02		
5440	4855	Mar-02	,	
5339	5515	Apr-02		
5243	6006	May-02		
5146	4565	Jun-02		
5053	4769	Jul-02		
4959	4856	Aug-02		
4867	4749	Sep-02		
4779	5169	Oct-02		

FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST AND DISCOUNT CASH FLOW AMALYSIS 2001 2002 2003 GROSS WET GAS, mcf 31355 58449 48900 Gross Residue, mmbtu 30263 56414 47197 Gross NGL, bbis 298 555 464 Residue Gas Price, \$/mmbtu \$4.36 \$2.75 \$4.55 Gathering&Processing Fee \$0.30 \$0.19 \$0.31 NGL Price, \$/bbi \$11.85 \$151,195.82 \$208,618.78
\$227,096.90	\$227,096.90	\$10,149.95 \$296,121 \$31,568	\$110,742.06	\$15,820.29	2001 31355 30263 298 \$4.36 \$0.30 \$11.85 \$126.562.35
\$144,527.71	\$82,569.18	\$12,125.49 \$0 \$37,602	\$132,296.34	\$18,899.48	58449 56414 555 \$2.75 \$0.19 \$12.11 \$151,195.82
\$10,284.70	\$134,243.01	\$16,730.65 \$0 \$31,568	\$182,541.43	\$26,077.35	48900 47197 464 \$4.55 \$0.31 \$17.87 \$208.618.78
\$91,080.57	\$101,365.27	\$13,413.24 \$0 \$31,568	\$146,346.51	\$20,906.64	2004 39204 37839 372 \$4.55 \$0.31 \$17.87 \$167.253.15
\$166,087.38	\$75,006.82	\$10,753.62 \$0 \$31,568	\$117,328.44	\$16,761.21 \$13,437.74	2005 31430 30336 298 \$4.55 \$0.31 \$17.87 \$134.089.64
\$219,962.19	\$53,874.81	\$8,621.36 \$0 \$31,568	\$94,064.17	\$13,437.74	2006 25198 24321 239 \$4.55 \$0.31 \$17.87 \$107.501.90
\$256,895.12	\$36,932.93	\$6,911.89 \$0 \$31,568	\$75,412.81	\$10,773.26	2007 20202 19498 192 \$4.55 \$0.31 \$17.87 \$86,186.07
\$280,245,45	\$23,350.33	\$5,541.37 \$0 \$31,568	\$60,459.71	\$8,637.10	2008 16196 15632 154 \$4.55 \$0.31 \$17.87 \$69,096.81
\$292,706.40	\$12,460.94	\$4,442.61 \$0 \$31,568	\$48,471.56	\$6,924.51	2009 12985 12533 1253 123 \$4.55 \$0.31 \$17.87 \$55.396.06
\$296,437.14	\$3,730.74	\$3,561.72 \$0 \$31,568	\$38,860.46	\$5,551.49	2010 10410 10048 99 \$4.55 \$0.31 \$17.87 \$44,411.95
\$293,168.72	-\$3,268.41	\$2,855.49 \$0 \$31,568	\$31,155.08	\$4,450.73	2011 8346 8055 79 \$4.55 \$0.31 \$17.87 \$35,605.80
\$284,288.98	\$8,879.75	\$2,289.29 \$0 \$31,568	\$24,977.54	\$3,568.22	2012 6691 6458 63 \$4.55 \$0.31 \$17.87 \$28,545.76
\$284,288.98	\$ 0.00	\$1,835.36 \$0 \$31,568	\$20,024.91	\$2,860.70	2013 5364 5178 51 51 54.55 \$0.31 \$17.87 \$22.885.62
\$284,288.98	\$0.00	\$1,471.44 \$0 \$31,568	\$16,054.31	\$2,293.47	2014 4301 4151 41 41 54.55 50.31 \$17.87 \$18,347.78
\$284,288.98	\$ 0.00	\$1,179.68 \$0 \$31,568	\$12,871.01	\$1,838.72	2015 3448 3328 3328 33 \$4.55 \$0.31 \$17.87 \$17.87
\$284,288,98	\$0.00	\$945.77 \$0 \$31,568	\$10,318.90	\$1,474.13	2016 2764 2668 2668 26 \$4.55 \$0.31 \$17.87 \$11.793.03
\$284,288.98	\$0.00	\$758.24 \$0 \$31,568	\$8,272.83	\$1,181.83	2017 2216 2139 21 \$4.55 \$0.31 \$17.87 \$9.454.67
\$284,288.98	\$0.00	\$607.89 \$0 \$31,568	\$6,632.47	\$947.50	2018 1777 1715 17 \$4.55 \$0.31 \$17.87 \$7.579.96
\$284,288.98	\$ 0.00	\$487.36 \$0 \$31,568	\$5,317.36	\$759.62	2019 1424 1375 14 \$4.55 \$0.31 \$17.87 \$6.076.98
\$284,288.98 \$	\$0.00	\$390.72 \$0 \$31,568	\$4,263.02	\$609.00	2020 1142 1102 110 11 \$4.55 \$0.31 \$17.87 \$4,872.02
\$284,288.98	\$0.00	\$313.25 \$0 \$31,568	\$3,417.73	\$488.25	2021 916 884 9 9 \$4.55 \$0.31 \$17.87 \$3.905.98

PLOW @ 10%

\$141,458

					П	П
\$284,288.98	\$0.00	\$251.14 \$0 \$31,568	\$2,740.05	\$391.44	2022 734 708 7 \$4.55 \$0.31 \$17.87	Nov-02 4672
\$284,288.98	\$0.00	\$201.34 \$0 \$31,568	\$2,196.75	\$313.82	2023 588 588 568 6 \$4.55 \$0.31	Dec-02 4622
\$284,288.98	\$0.00	\$161.42 \$0 \$31,568	\$1,761.17	\$251.60	2024 472 455 4 54 \$4.55 \$0.31 \$17.87 \$2.012.76	Jan-03 4794
\$284,288.98	\$ 0.00	\$129.41 \$0 \$31,568	\$1,411.96	\$201.71	2025 378 365 4 \$4.55 \$0.31 \$17.87	Feb-03 4265
\$284,288.98	\$0.00	\$103.75 \$0 \$0	\$1,131.99	\$161.71	2026 303 293 3 \$4.55 \$0.31 \$17.87	Mar-03 4779
\$284,288.98	\$0.00	\$83.18 \$0 \$0	\$907.54	\$129.65	2027 243 235 235 2 \$4.55 \$0.31 \$17.87	Apr-03 4411
\$284,288.98	\$0.00	\$66.69 \$0	\$727.59	\$103.94	2028 195 188 2 \$4.55 \$0.31 \$17.87	May-03 4302
\$284,288.98	\$ 0.00	\$53.46 \$0 \$0	\$583.32	\$83.33	2029 156 151 1 1 \$4.55 \$0.31 \$17.87	Jun-03 4046
\$284,288.98	\$0.00	\$42.86 \$0 \$0	\$467.66	\$66.81	2030 125 121 121 14.55 \$0.31 \$17.87	Jul-03 2857
\$284,288.98	\$0.00	\$34.36 \$0	\$374.93	\$53.56	2031 100 97 1 \$4.55 \$0.31 \$17.87	Aug-03 4154
\$284,288.98	\$0.00	\$27.55 \$0 \$0	\$300.59	\$42.94	2032 81 78 1 \$4.55 \$0.31 \$17.87 \$343.53	Sep-03 4011
\$284,288.98	\$ 0.00	\$22.09 \$0 \$0	\$240.98	\$34.43	2033 65 62 1 \$4.55 \$0.31 \$17.87	00-03 3604
\$284,288.98	\$0.00	\$17.71 \$0 \$0	\$193.20	\$27.60	2034 52 50 \$4.55 \$0.31 \$17.87	Nov-03 3984
\$284,288.98	\$ 0.00	\$14.20 \$0 \$0	\$154.89	\$22.13	2035 41 40 0 \$4.55 \$0.31 \$17.87	Dec-03
\$284 288.98	\$0.00	\$11.38 \$0 \$0	\$124.18	\$17.74	2036 33 32 0 \$4.55 \$0.31 \$17.87	Balancing 90130
\$284,288.98	\$0.00	\$9.12 \$0 \$0		\$14.22	2037 27 26 0 \$4.55 \$0.31 \$17.87 \$113.78	
\$284,288.98	\$0.00	\$7.32 \$0		\$11.40	2038 21 21 21 0 \$4.55 \$0.31 \$17.87	
\$284,288,98	\$0.00	\$5.86 \$0	\$63.99	\$9.14	2039 17 17 0 \$4.55 \$0.31 \$17.87	
\$284,288.98	\$0.00	\$4.70 \$0	\$51.30	\$7.33	2040 14 13 0 \$4.55 \$0.31 \$17.87 \$59.63	

\$312,507 \$34,537

\$0.31 12.5% 9.17% 10.0% \$4.55

PRODUCTION FORECAST AND DISCOUNT CA

2002 2

GROSS WET GAS, mcf 55710

Gross Residue, mmbtu 53770

Gross NGL, bbls 5279

Residue Gas Price, \$/mmbtu \$2.75

Gathering&Processing Fee \$0.19

NGL Price, \$/bbl \$12.11 Capital Costs, \$
Operating Costs, \$/yr.
Severance Tax Rate Plant Shrinkage NGL Yield, bbls/mmscf Wet Gas BTU Working Interest Royalty Interest Net of Royalty Interest PLOW @ 10% CUMULATIVE NET CASH FLOW, \$ CAPITAL EXPENSE
OPERATING EXPENSE Gross Gas Rate, mcl/mo Range Start Date WELL NAME API# Sec SEVERANCE and AD Township NET INCOME, \$ VALOREM ROYALTY, \$ GROSS REVENUE, \$ Exponential Decline Rate Decline Match, mc//mo Completion Date 1st Sales Date NRI REVENUE, \$ PRODUCTION HISTORY Ad Valorem Tax Rate \$11,557.27 \$312,507 \$24,117 Gallegos Canyon Unit Well No. 571 300453070300 \$18,013.82 \$222,084.49 Feb-02 144,110.58 14 28N 13W Sep-01 Nov-01 Feb-02 6865 8.2% \$774,381 \$25,331.24 \$0 \$34,537 \$39,482.71 Mar-02 2903 6822 \$315,861.69 \$216,511.02 \$276,378.98 \$312,507 \$34,537 7.94% 1.23% \$5,573.47 5.467% 9.49 1027 100.0% 74037 71459 703 \$4.55 \$0.31 \$23,336.96 \$0 \$34,537 \$36 374.31 Apr-02 4257 6774 \$191,172.78 \$196,746.24 \$254,620.20 \$290,994.52 2004 68208 65833 647 \$4.55 \$0.31 \$17.87 \$21,499.69 \$0 \$33,510.64 \$369,710.54 \$178,537.77 \$234,574.45 \$268,085.09 \$34,537 62638 60650 596 \$4.55 \$0.31 4096 6729 \$19,807.06 \$0 \$34,537 \$30,872.41 \$531,473.35 \$161,762.81 \$246,979.28 \$216,106.87 57891 55876 549 \$4.55 \$0.31 \$17.87 6299 6682 \$18,247.69 \$0 \$34,537 \$28,441.89 \$677,781.86 \$146,308.51 \$199,093.20 \$227,535,08 <u>u</u>-02 53334 51477 506 \$4.55 \$0.31 \$17.87 4829 6637 10000 1000 ğ \$16,811.08 \$0 \$34,537 \$26,202.71 \$809,852.76 \$132,070.90 \$183,418.98 \$209,621.69 Aug-02 6274 6591 2008 49135 47424 47424 466 \$4.55 \$0.31 \$17.87 \$15,487.58 \$0 \$34,537 Sep-02 6711 6545 \$24,139.82 \$928.906.94 \$1,035.677.06 \$1.131.414.48 \$1,216.895.64 \$1.292.828.01 \$1,380.255.48 \$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 \$118,954.18 \$193,118.58 \$168,978.76 45266 43690 430 \$4.55 \$0.31 \$17.87 Historical Gas Rate - GCU 571 \$14,268.27 \$13,144.96 \$0 \$0 \$22,239.34 \$106,870.12 \$155,675.39 \$177,914.74 Oct-02 \$34,537 \$17.87 \$4.55 \$0.31 41703 40251 396 7100 6501 \$20,488.48 Nov-02 7038 6456 \$163,907.86 \$143,419.38 \$95,737.42 \$34,537 38420 37082 365 \$4.55 \$0.31 \$17.87 Dec-02 5430 6413 \$12,110.08 \$0 \$18,875.46 \$132,128.25 \$151,003.71 \$85,481.17 \$34,537 35395 34162 34162 336 \$4.55 \$0.31 \$17.87 \$11,156.68 \$0 \$34,537 \$17,389.44 Jan-03 6859 6368 \$139,115.49 \$76,032.37 \$121,726.05 32608 31473 31473 309 \$4.55 \$0.31 \$17.87 \$10,278.34 \$0 \$34,537 \$16,020.40 5922 6324 \$128,163.20 \$67,327.46 30041 28995 28995 \$4.55 \$0.31 \$17.87 \$14,759.14 Mar-03 5845 6285 \$9,469.14 \$0 \$34,537 \$103,314,01 \$118,073.16 \$59,307.87 27676 27676 26712 263 \$4.55 \$0.31 \$17.87 \$13,597.19 \$8,723.66 \$0 \$34,537 Apr-03 6351 6241 \$108,777.49 \$51,919.65 \$95,180.30 25497 24609 24609 242 \$4.55 \$0.31 \$17.87 GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$MCF DRILLING AND COMLETION COST, \$
OPERATING COSTS, \$/YEAR NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD. \$8,036.86 \$0 \$34,537 \$12,526.71 ECONOMIC PARAMETERS: \$100,213.65 \$45,113.09 \$87,686.95 23490 22672 223 \$4.55 \$0.31 \$17.87 6199 6199 \$11,540.50 Jun-03 5950 6156 \$7,404.13 \$0 \$34,537 \$38,842.39 \$80,783.52 \$92,324.03 21640 20887 208 \$4.55 \$0.31 \$17.87 \$10,631.94 \$6,821.22 \$0 \$34,537

Jul-03 6316 6115

Aug-03 6016 6072

6030

5990

Sep-03

Oct-03

Page 1 of 2

\$33,065.38

\$27,743.17

\$22,839.98

\$18,322.80

\$6,284.20 \$0 \$34,537

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2020 18367 17728 174

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\$1,692.22 \$1,558.99 \$1,436.25 \$0 \$0 \$0 \$34,537 \$34,537 \$34,537			\$1,836.82 \$0 \$34,537	\$1,993.79 \$0 \$34,537	\$2,164.17 \$0 \$34,537	\$2,349.11 \$0 \$34,537	\$2,549.86 \$0 \$34,537	\$2,767.76 \$0 \$34,537	\$3,004.28 \$0 \$34,537	\$3,261.01 \$0 \$34,537	\$3,539.69 \$0 \$34,537	\$3,842.17 \$0 \$34,537	\$4,170.51 \$0 \$34,537	\$4,526,90 \$0 \$34,537	\$4,913.75 \$0 \$34,537
\$17,009.52	\$18,463.08		\$20,040.86	\$21,753.46	\$23,612,42	\$25,630.24	\$27,820.50	\$30,197.92	\$32,778.51	\$35,579.62	\$38,620.11	\$41,920.42	\$45,502.76	\$49,391.24	\$53,612.01
\$2,637.58 \$2,429.93 \$2,238.63	\$2,637.58		\$2,862.98	\$3,107.64	\$3,373.20	\$3,661.46	\$3,974.36	\$4,313.99	\$4,682.64	\$5,082.80	\$5,517.16	\$5,988.63	\$6,500.39	\$7,055.89	\$7,658.86
\$19,439,45	\$21,100.66		\$22,903.84	\$24,861.10	\$26,985.63	\$29,291.71	\$31,794.85	\$34,511,91	\$37,461.15	\$40,662.42	\$44,137.26	\$47,909.05	\$52,003.16	\$56,447.13	\$61,270.86
\$17.87 \$17.87 \$17.87			\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
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			5369	5827	6325	6866	7453	8089	8781	9531	10346	11230	12189	13231	14362
2036 2037 2038	_		2035	2034	2033	2032	2031	2030	2029	2028	2027	2026	2025	2024	2023

 WELL NAME
 Gallegos Carryon Unit Well No. 579
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 Range
 Start Date
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 Start Date
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 Capital Costs, \$
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SED DURING	PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	MANOS ARROS OPOS OPOS
	NOTE: ACTIVE DESCRIPTION OF THE PROPERTY LOS	
		100 100 100 100 100 100 100 100 100 100
· · · · · ·		
\$4.55	GAS PRICE , \$/MCF	
10.0%	DISCOUNT RATE, %	
9.17%	TAXES (SEVERANCE + AD VALOREM), %	
12.5%	ROYALTY, %	
\$0.31	GAS TRANSPORTATION FEE, \$/MCF	
\$16,398	OPERATING COSTS, \$/YEAR	400000000000000000000000000000000000000
\$357,459	DRILLING AND COMLETION COST, \$	
	ECONOMIC PARAMETERS:	

FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS 2001 2002 2003 GROSS WET GAS, mcf 2440 37220 37342 Gross Residue, mmbtu 2355 35924 30042 Gross NGL, bbis 23 353 354 Residue Gas Price, \$/mmbtu \$4.36 \$2.75 \$4.55 Gathering&Processing Fee \$0.30 \$0.19 \$0.31 NGL Price, \$/bbi \$11.85 \$12.11 \$17.87 GROSS REVENUE, \$ \$9.46.90 \$96.280.66 \$159.311.04
\$352,498.76	-\$352,498.76	\$789.85 \$357,459 \$2,868	\$8,617.78	\$1,231.11	2001 2440 2355 235 23 \$4.36 \$0.30 \$11.85 \$9,449.90
\$292,373.06	\$60,125.71	\$7,721.44 \$0 \$16,398	\$84,245.58	\$12,035.08 - \$19,913.88	2002 37220 35924 35924 353 \$2.75 \$0.19 \$12.11 \$96,280.66
\$175,859.46	\$116,513.59	\$12,776.31 \$0 \$10,107	\$139,397.16		2003 2003 37342 36042 354 \$4.55 \$0.31 \$17.87 \$159.311.04
\$83,817.44	\$92,042.02	\$10,941.82 \$0 \$16,398	\$119,381.84	\$17,054.55	2004 31980 30867 303 \$4.55 \$0.31 \$17.87 \$136,436.39
\$7,345.77	\$76,471.68	\$9,370.74 \$0 \$16,398	\$102,240.42	\$14,605.77	2005 27388 26435 26435 260 \$4.55 \$0.31 \$17.87 \$116,846.20
\$55,791.24	\$63,137.00	\$8,025.25 \$0 \$16,398	\$87,560.25	\$12,508.61 \$10,712.56	2006 23456 22639 223 \$4.55 \$0.31 \$17.87 \$100,068.86
\$107,508.22	\$51,716.98	\$6,872.94 \$0 \$16,398	\$74,987.93	\$10,712.56	2007 20088 19389 191 \$4.55 \$0.31 \$17.87 \$95,700.49
\$149,444.92	\$41,936.71	\$5,886.09 \$0 \$16,398	\$64,220.80	\$9,174.40	2008 17204 16605 163 \$4.55 \$0.31 \$17.87 \$13,395.20
\$183,005.65	\$33,560.73	\$5,040.94 \$0 \$16,398	\$54,999.67	\$7,857.10	2009 14733 14220 140 \$4.55 \$0.31 \$17.87 \$62,856.76
\$209,393.06	\$26,387.41	\$4,317.14 \$0 \$16,398	\$47,102.55	\$6,728.94	2010 12618 12179 120 \$4.55 \$0.31 \$17.87 \$53,831.48
\$229,637.14	\$20,244.08	\$3,697.26 \$0 \$16,398	\$40,339.34	\$5,762.76	2011 10806 10430 103 \$4.55 \$0.31 \$17.87 \$46,102.10
\$244,619.97	\$14,982.83	\$3,166.39 \$0 \$16,398	\$34,547.22	\$4,935.32	2012 9255 8932 88 \$4.55 \$0.31 \$17.87 \$39.482.54
\$255,096.99	\$10,477.02	\$2,711.75 \$0 \$16,398	\$29,586.76	\$4,226.68	2013 7926 7650 75 \$4.55 \$0.31 \$17.87 \$33,813.45
\$261,715.16	\$6,618.17	\$2,322.38 \$0 \$16,398	\$25,338.55	\$3,619.79	2014 6788 6551 64 \$4.55 \$0.31 \$17.87 \$28,958.35
\$265,028.56	\$3,313.40	\$1,988.92 \$0 \$16,398	\$21,700.32	\$3,100.05	2015 5813 5611 55 \$4.55 \$0.31 \$17.87 \$24,800.37
\$265,511.70	\$483.14	\$1,703.34 \$0 \$16,398	\$18,584.49	\$2,654.93	2016 4978 4805 47 \$4.55 \$0.31 \$17.87 \$21.239.41
\$263,570.97	-\$1,940.73	\$1,458.77 \$0 \$16,398	\$15,916.04	\$2,273.72	2017 4264 4115 40 \$4.55 \$0.31 \$17.87 \$18,189.75
\$259,554,40	-\$4,016.58	\$1,249.31 \$0 \$16,398	\$13,630.73	\$1,947.25	2018 3651 3524 35 \$4.55 \$0.31 \$17.87 \$15,577.98
\$259,554.40	\$0.00	\$1,069.93 \$0 \$16,398	\$11,673.57	\$1,667.65	2019 3127 3018 30 \$4.55 \$0.31 \$17.87 \$13.341.22
\$259,554.40	\$0.00	\$916.30 \$0 \$16,398	\$9,997.42	\$1,428.20	2020 2678 2585 2585 25 \$4.55 \$0.31 \$17.87 \$11.425.62
\$259,554,40	\$ 0.00	\$784.74 \$0 \$16,398	\$8,561.94	\$1,223.13	2021 2294 2214 2214 22 \$4.55 \$0.31 \$17.87 \$9.785.08

21 15 16 16 16 18 13

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

Oct-01 143 3837 15.5%

> 618 3786

1679 3739

Jan-02 Feb-02 | 2750 2942 3690 3641

Mar-02 2708 3598

Apr-02 2091 3551

May-02 4527 3506

Jun-02 3071 3461

Jul-02 3268 3417

2 | Oct-02 | 197 | 3110 128 | 3286

3241 3243

Mar-03 2987 3082

Apr-03 2942 3041

May-03 3332 3003

Jun-03 3329 2964

PRODUCTION HISTORY

DISCOUNTED NET CASH FLOW @ 10%

\$49,712

\$259,554.40	\$0.00	\$672.06 \$0 \$16,398	\$7,332.58	\$1,047.51	\$8.380.09	\$0.31 \$17.87	\$4.55	1896	2022
\$259,554,40	\$ 0.00	\$575.56 \$0 \$16,398	\$6,279.73	\$897.10	\$7,176.84	\$0.31 \$17.87	\$4.55	1682	2023
\$259,554.40	\$0.00	\$492.92 \$0 \$16,398	\$5,378.06	\$768.29	\$6,146.35	\$0.31 \$17.87	\$4.55	1391	2024
\$259,554,40	\$0.00	\$422.14 \$0 \$16,398	\$4,605.85	\$657.98	\$5,263.83	\$0.31 \$17.87	\$4.55	1234	2025
\$259,554,40	\$ 0.00	\$361.53 \$0 \$16,398	\$3,944.52	\$563.50	\$4,508.02	\$0.31 \$17.87	\$4.55	1057	2026
\$259,554,40	\$0.00	\$309.62 \$0 \$16,398	\$3,378.15	\$482.59	\$3,860.74	\$0.31 \$17.87	\$4.55	905 873	2027
\$259,554.40	\$0.00	\$265.16 \$0 \$16,398	\$2,893.10	\$413.30	\$3,306.40	\$0.31 \$17.87	\$4.55	775 748	2028
\$259,554.40	\$0.00	\$227.09 \$0 \$16,398	\$2,477.69	\$353.96	\$2,831.65	\$0.31 \$17.87	\$4.55 6	664 641	2029
\$259,554,40	\$0.00	\$194.48 \$0 \$16,398	\$2,121.93	\$303.13	\$2,425.07	\$0.31 \$17.87	\$	568 549	2030
\$259,554.40	\$0.00	\$166.56 \$0 \$16,398	\$1,817.25	\$259.61	\$2,076.86	\$0.31 \$17.87	\$4.55	487 470	2031
\$259,554.40	\$0.00	\$142.64 \$0 \$16,398	\$1,556.32	\$222.33	\$1,778.66	\$0.31 \$17.87	\$4.55	417 402	2032
\$259,554.40	\$ 0.00	\$122.16 \$0 \$0	\$1,332.86	\$190.41	\$1,523.27	\$0.31 \$17.87	\$4.55	357 345	2033
\$259,554.40	\$ 0.00	\$104.62 \$0 \$0	\$1,141.48	\$163.07	\$1,304.55	\$0.31 \$17.87	\$4.55	306 295	2034
\$259,554.40	\$ 0.00	\$89.60 \$0	\$977.58	\$139.65	\$1,117.24	\$0.31 \$17.87	\$4.55	262 253	2035
\$259,554.40 \$259,554.40	\$0.00	\$76.73 \$0 \$0	\$837.22	\$119.60	\$956.82	\$0.31 \$17.87	\$4.55	224 216	2036
\$259,554.40	\$0.00	\$65.72 \$0 \$0	\$717.00	\$102.43	\$819,43	\$0.31 \$17.87	\$4.55	192 185	2037
\$259,554.40	\$0.00	\$56.28 \$0 \$0	\$614.05	\$87.72	\$701.78	\$0.31 \$17.87	\$4.55	159	2038
\$259,554,40	\$0.00	\$48.20 \$0 \$0	\$525.88	\$75.13	\$601.01	\$0.31 \$17.87	\$4.55	141 136	2039
\$259,554.40	\$0.00	\$41.28 \$0	\$450.38	\$64.34	\$514.72	\$0.31 \$17.87	\$4.55	121 116	2040

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3182	Aug-03
2759	Sep-03
2516	Oct-03
4669	Nov-03
	Dec-03
56660	Balancing
	2 2759 2516

Plant Shrinkage
NGL Yield, bbls/mmscf
Wet Gas BTU
Working Interest
Royalty Interest
Net of Royalty Interest Capital Costs, \$
Operating Costs, \$\forall yr.
Severance Tax Rate
Ad Valorem Tax Rate WELL NAME
AP#
Sec
Township
Range
Start Date
Completion Date
1st Sales Date Gallegos Canyon Unit Well No. 14
300450710100
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NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	ECONOMIC PARAMETERS: DRILLING AND COMLETION COST, \$ OPERATING COSTS, \$VYEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$MCF
ED FOR HISTORICAL SED DURING	\$220,000 \$9,600 \$0,31 12.5% 9.17% 10.0% \$4.55

NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	GROSS WET GAS, mcf Gross Residue, mmbtu Gross NGL, bbls Residue Gas Price, \$/mmbtu Gathering&Processing Fee NGL Price, \$/bbl GROSS REVENUE, \$
\$228,805,13	\$100.38 \$220,000 \$9,600	\$1,095.26	\$156.47	ND DISCOUN 1996 657 634 6 6 \$1.96 \$0.13 \$14.69 \$1251.73
\$6,532.30	\$1,627.78 \$0 \$9,600	\$17,760.08	\$2,537.15	9176 8857 82.33 \$0.16 \$11.72 \$20,297.24
-\$5,145.35	\$449.48 \$0 \$9,600	\$4,904.13	\$700.59	CASH FLOW ANALYSIS 1997 1998 1997 3021 8857 2916 87 29 \$2.33 \$1.98 \$0.16 \$0.13 \$11.72 \$7.34 \$20,297.24 \$5.604.72
\$712.00	\$0.00 \$0 \$712	\$0.00	\$0.00	1999 0 0 \$2.19 \$0.00 \$10.56 \$0.00
\$0.00	88 80 88 88 88	\$0.00	\$0.00	2000 0 0 \$3.89 \$18.21 \$5.00
\$307.00	\$0.00 \$0 \$307	\$0.00	\$0.00	2001 0 0 \$4.36 \$11.85 \$5.00
\$691.00	\$0.00 \$0 -\$691	\$0.00	\$0.00	2002 0 0 0 \$2.75 \$0.00 \$12.11 \$0.00
\$0.00	85 85 85 85 85 85 85 85 85 85 85 85 85 8	\$0.00	\$0.00	2003 0 0 0 \$4.55 \$9.00 \$17.87 \$9.00
\$4,899.77	\$474.26 \$0 \$9,600	\$5,174.50	\$739.21	2004 1386 1338 13 \$4.55 \$0.31 \$17.87 \$5,913.71
\$0.00	\$352.75 \$0 \$9,600	\$3,848.73	\$549.82	2005 1031 995 10 \$4.55 \$0.31 \$17.87 \$4.386.54
\$0.00	\$262.37 \$0 \$9,600	\$2,862.63		2006 767 740 7 \$4.55 \$0.31 \$17.87 \$3.271.58
\$0.00	\$195.15 \$0 \$9,600	\$2,129.19	\$304.17	2007 570 551 5 5 5 54.55 \$0.31 \$17.87 \$2.433.38
\$ 0.00	\$145.15 \$0 \$9,600	\$1,583.67	\$226.24	2008 424 409 4 \$4.55 \$0.31 \$17.87 \$1,809.90
\$0.00	\$107.96 \$0 \$0	\$1,177.91	\$168.27	2009 316 305 305 3 \$4.55 \$0.31 \$17.87 \$1,346.18
\$0.00	\$80.30 \$0	\$876.12	\$125.16	2010 235 227 227 2 \$4.55 \$0.31 \$17.87 \$1,001.27
\$0.00	\$59.73 \$0 \$0	\$651.64	\$93.09	2011 175 168 2 \$4.55 \$0.31 \$17.87 \$744.74
\$0.00	\$44.42 \$0 \$0	\$484.68	\$69.24	2012 130 125 1 1 \$4.55 \$0.31 \$17.87 \$553.92
\$0.00	\$33,04 \$0 \$0	\$360.50	\$51.50	2013 97 93 1 \$4.55 \$0.31 \$17.87 \$412.00
\$0.00	\$24.58 \$0	\$268.14	\$38.31	2014 72 69 1 \$4.55 \$0.31 \$17.87 \$306.44
\$0.00	\$18.28 \$0	\$199.44	\$28.49	2015 53 52 1 \$4.55 \$0.31 \$17.87 \$27.93
\$0.00	\$13.60 \$0	\$148.34	\$21.19	2016 40 40 38 0 \$4.55 \$0.31 \$17.87 \$169.53

\$228,665.13 \$227,218.18 \$227,930.18 \$227,930.18 \$228,237.18 \$227,546.18 \$227,546.18 \$232,445.94 \$232,4

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

Nov-96 339 1100 29.6%

318

1047 1047

991 1021

1121 998

956 973

8 8 2 88

480 926

1218 904

931 882

88

839

793 818

221 799

475 779

751 759

388 742

724

8

88

672

PRODUCTION HISTORY

NET INCOME, \$
CUMULATIVE NET CASH
FLOW, \$

PLOW @ 10%

(\$208,673)

							<u>844</u>		
\$232,445.94	\$ 0.00	\$10.11 \$0 \$0	\$110.33	\$15.76	\$0.31 \$17.87 \$128.09	\$4 29 29	2017	937 656	Aug-98
\$232,445.94	\$0.00	\$7.52 \$0 \$0	\$82.06	\$11.72	\$0.31 \$17.87 \$93.79	£ 55 o 21 23	2018	470 639	Sep-98
-\$232,445.94	\$0.00	\$5.59 \$0	\$61.04	\$8.72	\$0.31 \$17.87 \$69.76	£ 0 6 6	2019	624	Oct-98
-\$232,445.94	\$ 0.00	\$4 \$0 \$0	\$45.40	\$6.49	\$0.31 \$17.87 \$51.88	¥ 55°0 ≈ ≈	2020	609	Nov-98
\$232,445.94	\$0.00	\$3.09 \$0	\$33.77	\$4.82	\$0.31 \$17.87 \$38.59	5 4. 55 ○	2021	594	Dec-98
\$232,445.94	\$0.00	\$2.36 \$6 \$0	\$25.12	\$3.59	\$0.31 \$17.87 \$28.70	\$4.55	2022	579	Jan-99
-\$232,445.94	\$0.00	\$1.71 \$0 \$0	\$18.68	\$2.67	\$0.31 \$17.87 \$21.35	\$4 4.55 0 5 5	2023	565	Feb-99
\$232,445.94	\$0.00	\$1.27 \$0 \$0	\$13.89	\$1.98	\$0.31 \$17.87 \$15.88	% 0 4 4	2024	552	Mar-99
-\$232,445.94	\$ 0.00	0\$ 0\$ \$6.0 \$	\$10.33	\$1.48	\$0.31 \$17.87 \$11.81	ჯ ჯ :55 ე ა ა	2025	538	Apr-99
-\$232,445.94	\$0.00	\$0.70 \$0 \$0	\$7.69	\$1.10	\$0.31 \$17.87 \$8.78		2026	525	May-99
-\$232,445.94	\$0.00	\$0.52 \$0	\$5.72	\$0.82	\$0.31 \$17.87 \$6.53		2027	512	Jun-99
\$232,445.94	\$0.00	\$0.39 \$0	\$4.25	\$0.61	\$0.31 \$17.87 \$4.86		2028	500	Jul-99
\$232,445.94	\$0.00	\$0.29 \$0	\$ 3.16	\$0.45	\$0.31 \$17.87 \$3.61	\$4.55 0 1 1	2029	488	Aug-99
-\$232,445.94	\$0.00	\$0.22 \$0	\$2.35	\$0.34	\$0.31 \$17.87 \$2.69	\$4.55	2030	476	Sep-99
-\$232,445.94	\$0.00	\$0.16 \$0	\$1.75	\$0.25	\$0.31 \$17.87 \$2.00	\$4.55 o o	2031	464	Oct-99
\$232,445.94	\$0.00	\$0.12 \$0 \$0	\$1.30	\$0.19	\$0.31 \$17.87 \$1.49	\$4.55 0	2032	453	Nov-99
-\$232,445.94	\$0.00	\$6.09 \$0 \$0	\$0.97	\$0.14	\$0.31 \$17.87 \$1.11	\$ 4.55 0 0	2033	442	Dec-99
\$232,445.94	\$0.00	\$0.07 \$0	\$0.72	\$0.10	\$0.31 \$17.87 \$0.82	\$4.55	2034	431	Jan-00
\$232,445.94	\$0.00	\$0.05 \$0	\$0.54	\$0.08	\$0.31 \$17.87 \$0.61	\$4.55 o o	2035	420	Feb-00
\$232,445.94	\$0.00	\$0.04 \$0	\$0.40	\$0.06	\$0.31 \$17.87 \$0.46	\$4.55 0	2036	410	Mar-00
\$232,445.94	\$0.00	\$0.03 \$0	\$ 0.30	\$0.04	\$0.31 \$17.87 \$0.34		2037	400	Apr-00
\$232,445.94	\$0.00	\$0.02 \$0.02	\$0.22	\$0.03	\$0.31 \$17.87 \$0.25		2038	391	May-00
\$232,445.94	\$0.00	\$6.02 \$8.02	\$0.16	\$0.02	\$0.31 \$17.87 \$0.19	\$ 55 0 0 0	2039	381	Jun-00

-\$232,445.94 \$4.55 \$0.31 \$17.87 \$0.14 \$0.02 \$0.01 \$0 \$0

Jul-00 | Aug-00 | Sep-00 | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jul-02 | Aug-02 | Sep-02 | Aug-02 | Sep-03 | Sep-03 | Sep-03 | Sep-03 | Sep-04 | Sep-05 | Sep-05 | Sep-05 | Sep-06 | Sep-06 | Sep-07 | Sep-08 | Sep

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

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DISCOUNTED NET CASH FLOW @ 10%

1.728 4 1.

WELL NAME	Gallegos Canyon Unit Well No. 49	on Unit Well	No. 49		1									7	200	ECONOMIC BARAMETERS.	AMETEDS:				}
Sec 3	31							Histori	Historical Gas Rate	⊕ - GCU 049											
Township	28N				-											DRILLING AND COMLETION COST. \$	OMLETION O	COST, \$	a \$5	\$220,000	
Read Date	447					10000	120	1111 1111 1111 1111 1111 1111 1111 1111 1111	12 h			enr			GAS	GAS TRANSPORTATION FEE, \$/MCF	TATION FEE	\$/MCF		\$0.31	
Completion Date	Jan-96						j								ROY	ROYALTY, %				12.5%	
1st Sales Date	May-96					o. 100		j			100	10			TAX	TAXES (SEVERANCE + AD VALOREM), %	NCE + AD V	LOREM), %		9.17%	
Capital Costs, \$		\$220,000							*			\$			GAS	GAS PRICE , \$/MCF	H %			\$4.55	1
Operating Costs, \$/yr. Severance Tax Rate Ad Valorem Tax Rate		\$15,751 7.94% 1.23%			·	as Rate, m	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				1			1	;		
Plant Shrinkage NGL Yield, bbls/mmscf		5.467% 9.49				· ~ ~				1 1 1 1 1 1 1 1 1 1			1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1								
Working Interest Royalty Interest		12.5%				No. Services	18 Sex 31	ANN CON	188 S8 S8	200 -	Sepor .	Sex OF	May Co		NOT	E: ACTUAL PER	JAL PRICES, FEES AND CO PERIOD. PARAMETERS A FORECAST TIME PERIOD.	S AND COST	NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	RING	<u> </u>
,										I Decline	[8]										
PRODUCTION DISTORT	May-96	Jun-96	Jul-96	П	Sep-96	Oct-96	П	Dec-96	Jan-97	П	П	П	П	П	П	П	П	П	П	П	Jan-98
Gross Gas Rate, mcf/mo Decline Match, mcf/mo Exponential Decline Rate	2000 31.5%	362 1947	1142 1897	4 5	886 1799	1435 1753	4521 1706	4085 1663	5094 1619	4540 1576	4215 1538	4011 1498	1460	2795 1421	1385	1348	1313	1279	1245	1213	1181
PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS	ND DISCOUNT	CASH FLOW	SISATANV !					3	1			1			2010		2013	2013	2014	2015	0018
GROSS WET GAS, mcf	13235	31500	12067	10689	1860	0	3068	488	1861	1358	991	723	528	[281	205	8	퇿	8	8	42
Gross Residue, mmbtu	12774	30403	11647	10317	1795	00	2961	471	1796	1311	957	7 698	510 5	372	271 3	, 1 98	145	105	. 7	<u> </u>	o 4
Residue Gas Price, \$/mmbtu	\$1.96	12 33	\$1.98	\$2.19	\$3.89 88.89	2.36 36.36	\$2.75	\$ \$	\$4.55	\$4.55 2.55	\$4 2.55	\$4.55	\$4.55	\$4.55	\$4.55 32.55	\$ \$4 32 35	5 5 2 5	\$4.55 34.55	\$4.55 31	\$4.55	5 \$4 3 55
NGL Price, \$/bbi GROSS REVENUE, \$	\$14.69 \$25.215.50	\$11.72	\$7.34 \$22.387.36	\$10.56	\$18.21 \$6,834.53	\$11.85 \$0.00	\$12.11 \$7.936.30	\$17.87	\$17.87 \$7,939.90	\$17.87	\$17.87 \$4.228.73	\$17.87	\$17.87		\$17.87 \$1,199.50	\$17.87 \$875.38	\$17.87 \$638.84	\$17.87 \$466.22		\$17.87 \$248.30	\$17.87 \$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	\$19,588.94	\$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 CAPITAL EXPENSE OPERATING EXPENSE	\$2,022.21 \$220,000 \$15,751	\$5,587.96 \$0 \$15,751	\$1,795.40 \$0 \$15,751	\$1,775.10 \$0 \$13,886	\$548.11 \$0 \$9,140	\$0.00 \$0 \$5,367	\$636.47 \$0 \$12,451	\$166.97 \$0 \$15,751	\$636.76 \$0 \$15,751	\$464.70 \$0 \$15,751	\$339.13 \$0 \$15,751	\$247.50 \$0 \$15,751	\$180.62 \$0 \$15,751	\$131.81 \$0 \$15,751	\$96.20 \$0	\$70.20 \$0 \$0	\$51.23 \$0	\$37.39 \$0 \$0	\$27.29 \$0 \$0	\$19.91 \$6 \$6	\$14.53 \$0 \$0
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
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 -\$1	-\$199,646.11 -\$1	\$199,646.11 -\$1	-\$199,646.11 -\$1	\$199,646.11 \$1	\$199,646.11 \$1	-\$199,646.11 -\$19	-\$199,646.11 -\$1	-\$199,646.11

Page 1 of 4

-\$199,646.11	\$0.00	\$10.61 \$0 \$0	\$115.71	\$16.53	2017 31 30 0 \$4.55 \$0.31 \$17.87 \$132.5
\$199,646.11	\$0.00	\$7.74 \$0 \$0	\$84.45	\$12.06	2018 23 22 20 34.55 \$0.31 \$17.87 \$96.51
-\$199,646.11	\$0.00	\$5.65 \$0	\$61.63	\$8.80	2019 17 16 0 \$4.55 \$0.31 \$17.87 \$70.43
-\$199,646.11	\$0.00	\$4.12 \$0	\$44.98	\$6.43	2020 12 12 12 12 0 \$4.55 \$0.31 \$17.87 \$51.40
-\$199,646.11	\$0.00	\$3.01 \$0	\$32.82	\$4.69	2021 9 8 0 0 \$4.55 \$0.31 \$17.87 \$37.51
-\$199,646.11	\$0.00	\$2.20 \$6	\$23.95	\$3.42	2022 6 6 6 9 \$4.55 \$0.31 \$17.87 \$27.38
-\$199,646.11	\$ 0.00	\$1.60 \$0 \$0	\$17.48	\$2.50	2023 5 5 6 9.31 \$17.87 \$19.98
-\$199,646.11 -\$199,646.11 -\$199,646.11 -\$199,646.11	\$0.00	\$1.17 \$0 \$0	\$12.76	\$1.82	2024 3 3 0 9 \$4.55 \$0.31 \$17.87 \$14.59
-\$199,646.11	\$0.00	\$0.85 \$0	\$9.31	\$1.33	2025 2 2 2 2 0 \$4.55 \$0.31 \$17.87 \$10.64
	\$0.00	\$6.62 \$6.62	\$6,79	\$0.97	2026 2 2 2 2 0 54.55 \$0.31 \$17.87
-\$199,646.11	\$0.00	\$0.45 \$0 \$0	\$4.96	\$0.71	2027 1 1 1 0 94.55 \$0.31 \$17.87 \$5.67
-\$199,646.11	\$0.00	\$0.33 \$0	\$3.62	\$0.52	2028 1 1 1 0 \$4.55 \$0.31 \$17.87 \$4.14
-\$199,646.11 -\$199,646.11	\$0.00	\$0.24 \$0 \$0	\$2.64	\$0.38	2029 1 1 1 0 0 \$4.55 \$0.31 \$17.87 \$3.02
-\$199,646.11	\$0.00	\$0.18 \$0	\$1.93	\$0.28	2030 1 0 0 \$4.55 \$0.31 \$17.87 \$2.20
-\$199,646.11	\$0.00	\$0.13 \$0 \$0	\$1.41	\$0.20	2031 0 0 \$4.55 \$0.31 \$17.87 \$1.61
\$199,646.11	\$0.00	\$0.09 \$0	\$1.03	\$0.15	2032 0 0 \$4.55 \$0.31 \$17.87 \$1.17
-\$199,646.11	\$0.00	\$0.07 \$0 \$0	\$0.75	\$0.11	2033 0 0 \$4.55 \$0.31 \$17.87 \$0.86
-\$199,646.11	\$0.00	\$0.05 \$0	\$ 0.55	\$0.08	2034 0 0 0 \$4.55 \$0.31 \$17.87 \$0.62
-\$199,646.11	\$0.00	\$0.04 \$0	\$0.40	\$0.06	2035 0 0 \$4.55 \$0.31 \$17.87 \$0.46
-\$199,646.11	\$0.00	\$0.03 \$0	\$0.29	\$0.04	2036 0 0 \$4.55 \$0.31 \$17.87 \$0.33
-\$199,646.11 -	\$0.00	\$5 \$0.02 \$6	\$0.21	\$0.03	2037 0 0 0 \$4.55 \$0.31 \$17.87 \$0.24
-\$199,646.11	\$0.00	\$0.01 \$0	\$0.16	\$0.02	2038 0 0 0 \$4.55 \$0.31 \$17.87 \$0.18
-\$199,646.11	\$0.00	\$0.01 \$6	\$ 0.11	\$0.02	2039 0 0 0 \$4.55 \$0.31 \$17.87 \$0.13

Apr-98

98 88

Aug-99 | Sep-99 | Oct-99 | Nov-99 | Dec-99

GCU049

	Oğ.
1 91	22
186	Nov-02
182	Dec-02
177	Jan-03
173	Feb-03
169	Mar-03
165	Apr-03
161	May-03
157	Jun-03
153	Jul-03
149	Aug-03
145	Sep-03
142	Oct-03
138	Nov-03
135	Dec-03

GCU014

Capital Costs, \$
Operating Costs, \$/yr.
Severance Tax Rate Range Start Date Completion Date 1st Sales Date WELL NAME API# Sec Township Ad Valorem Tax Rate Gallegos Canyon Unit Well No. 49 300450707600 31 28N 12W Jan-96 May-96 \$220,000 \$15,751 7.94% 1.23%

Plant Shrinkage NGL Yield, bbls/mmscf Wet Gas BTU 5.467% 9.49 1027 100.0% 12.5% 87.5%

Working Interest Royalty Interest Net of Royalty Interest

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

60 2000 31.5%

362 1947

1142

744 1847

886 1799

1435 1753

PRODUCTION HISTORY

10000 1 000 ខី ಕ Historical Gas Rate - GCU 049 •

₩ Q	Ш
4521 1706	Nov-96
4085 1663	Dec-96
5094 1619	Jan-97
4540 1576	Feb-97
4215 1538	Mar-97
4011 1498	Apr-97
4481 1460	May-97
2795 1421	Jun-97
1331 1385	Jul-97
1350 1348	Aug-97
1183 1313	Sep-97
1272 1279	Oct-97
1228 1245	Nov-97
1009 1213	Dec-97
1124 1181	Jan-98

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS	ND DISCOUN	T CASH FLO	W ANALYSIS																		
	1996	1997	1998	1999	2000	2001	2002	2003	20 Q	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	8	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	1 8	0	29	Ç1	18	13	9	7	Ų1	4	ω	2	_	_		_	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, \$/bbi	\$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	\$7,939.90	\$5,794.45	\$4,228.73	\$3,086.08	\$2,252.19	\$1,643.62	\$1,199.50	\$875.38	\$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	\$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	\$19,588.94	\$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 CAPITAL EXPENSE OPERATING EXPENSE	\$2,022.21 \$220,000 \$15,751	\$5,587.96 \$0 \$15,751	\$1,795.40 \$0 \$15,751	\$1,775.10 \$0 \$13,886	\$548.11 \$0 \$9,140	\$0.00 \$0 \$5,367	\$636.47 \$0 \$12,451	\$166.97 \$0 \$15,751	\$636.76 \$0 \$15,751	\$464.70 \$0 \$15,751	\$339.13 \$0 \$15,751	\$247.50 \$0 \$15,751	\$180.62 \$0 \$15,751	\$131.81 \$0 \$15,751	\$96.20 \$0	\$70.20 \$0 \$0	\$51.23 \$0 \$0	\$37.39 \$0	\$27.29 \$0 \$0	\$19.91 \$0 \$0	\$14.53 \$0
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
FLOW, \$	-\$215,709.65	-\$176,080.60	-\$174,038.06	\$170,331.74 -\$174,039.63	-\$174,039.63	\$179,406.63	\$185,549.84	\$199,646.11 \$199,646.11	-\$199,648.11	-\$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

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DISCOUNTED NET CASH FLOW @ 10%

(\$174,343)

DRILLING AND COMLETION COST, \$
OPERATING COSTS, \$YEAR
GAS TRANSPORTATION FEE, \$IMCF
ROYALTY, % NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD. TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE , \$MCF ECONOMIC PARAMETERS: \$220,000 \$15,751 \$0.31 12.5% 9.17% 10.0% \$4.55

									<u> </u>			تنت
(\$294.219)	\$0.00	\$0.25 \$0	\$2.71	\$0.39	\$17.87 \$3.10	\$4.55 \$0.31	0 -	د. د	2016		607 1926	Jun-97
(\$294 219)	\$0.00	\$0.14 \$0 \$0	\$1.57	\$0.22	\$17.87 \$1.80	\$4.55 \$0.31	00	0	2017		1432 1841	Jul-97
(\$294 219)	\$ 0.00	\$0.08 \$0	\$0.91	\$0.13	\$17.87 \$1.04	\$4.55 \$0.31	0 0	0	2018		714 1758	Aug-97
(\$294,219)	\$0.00	\$0.0\$ \$0.0\$	\$0.53	\$0.08	\$17.87 \$0.60	\$4.55 \$0.31	00	0	2019		349 1679	Sep-97
(\$294,219)	\$0.00	\$0.03 \$0	\$ 0.31	\$0.04	\$17,87 \$0.35	\$4.55 \$0.31	00	0	2020		1605 1605	Oct-97
(\$294,219)	\$0.00	\$6.02 \$6	\$0.18	\$0.03	\$17.87 \$0.20	\$4.55 \$0.31	00	0	2021		5 1532	Nov-97
(\$294.219)	\$0.00	\$0.01 \$0	\$0.10	\$0.01	\$17.87 \$0.12	\$4.55 \$0.31	0 0	0	2022		1465	Dec-97
(\$294 219)	\$0.00	\$0.01 \$0	\$0.06	\$0.01	\$17.87 \$0.07	\$0.31	00	. 0	2023		1399	Jan-98
(\$294,219)	\$0.00	\$0.00 \$0	\$0.03	\$0.00	\$17.87 \$0.04	\$4.55 \$0.31	0 0	. 0	2024		18 1336	Feb-98
(\$294.219)	\$0.00	\$6 \$6 \$6	\$0.02	\$0.00	\$17.87 \$0.02	\$8.55 \$0.31	00	0	2025		45 1281	Mar-98
(\$294.219)	\$0.00	\$0.08 \$0.00	\$0.01	\$0.00	\$17.87 \$0.01	\$4.55 \$0.31	00	0	2026		1223	Apr-98
(\$294,219)	\$0.00	\$0.00 \$0	\$0.01	\$0.00	\$17.87 \$0.01	\$4.55 \$0.31	00	0	2027		1170	May-98
(\$294 219)	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$17.87 \$0.00	\$4.55 \$0.31	00		2028		1117	Jun-98
(\$294.219)	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$17.87 \$0.00	\$4.55 \$0.31	00		2029		1068	Jul-98
(\$294.219)	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$17.87 \$0.00	\$4.55 \$0.31	00		2030		1019	Aug-98
(\$294,219)	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$17.87 \$0.00	\$4.55 \$0.31	•		2031		973	Sep-98
(\$294.219)	\$0.00	\$0.00 \$0	\$ 0.00	\$0.00	\$17.87 \$0.00	\$4.55 \$0.31	00		2032		931	Oct-98
(\$294.219)	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$17.87 \$0.00	\$4.55 \$0.31	00	- 0	2033	: :	889	Nov-98
(\$294,219)	\$0.00	\$0.00 80.00 80.00	\$ 0.00	\$0.00	\$17.87 \$0.00	\$4.55 \$0.31	0		2034		850	Dec-98
(\$294,219)	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$17.87 \$0.00	\$4.55 \$0.31	0	.	2035		35/ 811	Jan-99
(\$294,219)	\$0.00	\$5 \$5 \$5	\$0.00	\$0.00	\$17.87 \$0.00	\$4.55 \$0.31	0	- 0	2036		775	Feb-99
(\$294,219)	\$0.00	\$6 \$6 \$6 \$6	\$0.00	\$0.00	\$17.87 \$0.00	\$4.55 \$0.31	0	- 0	2037	!	743	Mar-99
(\$294 219)	\$0.00	\$5.00 \$5.00	\$0.00	\$0.00	\$17.87 \$0.00	\$4.55 \$0.31	00	- 0	2038		709	Apr-99

						_	_		_
\$0.00	\$0.00 \$0.00	\$ 0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4.55	2039		678	May-99
\$0.00	\$6 80 80 80 80	\$0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4.55 0	2040 0		647	Jun-99
								619	Jul-99
								591	Aug-99
								564	Sep-99
								540	Oct-99
								515	Nov-99 [
								493	Dec-99 ,
								470	Jan-00 F
								449	Feb-00 N
								430	Mar-00 A
								411	фг-00 М
								393	May-00 J
								375	Jun-00 J
								358	Jul-00 A
								342	Aug-00 Se
								327	Sep-00 Oc
								312	Oct-00 No
								298	Nov-00 De
								285	Dec-00 Jar
								272	Jan-01 Fel
								260	Feb-01 Mai
								249	Mar-01 Apr
								238	Apr-01 May-01
								228	/-01 Jun-01
								217	-01 Jul-01
								208	2

(\$294 219) (\$294,219)

Page 3 of 5

15	Aug-01
198	- Se
189	001
181	101 N
173	01 D
165	ec-01
158	an-02 F
151	eb-02 N
145	lar-02 A
138	pr-02 M
132	ay-02 Ju
126	л-02
121	ul-02 A
115	ug-02 S
110	ep-02 C
8	ct-02 N
100	ov-02 D
8	ec-02
92	3n-03 F
87	eb-03 M
22	ar-03 Ar
8	07-03 Ma
77	y-03 Ju
73	r-03 J.
70	J-03 A
67	ф-03 Sx
2	p-03 0
61	с- 03

GCU076

Nov-03 | Dec-03 | 58 56

Page 5 of 5

Plant Shrinkage NGL Yield, bbls/m Wet Gas BTU Working Interest Royalty Interest Net of Royalty Inte Capital Costs, \$
Operating Costs,
Severance Tax Ra
Ad Valorem Tax R WELL NAME
AP#
Sec
Township
Range
Start Date
Completion Date
1st Sales Date Gallegos Canyon Unit Well No. 093 300450769900 36 29N 12W Apr-03 Jun-03

	\$273,765
s, \$ /yr.	\$25,000
Rate	7.94%
Rate	1.23%
•	5.467%
/mmscf	9.49
	1027
*	100.0%
	12.5%
nterest	87.5%

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Gross Gas Rate, mc/imo Decline Match, mc/imo Exponential Decline Rate

Jun-03 392 1000 5.3%

996

991

987

PRODUCTION HISTORY

1000 · 1

982 982	Oct-03							
	Š				Gas R	ate, mcf/mc		
901 978	Nov-03			-	6	100	Š	3
∞ -	Н		_				- 111111	
937 974	Dec-03		Jun-03		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		,	
7 27	Н		5					
	Jan-04		Jul-03					
969 969	-	Π	Aug-03		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			Historica
		Actual -	Sep-03				•	al Gas Rai
		Decline	Oct-03					Historical Gas Rate - GCU 093
		170	Nov-03		11111			93
			Dec-03		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			
			Jan-04					

DRILLING AND COMLETION COST, \$
OPERATING COSTS, \$YYEAR
GAS TRANSPORTATION FEE, \$MCF
ROYALTY, %
TAXES (SEVERANCE + AD VALOREM), %
DISCOUNT RATE, %
GAS PRICE, \$MCF

\$273,765 \$25,000 \$0.31 12.5% 9.17% 10.0% \$4.55

ECONOMIC PARAMETERS:

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

FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	'NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS GROSS WET GAS, mcf 4556 7407 7025 Gross Residue, mmbtu 4397 7149 6780 Gross NGL, bbls 43 70 678 Residue Gas Price, \$mmbtu \$4.55 \$4.55 Gathering&Processing Fee \$0.31 \$0.31 NGL Price, \$bbl \$17.87 \$17.87 GROSS REVENUE, \$ \$19.437.10 \$31,600.73 \$29.989.50
\$272,899.67	-\$272,899.67	\$1,558.80 \$273,765 \$14,583	\$17,007.47	\$2,429.64	2003 4556 4397 4397 43 \$4.55 \$0.31 \$17.87 \$19.437.10
\$272,783.32	\$116.35	\$2,534.29 \$0 \$25,000	\$27,650.64	\$3,950.09	7004 7407 7149 70 \$4.55 \$0.31 \$17.87 \$31,800.73
\$273,963.48	\$1,180.16	\$2,403.47 \$0 \$25,000	\$26,223.31	\$3,746.19	V ANALYSIS 2005 7025 6780 67 \$4.55 \$0.31 \$17.87 \$29,969.50
\$276,373.22	-\$2,409.74	\$2,279.40 \$0 \$25,000	\$24,869.67	\$3,552.81	2006 6662 6430 63 \$4.55 \$0.31 \$17.87 \$28,422.48
\$276,373.22	\$0.00	\$2,161.74 \$0 \$25,000	\$23,585.90	\$3,369.41	2007 6318 6098 60 \$4.55 \$0.31 \$17.87 \$28,955,31
-\$276,373.22	\$0.00	\$2,050.15 \$0 \$25,000	\$22,368.39	\$3,195.48	2008 5992 5783 57 \$4.55 \$0.31 \$17.87 \$25.563.89
-\$276,373.22	\$0.00	\$1,944.32 \$0 \$25,000	\$21,213.74	\$3,030.53	2009 5683 5485 54 \$4.55 \$0.31 \$17.87 \$24.244.27
\$276,373.22	\$0.00	\$1,843.96 \$0 \$25,000	\$20,118.68	\$2,874.10	2010 5389 5202 51 \$4.55 \$0.31 \$17.87 \$22,992.78
-\$276,373.22	\$0.00	\$1,748.77 \$0 \$25,000	\$19,080.16	\$2,725.74	2011 5111 4933 49 \$4.55 \$0.31 \$17.87 \$21,805.89
-\$276,373.22	\$0.00	\$1,658.50 \$0 \$25,000	\$18,095.24	\$2,585.03	2012 4847 4679 46 \$4.55 \$0.31 \$17.87 \$20,680.27
-\$276,373.22	\$0.00	\$1,572.89 \$0 \$25,000	\$17,161.16	\$2,451.59	2013 4597 4437 4437 44 \$4.55 \$0.31 \$17.87 \$19.612.76
\$ 276,373.22	\$0.00	\$1,491.70 \$0 \$25,000	\$16,275.30	\$2,325.04	2014 4360 4208 4108 41 \$4.55 \$0.31 \$17.87 \$18,800.35
-\$276.373.22	\$0.00	\$1,414.70 \$0 \$25,000	\$15,435.17	\$2,205.02	2015 4135 3991 39 \$4.55 \$0.31 \$17.87 \$17.840.20
-\$276,373.22	\$0.00	\$1,341.67 \$0 \$25,000	\$14,638,41	\$2,091.20	2016 3921 3785 37 \$4.55 \$0.31 \$17.87 \$17.87
-\$276,373.22	\$0.00	\$1,272.41 \$0 \$25,000	\$13,882.78	\$1,983.25	2017 3719 3589 35 \$4.55 \$0.31 \$17.87 \$15.866.03
-\$276,373.22	\$0.00	\$1,206.73 \$0 \$25,000	\$13,166.15	\$1,880.88	2018 3527 3404 33 \$4.55 \$0.31 \$17.87 \$15,047.02
-\$276,373.22	\$0.00	\$1,144.44 \$0 \$25,000	\$12,486.51	\$1,783.79	2019 3345 3228 3228 32 \$4.55 \$0.31 \$17.87 \$14.270.30
\$276,373.22	\$0.00	\$1,085.36 \$0 \$25,000	\$11,841.96	\$1,691.71	2020 3172 3062 3062 30 \$4.55 \$0.31 \$17.87 \$13.533.66
\$276,373.22	\$0.00	\$1,029.34 \$0 \$25,000	\$11,230,68	\$1,604.38	2021 3008 2904 29 \$4.55 \$0.31 \$17.87 \$12.835.06
-\$276,373.22	\$0.00	\$976.20 \$0 \$25,000	\$10,650.95	\$1,521.56	2022 2853 2754 27 \$4.55 \$0.31 \$17.87 \$12.172.51
\$276,373.22	\$0.00	\$925.81 \$0 \$25,000	\$10,101.15	\$1,443.02	2023 27 28 39 311,54

DISCOUNTED NET CASH FLOW @ 10%

(\$250,527)

-\$276,373.22 -\$276,373.22 -\$276,373.22	\$0.00 \$0.00 \$0.00	\$0 \$0 \$0 \$0 \$25,000 \$25,000 \$25,000	6 932 70	\$9,085.22	\$1,297.89 \$ \$9.085.22	\$1,297.89 \$ \$9,085.22	\$17.87 \$10,383.11 \$1,297.89 \$ \$9,085.22	\$0.31 \$17.87 \$10.383.11 \$1,297.89 \$ \$9.085.22	\$4.55 \$0.31 \$17.87 \$10.383.11 \$1.297.89 \$ \$0.085.22	23 \$4.55 \$0.31 \$17.87 \$10.383.11 \$1,297.89 \$ \$9.085.22	2349 23 \$4.55 \$0.31 \$17.87 \$10.383.11 \$1.297.89 \$9.085.22
\$276,373.22 \$270	\$0.00	\$748.95 \$ \$0 \$25,000 \$;				↔	⇔	↔	€9	⇔	6 9
\$276,373.22 -\$276,373.22	\$0.00 \$0.00	\$710.29 \$673.62 \$0 \$0 \$25,000 \$25,000		\$7,749.66 \$7,349.62			•	•	. ↔	. ↔	. ↔
\$276,373.22	\$0.00	\$638.85 \$0 \$25,000		2 \$6,970.23	\$995.75 \$6,970.23	\$7.965.98 \$995.75 \$6.970.23	\$17.87 \$7.965.98 \$995.75 \$6.970.23	\$0.31 \$17.87 \$7.965.98 \$995.75 \$6,970.23	\$4.55 \$0.31 \$17.87 \$1,965.98 \$995.75 \$6,970.23	18 \$4.55 \$0.31 \$17.87 \$7.965.98 \$995.75 \$6.970.23	1802 18 \$4.55 \$0.31 \$17.87 \$7.965.99 \$995.75
\$276,373. 22 -\$276	\$0.00	\$605.87 \$5 \$0 \$25,000 \$2		\$6,610.43 \$6	-						
\$276,373, 22	\$0.00 \$0.00	\$574.60 \$544.94 \$0 \$0 \$25,000 \$25,000		\$6,269.20 \$5,945.58							
-\$276,373	8	\$516 \$25,0		\$5,63	\$805	\$6,444 \$805 \$5,63	\$17. \$6,444 \$805. \$5,634	\$0. \$17. \$6,444 \$805. \$5,639	\$4. \$0. \$17. \$6,444 \$805.	\$4. \$0. \$17. \$8,444 \$805.	\$4 \$0 \$17. \$6,44 \$805.
-\$276,373.22 -\$;	\$0.00	\$490.13 \$0 \$25,000		\$5,347.61	\$763.94 \$5.347.61	\$6,111.55 \$763.94 \$5,347.61	\$17.87 \$6.111.55 \$763.94 \$5.347.61	\$0.31 \$17.87 \$6.111.55 \$763.94 \$5.347.61	\$4.55 \$0.31 \$17.87 \$6,111.55 \$763.94 \$5,347.61	14 \$4.55 \$0.31 \$17.87 \$6.111.55 \$763.94 \$5.347.61	58 1383 1311 124 1179 1119 1061 14 14 13 12 12 11 10 55 \$4.55 \$4.55 \$4.55 \$4.55 \$4.55 31 \$0.31 \$0.31 \$0.31 \$0.31 \$0.31 87 \$17.87 \$17.87 \$17.87 \$17.87 \$17.87 20 \$6.11.55 \$5.796.07 \$5.496.86 \$5.213.13 \$4.944.03 \$4.686.82 52 \$763.94 \$724.51 \$687.11 \$651.64 \$618.00 \$586.10 55 \$5.347.61 \$5.071.56 \$4.696.77 \$4.561.49 \$4.326.02 \$4.102.71
276,373.22 -\$2	\$0.00	\$464.83 \$0 \$25,000		\$5,071.56	\$724.51 \$ \$5,071.56	\$5,796.07 \$724.51 \$5,071.56	\$17.87 \$5,796.07 \$724.51 \$5,071.56	\$0.31 \$17.87 \$5,796.07 \$724.51 \$5,071.56	\$4.55 \$0.31 \$17.87 \$5,796.07 \$724.51 \$5,071.56	13 \$4.55 \$0.31 \$17.87 \$5,796.07 \$724.51 \$5,071.56	1311 13 \$4.55 \$0.31 \$17.87 \$5,796.07 \$5,724.51 \$5,071.56
276,373.22 \$21	\$0.00	\$440.83 \$0 \$25,000 \$		\$4,809.77	\$687.11 \$	\$5,496.88 \$ \$687.11 \$ \$4,809.77	\$17.87 \$5,496.86 \$687.11 \$4,809.77	\$0.31 \$17.87 \$5,496.88 \$687.11 \$4,809.77	\$4.55 \$0.31 \$17.87 \$5,496.88 \$687.11 \$4,809.77	12 \$4.55 \$0.31 \$17.87 \$5,496.89 \$687.11 \$4,809.77	1244 12 \$4.55 \$0.31 \$17.87 \$5,496.88 \$687.11 \$4,809.77
16,373.22 -\$ 276.	\$0.00	\$418.08 \$3 \$0 \$25,000 \$2		\$4,561.49 \$4	;651.64 \$6 \$4,561.49 \$4	5.213.13 \$4, 5651.64 \$6 \$4,561.49 \$4	\$17.87 \$ 15.213.13 \$4, 15.51.64 \$6 \$4.561.49 \$4	\$0.31 \$17.87 \$ \$2.213.13 \$4, \$651.64 \$6 \$4,561.49 \$4	\$4.55 \$0.31 \$17.87 \$5.213.13 \$4.561.64 \$4.561.49 \$4.561.49	\$4.55 \$0.31 \$17.87 \$12.111 \$4.551.64 \$4.561.49	1179 12 \$4.55 \$0.31 \$17.87 \$2.213.13 \$4.561.64 \$4.561.49 \$4.561.49
373.22 -\$276,	\$0.00	396.50 \$3 \$0 !5,000 \$2		1,326.02 \$4	\$18.00 \$5 \$,326.02 \$4	,944.03 \$4,)18.00 \$5 4,326.02 \$4	\$17.87 \$4.1944.03 \$4.318.00 \$5.4,326.02 \$4	\$0.31 \$17.87 \$ \$1944.03 \$4. \$18.00 \$5	\$4.55 \$0.31 \$17.87 \$194.03 \$18.00 \$5	11 \$4.55 \$0.31 \$17.87 \$1944.03 \$4.328.02 \$4.328.02 \$4.328.02	1119 11 \$4.55 \$0.31 \$17.87 \$17.87 \$19.44.03 \$4.326.02 \$4.326.02 \$4.326.02 \$4.326.02
1,373.22	\$0.00	376.03 \$0 25,000		4,102.71	386.10 4,102.71	,,688.82 586.10 4,102.71	\$17.87 1,688.82 \$86.10 4,102.71	\$0.31 \$17.87 1,688.82 586.10	\$4.55 \$0.31 \$17.87 1,688.82 586.10	10 \$4.55 \$0.31 \$17.87 1,688.82 586.10	1061 10 \$4.55 \$0.31 \$17.87 1,688.82 586.10

WELL NAME

API#
Sec
Township
Range
Start Date
Completion Date
1st Sales Date
1st Sales Date
2 Capital Costs, \$
Operating Costs, \$
Operating Costs, \$
Operating Costs, \$
Operating Costs, \$
Wereance Tax Rate
Ad Valorem Tax Rate
Plant Shrinkage
NGL Yield, bbis/mmscf
Working Interest
Royalty Interest
Net of Royalty Interest

NAME	Gallegos Canyon Unit Well No. 1/6E
	300452517500
	25
ship	28N
•	13W
Date	
etion Date	Jul-01
ales Date	Dec-01
al Costs, \$	\$220,000
ating Costs, \$/yr.	\$17,319
rance Tax Rate	7.94%
slorem Tax Rate	1.23%
Shrinkage	5.467%
Yield, bbls/mmscf	9.49
as BTU	1027
ing Interest	100.0%
lty Interest	12.5%

1000 8 Dec-01 Jan-02 Feb-02 Mar-02 Apr-02 Jun-02 Historical Gas Rate - GCU 176E 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

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	DRILLING AND COMLETION COST, \$ OPERATING COSTS, \$VYEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$MCF
ISED FOR HISTORICAL USED DURING	\$220,000 \$17,319 \$0,31 12.5% 9.17% 10.0% \$4.55

FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST AND DISCOUNT GROSS WET GAS, md Gross Residue, mmbtu Gross NGL, bbls Residue Gas Price, \$/mmbtu Residue Gas Price, \$/mmbtu S1.36 Gathering&Processing Fee NGL Price, \$/bbl Gathering&Processing Fee \$11.85 GROSS REVENUE, \$ 50.00
\$227,116.34	-\$227,116.34	\$0.00 \$220,000 \$7,116	\$0.00	\$0.00	NID DISCOUNT 2001 0 0 0 54.36 \$0.00 \$11.85
-\$239,346,38	\$12,230.04	\$513.45 \$0 \$17,319	\$5,602.04	\$800.29	T CASH FLOW ANALYSIS 2002 2003 2475 0 2389 0 239 0 23 44.55 \$0.19 \$0.00 \$12.11 \$17.87 \$9.402.33 \$0.00
\$240,599.73	\$1,253.35	\$0.00 \$0 \$1.253	\$ 0.00	\$0.00	V ANALYSIS 2003 0 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$239,346,38 -\$240,599,73 -\$240,599,73 -\$240,599,73 -\$240,599,73 -\$240,599,73	\$0.00	\$7.31 \$0 \$17,319	\$79.81	\$11.40	2004 21 21 21 0 0 54 55 \$17.87 \$17.87 \$91.21
\$240,599.73	\$0.00	\$0.60 \$0	\$6.55	\$0.94	2005 2 2 2 0 \$4.55 \$0.31 \$17.87 \$7.49
-\$240,599.73	\$0.00	\$0.05 \$0	\$0.54	\$0.08	2006 0 0 \$4.55 \$0.31 \$17.87 \$0.61
\$240,599,73	\$0.00	\$5.00 \$5	\$0.04	\$0.01	2007 0 0 0 \$4.55 \$0.31 \$17.87 \$0.05
\$240,599.73	\$0.00	\$6.00 \$6	\$ 0.00	\$0.00	2008 0 0 0 54.55 \$0.31 \$17.87 \$0.00
\$240,599,73	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	2009 0 0 0 94.55 \$0.31 \$17.87 \$0.00
\$240,599.73	\$ 0.00	\$0.00 \$0	\$0.00	\$0.00	2010 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
\$240,599.73	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2011 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
\$240,599.73	\$ 0.00	\$6.00 \$6.00	\$0.00	\$0.00	2012 0 0 0 54.55 \$0.31 \$17.87 \$0.00
\$240,599.73	\$0.00	\$0.06 \$6	\$0.00	\$0.00	11
\$240,599.73	\$ 0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	11
\$240,599.73	\$0.00	00.08 00.08 00.08	\$ 0.00	\$0.00	[]
\$240,599,73	\$0.00	\$6 60 88 88 88	\$ 0.00	\$0.00	2016 0 0 54.55 \$0.31 \$17.87 \$0.00
-\$240,599.73 -\$	\$ 0.00	00.08 00.08 00.08	\$0.00	\$0.00	П
-\$240,599.73 -\$:	\$0.00	\$6 60 80 80 80 80 80 80 80 80 80 80 80 80 80	\$0.00	\$0.00	2018 0 0 0 84.55 \$0.31 \$17.87 \$0.00
-\$240,599.73 -\$2	\$0.00	80.08 80.08	\$0.00	\$0.00	
-\$240,599.73 -\$2	\$0.00	\$6.05 \$0.05 \$0.05	\$0.00	\$0.00	П
\$240,599.73	\$0.00	\$5.06 \$5.06	\$0.00	\$0.00	2021 0 0 0 84.55 \$0.31 \$17.87 \$0.00

 $\mu = \beta$.

Gross Gas Rate, mc/imo Decline Match, mc/imo Exponential Decline Rate

800 250.0%

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PRODUCTION HISTORY

DISCOUNTED NET CASH FLOW @ 10%

					<u></u>
\$240,599.73	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	2022 0 0 54.55 \$0.31 \$17.87 \$0.00
\$240,599.73	\$0.00	\$6.00 \$6.00	\$ 0.00	\$0.00	2023 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
\$240 599.73	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2024 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
\$240,599.73	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2025 1 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
\$240,599.73	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2026 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
	\$0.00	\$0.8 \$0.8	\$ 0.00	\$0.00	2027 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
-\$240,599.73 -\$240,599.73 -\$240,599.73	\$0.00	\$6.00 \$6	\$6.00	\$0.00	2028 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
-\$240,599.73	\$0.00	\$6.00 80.00 80	\$ 0.00	\$0,00	2029 0 0 0 \$4.55 \$0.31 \$17.87
-\$240,599.73	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2030 0 0 0 \$4.55 \$0.31 \$17.87
-\$240,599.73	\$0.00	88 88 88	\$0.00	\$0.00	2031 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
-\$240,599.73	\$0.00	\$6.00 \$6	\$0.00	\$0.00	2032 0 0 54.55 \$0.31 \$17.87 \$0.00
-\$240,599,73	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	2033 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
	\$0.00	\$0.00 \$0 \$0	\$ 0.00	\$0.00	2034 0 0 0 \$4.55 \$0.31 \$17.87
-\$240,599.73	\$0.00			\$0.00	2035 0 0 0 \$4.55 \$0.31 \$17.87
-\$240,599.73	\$0.00	\$0.00 \$0	\$0.00		2
-\$240,599.73	\$0.00	\$6.00 \$0	\$0.00	\$0.00	\$4.55 \$0.31 \$17.87
\$240,599.73 \$240,599.73 \$240,599.73 \$240,599.73 \$240,599.73 \$240,599.73	\$0.00	\$6.00 \$0.00 \$0	\$0.00		2038 0 0 0 \$4.55 \$0.31 \$17.87 \$100
-\$240,599.73-	\$0.00	\$6.06 \$6	\$0.00	\$0.00	2039 0 0 0 \$4.55 \$0.31 \$17.87
\$240,599.73	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$4.55 \$0.31 \$17.87 \$0.00

Page 2 of 2

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

Oct-03 Nov-03 1500 1487 869 1475 Jan-04 1347 1463 Insufficient Data to Determine Paying Well

10000 1000 8 ಕ • Oct-03 Historical Gas Rate - GCU 182 ---- Actual --- Decline Nov-03 Dec-03 Jan-04

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

FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	NGL Price, \$70bl GROSS REVENUE, \$	Gathering&Processing Fee	Residue Gas Price, \$/mmbtu	Gross NGL, bbls	Gross Residue, mmblu	GROSS WET GAS, mcf		PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS
-\$285,388.13	-\$285,388.13	\$298.69 \$273,765 \$14,583	\$3,258.89	\$465.56	\$17.87 \$3,724.45	\$0.31	\$4.55	œ	843	873	2003	ND DISCOUN
\$278,246.11	\$7,142.02	\$3,243,20 \$0 \$25,000	\$35,385.22	\$5,055.03	\$17.87 \$40,440.25	\$0.31	\$4.55	8	9149	9479	2004	CASH FLO
-\$274,162.80	\$4,083.31	\$2,934.57 \$0 \$25,000	\$32,017.87	\$4,573.98	\$17.87 \$36,591.85	\$0.31	\$4.55	81	8278	8577	2005	W ANALYSIS
\$272,847.14	\$1,315.66	\$2,655.31 \$0 \$25,000	\$28,970.97	\$4,138.71	\$17.87 \$33,109.68	\$0.31	\$4.55	74	7491	7761	2006	
\$274,035.74	\$1.188.60	\$2,402.62 \$0 \$25,000	\$26,214.02	\$3,744.86	\$17.87 \$29,958.88	\$0.31	\$4.55	67	6778	7022	2007	
-\$277,490.30	\$3,454.56	\$2,173.98 \$0 \$25,000	\$23,719.42	\$3,388.49	\$17.87 \$27,107.91	\$0.31	\$4.55	8	6133	6354	2008	
\$277,490.30	\$0.00	\$1,967.10 \$0 \$25,000	\$21,462.22	\$3,066.03	\$17.87 \$24,528.25	\$0.31	\$4.55	S.	5549	5749	2009	
\$277,490,30	\$0.00	\$1,779.90 \$0 \$25,000	\$19,419.82	\$2,774.26	\$17.87 \$22,194.08	\$0.31	\$4.55	49	5021	5202	2010	
\$277,490.30	\$0.00	\$1,610.52 \$0 \$25,000	\$17,571.78	\$2,510.25	\$17.87 \$20,082.04	\$0.31	\$4.55	45	4543	4707	2011	
\$277,490.30	\$0.00	\$1,457.26 \$0 \$25,000	\$15,899.60	\$2,271.37	\$17.87 \$18,170.98	\$0.31	\$4.55	40	4111	4259	2012	
\$277,490.30	\$0.00	\$1,318.59 \$0 \$25,000	\$14,386.56	\$2,055.22	\$17.87 \$16,441.78	\$0.31	\$4.55	37	3720	3854	2013	
\$277,490.30	\$ 0.00	\$1,193.11 \$0 \$25,000	\$13,017.50	\$1,859.64	\$17.87	\$0.31	\$4.55	ಚ	3366	3487	2014	
\$277,490.30	\$ 0.00	\$1,079.57 \$0 \$25,000	\$11,778.72	\$1,682.67	\$17.87 \$13,461.39	\$0.31	\$4.55	38	3045	3155	2015	
\$277,490.30	\$0.00	\$976.83 \$0 \$25,000	\$10,657.82	\$1,522.55	\$17.87 \$12,180.37	\$0.31	\$4.55	27	2756	2855	2016	
-\$277,490.30 -	\$0.00	\$883.87 \$0 \$25,000	\$9,643.60	\$1,377.66	\$17.87 \$11.021.25	\$0.31	\$4.55	25	2493	2583	2017	
-\$277,490.30 -	\$0.00	\$799.76 \$0 \$25,000	\$8,725.89	\$1,246.56	\$17.87 \$9.972.44	\$0.31	\$4.55	8	2256	2338	2018	
\$277,490.30	\$ 0.00	\$723.66 \$0 \$25,000	\$7,895.51	\$1,127.93	\$17.87 \$9,023.44	\$0.31	\$4.55	20	2041	2115	2019	
-\$277,490.30	\$6.00	\$654.79 \$0 \$25,000	\$7,144.15	\$1,020.59	\$17.87 \$8,164.75	\$0.31	\$4.55	18	1847	1914	2020	
-\$277,490.30 -4	\$0.00	\$592.48 \$0 \$25,000	\$6,464,30	\$923.47	\$17.87 \$7,387.77	\$0.31	¥ 55	16	1671	1732	2021	
\$277,490.30	\$ 0.00	\$536.10 \$0 \$25,000	\$5,849.14	\$835.59	\$17.87 \$6,684.73	\$0.31	\$4.55	15	1512	1567	2022	
\$277,490.30	\$0.00	\$485.08 \$0 \$25,000	\$5,292.52	\$756.07	\$17.87 \$6,048.59	\$0.31	\$4.55	:	1368	1418	2023	

- \$ 1 \$ 5.

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Gross Gas Rate, mc/imo Decline Match, mc/imo Exponential Decline Rate

PRODUCTION HISTORY

DISCOUNTED NET CASH FLOW @ 10%

(\$252,263)

2037 2038 2039 350 316 286 337 305 276 3 3 3 3 3 3 3 3 3 3,4.55 \$4.55 \$0.31 \$0.31 \$0.31 \$0.31 \$17.87 \$17.87 \$17.87 \$1,96.25 \$1521.19 \$152.65 \$1,205.12 \$1,180.92 \$1,068.54 \$119.62 \$108.24 \$97.94 \$0 \$0 \$0 \$0 \$0 \$0 \$0.00 \$0.00 \$0.00													
70026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2039 2031 2032 2033 2034 2035 2036 2037 2038 2039 <t< td=""><td>\$277,490.30</td><td>\$0.00</td><td>\$438.92 \$0 \$25,000</td><td>\$4,788.87</td><td>\$684.12</td><td>\$5,472.99</td><td>\$17.87</td><td>\$0.31</td><td>\$4.55</td><td>12</td><td>1238</td><td>1283</td><td>2024</td></t<>	\$277,490.30	\$0.00	\$438.92 \$0 \$25,000	\$4,788.87	\$684.12	\$5,472.99	\$17.87	\$0.31	\$4.55	12	1238	1283	2024
20266 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2039 2039 2031 2032 2033 2034 2035 2036 2037 2038 2039 2031 <t< td=""><td>\$277,490,30</td><td>\$0,00</td><td>\$397.15 \$0 \$25,000</td><td>\$4,333.15</td><td>\$619.02</td><td>\$4,952.17</td><td>\$17.87</td><td>\$0.31</td><td>\$4.55</td><td>=</td><td>1120</td><td>1161</td><td>2025</td></t<>	\$277,490,30	\$0,00	\$397.15 \$0 \$25,000	\$4,333.15	\$619.02	\$4,952.17	\$17.87	\$0.31	\$4.55	=	1120	1161	2025
2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 880 778 704 637 576 522 472 447 336 350 36 286 830 751 680 615 556 503 456 412 373 337 305 276 84.55 \$4.	-\$277,490.30	\$0.00	\$359.36 \$0 \$25,000	\$3,920.79	\$560.11								2026
2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 778 704 637 576 522 472 427 336 350 316 286 771 680 615 56 522 472 427 336 350 316 286 777 7 6 5 5 4 4 4 4 3	-\$277,490.30	\$0.00	\$325.16 \$0 \$25,000	\$3,547.68	\$506.81	\$4,054.49	\$17.87	\$0.31	\$4.55	9	917	950	2027
2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 704 637 576 522 472 427 386 350 316 286 680 615 556 522 472 427 386 350 316 286 7 6 5 5 5 4 4 4 3 337 337 337 337 3	\$277,490.30	\$0.00	\$294.22 \$0 \$25,000	\$3,210.07	\$458.58	\$3,668.66	\$17.87	\$0.31	\$4.55	8	830	860	2028
2031 2032 2033 2034 2035 2036 2037 2038 2039 667 576 522 472 427 386 350 316 286 615 556 503 456 412 373 337 305 276 6 5 5 4 4 4 4 33 3<	-\$277,490.30	\$0.00	\$266.22 \$0 \$25,000	\$2,904.60	\$414.94	\$3,319.54	\$17.87	\$0.31	\$4.55	7	751	778	2029
2032 2033 2034 2035 2036 2037 2038 2039 576 522 472 427 386 350 316 286 56 503 45 412 386 350 316 286 5 5 4 4 4 33 33 305 276 5 5 5 5 4 4 4 3	-\$277,490.30	\$0.00	\$240.88 \$0 \$25,000	\$2,628.19	\$375.46	\$3,003.64	\$17.87	\$0.31	\$4.55	7	680	704	2030
2033 2034 2035 2036 2037 2038 2039 522 472 427 386 350 316 286 503 456 412 373 337 305 276 5 4 4 4 3 3 3 3 \$4.55 \$4.55 \$4.55 \$4.55 \$4.55 \$4.55 \$4.55 \$0.31	-\$277,490.30	\$0.00	\$217.96 \$0 \$25,000	\$2,378.08	\$339.73	\$2,717.81	\$17.87	\$0.31	\$4.55	6	615	637	2031
2034 2035 2036 2037 2038 2039 472 427 386 350 316 286 475 427 386 350 316 286 4 4 373 337 305 276 4 4 373 337 33 3 \$4.55 \$4.55 \$4.55 \$4.55 \$4.55 \$0.31 \$0.31 \$0.31 \$0.31 \$0.31 \$0.31 \$17.87 \$17.87 \$17.87 \$17.87 \$17.87 \$17.87 \$203.40 \$1,848.43 \$1,841.55 \$168.70 \$152.65 \$1,761.73 \$1,594.08 \$1,442.38 \$1,305.12 \$1,180.92 \$1,221.19 \$161.47 \$146.10 \$132.20 \$119.62 \$108.24 \$97.94 \$0 \$0 \$0 \$0 \$0 \$0 \$25,000 \$25,000 \$25,000 \$0 \$0 \$0 \$277,490.30 -\$277,490.30	-\$277,490.30	\$0.00	\$197.22 \$0 \$25,000	\$2,151.78	\$307.40	\$2,459.17	\$17.87	\$0.31	\$4.55	O1	556	576	2032
2034 2035 2036 2037 2038 2039 472 427 386 350 316 286 456 412 373 330 36 276 4 4 4 37 33 3 3 3 \$4.55 </td <td>-\$277,490.30</td> <td>\$0.00</td> <td>\$178.45 \$0 \$25,000</td> <td>\$1,947.01</td> <td>\$278.14</td> <td>\$2,225.15</td> <td>\$17.87</td> <td>\$0.31</td> <td>\$4.55</td> <td>ڻ.</td> <td>503</td> <td>522</td> <td>2033</td>	-\$277,490.30	\$0.00	\$178.45 \$0 \$25,000	\$1,947.01	\$278.14	\$2,225.15	\$17.87	\$0.31	\$4.55	ڻ.	503	522	2033
35 2036 2037 2038 2039 427 386 350 316 286 412 386 350 316 286 412 383 350 276 34.55 \$4.55	\$277,490.30	\$0.00	\$161.47 \$0 \$25,000	\$1,761.73	\$251.68						456	472	2034
2036 2037 2038 2039 386 350 316 286 373 350 276 286 373 305 276 276 4 3 3 3 3 \$4.55 \$4.55 \$4.55 \$4.55 \$0.31 <t< td=""><td>-\$277,490.30</td><td>\$0.00</td><td>\$146.10 \$0 \$25,000</td><td>\$1,594.08</td><td>\$227.73</td><td>\$1,821.80</td><td>\$17.87</td><td>\$0.31</td><td>\$4.55</td><td>4</td><td>412</td><td>427</td><td>2035</td></t<>	-\$277,490.30	\$0.00	\$146.10 \$0 \$25,000	\$1,594.08	\$227.73	\$1,821.80	\$17.87	\$0.31	\$4.55	4	412	427	2035
2037 2038 2039 2040 350 316 286 22 350 316 286 22 337 305 276 21 3 3 3 3 \$4.55 \$4.55 \$4.5 \$4.5 \$0.31 \$0.31 \$0.31 \$0.31 \$0.31 \$17.87 \$17.87 \$17.87 \$17.8 \$17.8 \$1,49.56 \$1,39.62 \$1,221.19 \$1,104.1 \$186.45 \$168.70 \$152.65 \$138.1 \$1,305.12 \$1,180.92 \$1,068.54 \$96. \$1,305.12 \$1,180.92 \$1,068.54 \$96. \$1,962 \$108.24 \$97.94 \$88.6 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$277.490.30	-\$277,490.30	\$0.00	\$132.20 \$0 \$25,000	\$1,442.38	\$206.05	\$1,648.43	\$17.87	\$0.31	\$4.55	4	373	386	2036
2038 2039 2040 316 286 21 305 276 21 305 276 21 3 3 34.5 \$4.55 \$4.55 \$4.5 \$0.31 \$0.31 \$0.3 \$1.287 \$17.87 \$17.8 \$1.349.62 \$1.221.19 \$1.104.1 \$168.70 \$152.65 \$138.1 \$168.70 \$152.65 \$138.1 \$1.180.92 \$1.068.54 \$96.8 \$108.24 \$97.94 \$88.6 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0.00 \$0.00 \$0.1 \$277.490.30 \$277.490.30 \$277.490.30	\$277,490.30		\$119.62 \$0 \$0	\$1,305.12	\$186.45	\$1,491.56	\$17.87	\$0.31	\$4.55	ω	337	350	2037
2039 2040 2039 2040 286 21 276 21 3 \$4.5 \$4.55 \$4.1 \$0.31 \$0.3 \$1.221.19 \$1.104.3 \$152.65 \$138.1 \$1.068.54 \$966. \$97.94 \$88.6 \$97.94 \$88.6 \$9.95 \$9.95 \$0.95 \$9.95 \$0.95 \$9.95 \$0.95 \$9.95	\$277,490.30			\$1,180.92	\$168.70	\$1,349.62	\$17.87	\$0.31	\$4.55	ယ	305	316	2038
2040 22 24 54.5 50.3 51.104.5 51.104.5 51.38.1 51.88.6 588.6	\$277,490.30	\$0.00	\$97.94 \$0 \$0	\$1,068.54	\$152.65	\$1,221.19	\$17.87	\$0.31	\$4.55	ω	276		2039
8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	-\$277,490.30	\$0.00	\$88.62 \$0	\$966.86	\$138.12	\$1,104.98	\$17.87	\$0.31	\$4.55	N	250	259	2040

GCU182

 WELL NAME AP#
 Gallegos Canyon Unit Well No. 192

 Sec
 30

 Township
 28N

 Range
 28N

 Start Date
 12W

 Completion Date
 12W

 Capital Costs, \$ yr.
 \$273,765

 Operating Costs, \$yr.
 \$25,000

 Severance Tax Rate
 1,23%

 Ad Valorem Tax Rate
 1,23%

 Plant Shrinkage
 9,49

 Wet Gas BTU
 100,0%

 Working Interest
 100,0%

 Novalty Interest
 12,5%

 Royalty Interest
 37,5%

Gas Rate, mcf/mo.

10

Dec-03

Dec-03

Jan-04

Insufficient Data to Determine Paying Well
Well Not Yet Producing

PRODUCTION HISTORY
Gross Gas Rate, mcfimo
Decline Match, mcfimo
Exponential Decline Rate

10.0%

Dec-03 Jan-04 0 0

ECONOMIC PARAMETIERS:

DRILLING AND COMLETION COST. \$ \$273,765
OPERATING COSTS. \$VEAR \$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.

FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST A GROSS WET GAS, mcf Gross Residue, mmbtu Gross NGL, bbls Residue Gas Price, \$/mmbtu Gathering&Processing Fee NGL Price, \$/bbl GROSS REVENUE, \$
-\$273,765.00	\$273,765.00	\$0.00 \$273,765 \$0	\$0.00	\$0.00	WD DISCOUNT 2003 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	7 CASH FLOW ANALYSIS 2004 2005 1 0 0 0 0 0 0 0 0 0 \$4.55 \$4.55 \$0.00 \$0.00 \$17.87 \$17.87 \$0.00 \$0.00
\$273,765.00	\$0.00	\$6.00 \$6.00	\$0.00	\$0.00	2005 0 0 0 0 0 0 84.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$6 \$6 \$6 \$6	\$0.00	\$0.00	2006 0 0 0 \$4.55 \$0.00 \$17.87
\$273,765.00	\$0.00	\$6 \$6 \$6 \$6	\$0.00	\$0.00	2007 0 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	88 88 88 88	\$0.00	\$0.00	2008 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$6.00 \$6.00	\$0.00	\$0.00	2009 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$5 \$5 \$5	\$0.00	\$0.00	2010 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2011 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$6.08 \$8.08	\$0.00	\$0.00	2012 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00 -\$273,765.00 -\$273,765.00 -\$273,765.00	\$ 0.00	\$5 \$5 \$6 \$6	\$ 0.00	\$0.00	2013 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$6.00 \$0	\$0.00	\$0.00	2014 0 0 0 \$4.55 \$9.00 \$17.87 \$9.00
273,765.00 -	\$0.00	\$6.00 \$0.00	\$0.00	\$0.00	2015 0 0 0 54.55 \$0.00 \$17.87 \$0.00
273,765.00 -\$	\$0.00	\$6. \$6. \$6. \$6.	\$0.00	\$0.00	2016 0 0 0 \$4.55 \$0.00 \$17.87 \$50.00
-\$273,765.00 -\$273,765.00 -\$273,765.00 -\$273,765.00	\$0.00	8 8 8 8 8	\$0.00	\$0.00	2017 0 0 0 94.55 \$0.00 \$17.87 \$0.00
273,765.00 -\$	\$0.00	\$6.00 \$0.00	\$0.00	\$0.00	2018 0 0 0 54.55 \$0.00 \$17.87 \$0.00
273,765.00 -\$	\$0.00	\$5.00 \$6	\$ 0.00	\$0.00	2019 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
273,765.00 -\$	\$ 0.00	\$6 \$8 \$0 \$0	\$0.00	\$0.00	2020 0 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
273,765.00 -\$2	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	2021 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$273,765.00 -\$2	\$0.00	\$6 \$6 \$6 \$6	\$0.00	\$0.00	2022 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$273,765.00	\$0.00	\$ \$ 8 80 80 80 80 80 80 80 80 80 80 80 80 80	\$0.00	\$0.00	2023 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00

DISCOUNTED NET CASH FLOW @ 10%

(\$248,877)

Capital Costs, \$
Operating Costs, \$lyr.
Severance Tax Rate
Ad Valorem Tax Rate WELL NAME
API#
Sec
Township
Range
Start Date
Completion Date
1st Sales Date Gallegos Canyon Unit Well No. 192 300451157100 30 28N 12W Nov-03

10

Plant Shrinkage
NGL Yield, bbls/mmscf
Wet Gas BTU
Working Interest
Royalty Interest
Net of Royalty Interest \$273,765 \$25,000 7.94% 1.23%

5.467% 9.49 1027 100.0% 12.5% 87.5%

Insufficient Data to Determine Paying Well Well Not Yet Producing

 $\mathbb{E}(\beta^{k-1}) = \mathbb{E}(\beta^k) = \mathbb{E}_{q^k}$

1.11

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

10.0%

PRODUCTION HISTORY

Dec-03 Jan-04 0 0

Dec-03 Historical Gas Rate - GCU 192 Actual --- Decline Jan-04

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	ECONOMIC PARAMETERS: DRILLING AND COMLETION COST. \$ OPERATING COSTS, \$YYEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE . \$MCF
SED FOR HISTORICAL ISED DURING	\$273,765 \$25,000 \$0.00 12.5% 9.17% 10.0% \$4.55

FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS GROSS WET GAS, mcf 2003 2004 2005 GROSS Residue, mmbtu 0 0 0 Gross Residue, mmbtu 0 0 0 Gross NGL, bbis 0 0 0 0 Residue Gas Price, \$/mmbtu \$4.55 \$4.55 \$4.55 Galthering&Processing Fee \$0.00 \$0.00 \$0.00 NGL Price, \$/bbi \$17.87 \$17.87 \$17.87 GROSS REVENUE, \$ \$0.00 \$0.00 \$0.00
\$273,765.00	-\$273,765.00	\$0.00 \$273,765 \$0	\$0.00	\$0.00	ND DISCOUNT 2003 0 0 0 94.55 \$0.00 \$17.87
\$273,765.00 \$273,765.00 \$273,765.00 \$273,765.00 \$273,765.00 \$273,765.00	\$0.00	\$5.00 \$5	\$0.00	\$0.00	CASH FLOW 2004 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$5 90.00 88	\$0.00	\$0.00	2005 0 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	2006 0 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$5.00 \$0	\$0.00	\$0.00	2007 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$0.00 \$0	\$ 0.00	\$0.00	2008 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
\$273,765.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2009 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	2010 0 0 0 54.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	2011 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2012 0 0 94.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2013 0 0 54.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$0 \$0 \$0 \$0	\$ 0.00	\$0.00	2014 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	2015 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$273,765.00	\$0.00	\$0.00 \$0	\$ 0.00	\$0.00	2016 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$273,765.00 -\$273,765.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2017 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	2018 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$273,765.00 -	\$0.00	\$5.00 \$6.00 \$6.00	\$0.00	\$0.00	2019 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$273,765.00	\$0.00	\$ \$ \$ \$0.0\$	\$0.00	\$0.00	2020 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$273,765.00 -	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2021 0 0 0 \$4.55 \$0.00 \$17.87
-\$273,765.00 -\$	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2022 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$273,765.00	\$0.00	\$5.00 \$6	\$ 0.00	\$0.00	2023 0 0 0 0 \$4.55 \$0.00 \$17.87

DISCOUNTED NET CASH FLOW @ 10%

(\$248,877)

	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	3034
	\$0.00	\$0.00 \$0.00	\$0.00	0 \$0.00	0 0 0 0 0 0 0 54.55 57 \$17.87 9 \$0.00	3077
	\$0.00	\$0.00	\$0.00	\$0.00	88 88 88 88 88	200
	\$0.00	\$ 8 8	\$0.00	\$0.00	0 0 0 0 \$4.55 \$0.00 \$17.87	2
	\$0.00	\$ 60 80 80 80 80 80 80 80 80 80 80 80 80 80	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	_
	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	7770
	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2000
*272 765 M	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	7
202 202 20	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	\$4.55 \$0.00 \$4.55 \$0.00 \$17.87 \$0.00	
	\$0.00	\$5.00 \$0.00	\$0.90	\$0.00	\$4.55 \$0.00 \$4.55 \$0.00 \$17.87 \$0.00	25776
100	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	
\$373 766 M	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	25.45
-\$273 765 OO	\$0.00	\$0.00 \$0	\$ 0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	20.35
\$273,765.00	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	4
\$273 765.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	0 0 0 \$4.55 \$0.00 \$17.87	1
-\$273,765.00	\$0.00	\$6.00 \$6.00	\$0.00	\$0.00	0 0 0 \$4.55 \$0.00 \$17.87	EC11/
-\$273,765,00	\$0.00	\$ \$ \$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2040

Capital Costs, \$
Operating Costs, \$/yr.
Severance Tax Rate
Ad Valorem Tax Rate WELL NAME
API#
SET
Township
Range
Start Date
Completion Date
1st Sales Date Gallegos Canyon Unit Well No. 192E 300452517200 30 28N May-03 Jun-03 \$273,765 \$25,000 7.94% 1.23%

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

10000 1000 8 ð Historical Gas Rate - GCU 192E 9 Nov-03 Dec-03 Jan-04

DRILLING AND COMLETION COST. \$
OPERATING COSTS. \$VYEAR
GAS TRANSPORTATION FEE, \$MCF
ROYALTY, %
TAXES (SEVERANCE + AD VALOREM), %
DISCOUNT RATE, %
GAS PRICE, \$MCF

\$273,765 \$25,000 \$0.31 12.5% 9.17% 10.0% \$4.55

ECONOMIC PARAMETERS:

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

870 3150	Aug-03				
1573 2773	Sep-03				
1567 2452	Oct-03	_			
2315 2158	Nov-03				
1931 1908	Dec-03			Jun-03	
	Jan-04			Jul-03	
1657 1680	Balan		Π	Aug-03	
3588 3588 0	cing		- Actual	Sep-03	
			-Actual Declin	Oct-03	1
			aline	_	T

8710	9024	2003	D DISCOUNT
3332	3452	2004	CASH FLO
743	770	2005	W ANALYSIS
1 66	172	2006	
37	%	2007	
œ	9	2008	
2	2	2009	
0	0	2010	
0	0	2011	
0	0	2012	
0	0	2013	
0	0	2014	
0	0	2015	
0	0	2016	 - -
0	0	2017	
0	0	2018	
0	0	2019	
0	0	2020	
0	0	2021	
0	0	2022	
0	0	2023	

4-595

Gross Gas Rate, mc/lmo
Decline Match, mc/lmo
Exponential Decline Rate

199 4048 150.0%

569 3578

PRODUCTION HISTORY

					. *
FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS GROSS WET GAS, mcf 9024 3452 770 Gross Residue, mmbtu 8710 3332 733 Gross NGL, bbis 86 33 7 Residue Gas Price, \$/mmbtu \$4.55 \$4.55 \$4.55 Gathering&Processing Fee \$17.87 \$17.87 \$17.87 GROSS REVENUE, \$ \$38,498.77 \$14,728.12 \$3,285.64
\$257,749.40	\$257,749.40	\$3,087.50 \$273,765 \$14,583	\$33,686.43	\$4,812.35	2003 20
\$271,045.04	\$13,295.64	\$1,180.99 \$0 \$25,000	\$12,885.36	\$1,840.77	3452 3332 332 33 34.55 \$0.31 \$17.87 \$14.728.12
-\$271,045.04 -	\$0.00	\$263.52 \$0 \$25,000	\$2,875.11	\$410.73	7005 770 743 7 \$4.55 \$0.31 \$17.87 \$3.285,84
-\$271,045.04	\$0.00	\$58.80 \$0	\$641.52	\$91.65	2006 172 166 2 \$4.55 \$0.31 \$17.87 \$733.17
-\$271,045.04 -4	\$0.00	\$13.12 \$0 \$0	\$143.14	\$20.45	2007 38 37 0 \$4.55 \$0.31 \$17.87 \$163.59
-\$271,045.04 -\$	\$0.00	\$2.93 \$0	\$31.94	\$4.56	2008 9 9 8 8 9 9 9 9 155 \$0.31 \$17.87 \$36.50
-\$271,045.04 -\$:	\$ 0.00	\$0,65 \$0	\$7.13	\$1.02	2009 2 2 2 2 0 \$4.55 \$0.31 \$17.87 \$8.14
-\$271,045.04 -\$2	\$0.00	\$0.15 \$0 \$0	\$1.59	\$0.23	2010 0 0 0 0 \$4.55 \$0.31 \$17.87 \$1.82
-\$271,045.04 - \$2	\$ 0.00	\$0.03 \$0	\$0.35	\$0.05	2011 0 0 0 0 \$4.55 \$0.31 \$17.87 \$0.41
\$271,045.04 -\$2	\$ 0.00	\$0.01 \$0	\$0.08	\$0.01	2012 0 0 0 0 54.55 \$0.31 \$17.87 \$0.09
-\$271,045.04 -\$2	\$0.00	\$0 \$0 \$0 \$0	\$0.02	\$0.00	2013 2 0 0 0 54.55 \$0.31 \$17.87 \$0.02
-\$271,045.04 -\$2	\$ 0.00	\$0.00 \$0	\$ 0.00	\$0.00	2014 2 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
\$271,045.04 -\$27	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2015 2 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
-\$271,045.04 -\$27	\$0.00	88 88 89 88	\$0.00	\$0.00	2016 2 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
-\$271,045.04 -\$271,045.04	\$0.00	\$0.00 \$0	\$0.00	\$0.00	0017 20 0 0 0 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
1.045.04 -\$27	\$0.00	\$6 \$6 \$6	\$0.00	\$0.00	2018 20 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
-\$271,045.04 -\$271	\$0.00	\$6 \$6 \$0 \$6	\$0.00	\$0.00	2019 20 0 0 0 \$4.55 \$0.31 \$17.87 \$3.00
-\$271,045.04 -\$271	\$0.00	8 8 8	\$0.00	\$0.00	2020 20 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00
-\$271,045.04 -\$271,045.04	\$0.00	\$0.08 00.08	\$0.00	\$0.00	2021 2022 0 0 0 0 \$4.55 \$4 \$0.31 \$0 \$17.87 \$17 \$0.00 \$4
,045.04 -\$271,0	\$0.00	\$6.00	\$0.00	\$0.00	55 0 0
,045.04	\$0.00	8 8 8 8 8 8	\$0.00	\$0.00	2023 0 0 0 \$4.55 \$0.31 \$17.87 \$0.00

DISCOUNTED NET CASH FLOW @ 10%

(\$245,306)

\$271,045.04 \$271,04	-\$271,045.04 -\$271,04	-\$271,045.04 -\$271,04			-\$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
\$0.00 \$0.00 \$0.00 \$0.00	\$0.00	\$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	88	8 %		\$8	88	88	88	88	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8
00.0\$ 00.0\$ 00.0\$ 00.0\$ 00.0\$ 00.0\$	68 68		60	\$ 0.00	\$0.00	\$0.00	\$ 0.00	\$6.00 60.00	\$0.00	\$0.00 300	\$ 0.00	\$0.00 80.00	80.08 80.08
\$0.00 \$0.00 \$0.00 \$0.00	8	Ř		\$ 0.00	\$ 0.00	\$0.00	\$ 0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00 \$0.00 \$0.00 \$0.00	.00 \$	ĕ	\$	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
0.00 \$0.00 \$0.00 \$0.00	0.00	8	•	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$17.87 \$17.87 \$17.87	.87 \$1	.87	\$17	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
.31 \$0.31 \$0.31 \$0.31	31	Ξ	g	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
.55 \$4.55 \$4.55 \$4.55	.55	55	2	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55	\$4.55
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
2035 2036 2037	203		2034	2033	2032	2031	2030	2029	2028	2027	2026	2025	2024

Historical Gas Rate - GCU 195E

Plant Shrinkage
NGL Yield, bbls/mmscf
Wet Gas BTU
Working Interest
Royalty Interest
Net of Royalty Interest Capital Costs, \$
Operating Costs, \$tyr.
Severance Tax Rate
Ad Valorem Tax Rate WELL NAME
API#
Sec
Township
Range
Start Date
Completion Date
1st Sales Date Gallegos Canyon Unit Well No. 195E 300452426000 33 29N 12W Oct-03

5.467% 9.49 1027 100.0% 12.5% 87.5%

Gas Rate, mcf/mo. 10000 1000 8 ō Dec-03 Actual --- Decline Jan-04

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

Insufficient Data to Determine Paying Well

, some sign

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

Dec-03 703 1150 10.0%

PRODUCTION HISTORY

FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS GROSS WET GAS, mcf 2003 2004 2005 GROSS WET GAS, mcf 703 763 6807 Gross Residue, mmbtu 67 7367 6666 Gross NGL, bbis 7 72 66 Residue Gas Price, \$/mmbbu \$4.55 \$4.55 \$4.55 Gathening&Processing Fee \$0.31 \$0.31 \$0.31 NGL Price, \$/bbi \$17.87 \$17.87 \$17.87 GROSS REVENUE, \$ \$2.998.19 \$22.965.29 \$29.466.29
-\$285,964.57	\$285,964.57	\$240.53 \$273,765 \$14,583	\$2,624,29	\$374.90	ND DISCOUNT 2003 703 679 7 \$4.55 \$0.31 \$17.87 \$2.999.18
\$285,081.59	\$882.98	\$2,611.65 \$0 \$25,000	\$28,494.63	\$4,070.66	7633 7367 72 \$4,55 \$0,31 \$17.87 \$22,565.29
\$286,661.70	\$1,580.11	\$2,363.12 \$0 \$25,000	\$25,783.01	\$3,683.29	7 ANAL YSIS 2005 6907 6666 66 54.55 \$0.31 \$17.87 \$23,466.29
-\$290,470.51	\$3,808.81	\$2,138.24 \$0 \$25,000	\$23,329.43	\$3,332.78	2006 6250 6032 59 \$4.55 \$0.31 \$17.87 \$26,662.20
\$290,470.51 -\$290,470.51	\$0.00	\$1,934.76 \$0 \$25,000	\$21,109.34	\$3,015.62	2007 5655 5458 54 \$4.55 \$0.31 \$17.87 \$24.124.96
\$290,470.51	\$0.00	\$1,750.64 \$0 \$25,000	\$19,100.52	\$2,728.65	2008 5117 4939 49 \$4.55 \$0.31 \$17.87 \$21,829.17
-\$290,470.51	\$0.00	\$1,584.04 \$0 \$25,000	\$17.282.87	\$2,468.98	2009 4630 4469 44 \$4.55 \$0.31 \$17.87 \$19,751.85
\$290,470.51	\$0.00	\$1,433.30 \$0 \$25,000	\$ 15,638.18	\$2,234.03	2010 4189 4043 40 40 \$4.55 \$0.31 \$17.87 \$17.87 \$17.87221
\$290,470.51	\$0.00	\$1,296.91 \$0 \$25,000	\$14,150.01	\$2,021.43	2011 3791 3659 36 \$4.55 \$0.31 \$17.87 \$17.87
\$290,470.51	\$0.00	\$1,173.49 \$0 \$25,000	\$12,803.46	\$1,829.07	2012 3430 3310 33 \$4,55 \$0.31 \$17.87 \$14,632.53
-\$290,470.51	\$0.00	\$1,061.82 \$0 \$25,000	\$11,585.05	\$1,655.01	2013 3103 2995 29 \$4.55 \$0.31 \$17.87 \$13.240.06
-\$290,470.51	\$0.00	\$960.77 \$0 \$25,000	\$10,482,59	\$1,497.51	2014 2808 2710 27 \$4.55 \$0.31 \$17.87 \$11.990.10
\$290,470.51	\$0.00	\$869.34 \$0 \$25.000	\$9,485.04	\$1,355.01	2015 2541 2452 24 24 54.55 \$0.31 \$17.87 \$10,840.04
-\$290,470.51	\$0.00	\$786.61 \$0 \$25,000	\$8,582.42	\$1,226.06	2016 2299 2219 2219 22 \$4.55 \$0.31 \$17.87 \$9,808.48
-\$290,470.51	\$ 0.00	\$711.76 \$0 \$25,000	\$7,765.69	\$1,109.38	2017 2080 2008 2008 20 \$4.55 \$0.31 \$17.87 \$8.875.08
-\$290,470.51	\$0.00	\$644.02 \$0 \$25,000	\$7,026.69	\$1,003.81	2018 1882 1817 18 \$4.55 \$0.31 \$17.87 \$8.030.50
-\$290,470.51 -\$290,470.51	\$0.00	\$582.74 \$0 \$25,000	\$6,358.01	\$908.29	2019 1703 1644 16 \$4.55 \$0.31 \$17.87 \$17.86.30
-\$290,470.51	\$0.00	\$527.28 \$0 \$25,000	\$5,752.97	\$821.85	2020 1541 1487 15 \$4.55 \$0.31 \$17.87 \$6.574.82
-\$290,470.51	\$ 0.00	\$477.10 \$0 \$25,000	\$5,205.50	\$743.64	2021 1394 1346 1346 13 \$4.55 \$0.31 \$17.87 \$5,949.14
-\$290,470.51	\$0.00	\$431.70 \$0 \$25,000	\$4,710.13	\$672.88	2022 1262 1218 12 14.55 \$0.31 \$17.87 \$5.383.01
-\$290,470.51	\$0.00	\$390.62 \$0 \$25,000	\$4,261.90	\$608.84	2023 1142 1102 1102 11 \$4.55 \$0.31 \$17.87 \$4.870.75

DISCOUNTED NET CASH FLOW @ 10%

(\$263,027)

 WELL NAME
 Gallegos Carryon Unit Well No. 196

 API#
 300451156900

 Sec
 19

 Township
 28N

 Range
 28N

 Start Date
 Feb-01

 Completion Date
 51,449

 1st Sales Date
 \$1,220,000

 Capital Costs, \$yr.
 \$1,449

 Severance Tax Rate
 7,94%

 Ad Valorem Tax Rate
 12,3%

 Plant Shrinkage
 9,49

 Working Interest
 100,0%

 Working Interest
 12,5%

 Net of Royalty Interest
 12,5%

Gross Gas Rate, mcfimo Decline Match, mcfimo Exponential Decline Rate

May-01 190.0%

Aug-01

Jan-03

PRODUCTION HISTORY

		Gas	Rate, mo	cf/mo.		
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	Or Or		11111	1		
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	Mary			17		
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NOTE: ACTUAL PRICES, FEES AND C PERIOD. PARAMETERS A FORECAST TIME PERIOD	DRILLING AND COMLETION COST. \$ OPERATING COSTS, \$YFEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$MCF
NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	\$220,000 \$1,449 \$0.31 \$0.31 12.5% LOREM), % 9.17% 10.0% \$4.55

FLOW, \$	NET INCOME, \$ CUMULATIVE NET CASH	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	Gathering&Processing Fee NGL Price, \$7bbl GROSS REVENUE, \$	Gross NGL, bols Residue Gas Price, \$/mmbtu	Gross Residue, mmbtu	GROSS WET GAS, mcf		PRODUCTION FORECAST AND DISCOUN
\$197,012.93	\$197,012.93	\$2,355.00 \$220,000 \$352	\$25,894.42	\$3,670.63	\$0.30 \$11.85 \$29,365.05	\$4.36 9	7022	7275	2001	-
-\$188,607.76	\$8,405.17	\$860.31 \$0 \$121	\$9,386.52	\$1,340.93	\$0.19 \$12.11 \$10.727.46	\$2.75	4003	4147	2002	CASH FLOW ANALYSIS
\$189.330.98	\$723.22	\$73.22 \$0 \$1,449	\$798.86	\$114.12	\$0.31 \$17.87 \$912.98	\$4.55	207	214	2003	ANALYSIS
\$190,471.15	\$1,140.17	\$31.16 \$0 \$1,449	\$339.99	\$48.57	\$0.31 \$17.87 \$388.56	\$4.55	8	91	2004	
\$190,471.15	\$0.00	25 25 25 25 25 25 25	\$50.85	\$7.26	\$0.31 \$17.87 \$58.12	\$4 .55	13	14	2005	
\$190,471.15	\$0.00	\$0.70 \$0	\$7.61	\$1.09	\$0.31 \$17.87 \$8.69	\$ 55 0	8	2	2006	
\$190,471.15	\$0.00	\$0.10 \$0	\$1.14	\$0.16	\$0.31 \$17.87 \$1.30	\$ 4.55	0	0	2007	
\$190.471.15	\$0.00	\$6.02 \$6	\$0.17	\$0.02	\$0.31 \$17.87 \$0.19	%	0	0	2008	
\$190,471.15	\$0.00	\$0.00 \$0	\$0.03	\$0.00	\$0.31 \$17.87 \$0.03	\$4.55 0	0	0	2009	
\$190,471.15	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4 .55	0	0	2010	
\$190,471.15	\$0.00	\$6.00 \$6.00	\$0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$ 4.55 o	0	0	2011	
\$190,471.15	\$ 0.00	\$0.00 \$0	\$0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4.55	. 0	0	2012	
-\$190,471.15	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4 .55	0	0	2013	
\$190,471.15	\$0.00	\$0.00 \$0.00	\$ 0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4.55	. 0	0	2014	
-\$190,471.15	\$ 0.00	00 00 00 00 00	\$0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4.55	. 0	0	2015	
-\$190,471.15	\$ 0.00	88 89 89	\$0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4.55 c	. 0	0	2016	
\$190,471.15	\$ 0.00	\$5 \$5 \$6 \$6 \$6	\$0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4.55	. 0	0	2017	
\$190,471.15 \$190,471.15	\$ 0.00	\$6.00 \$8.00 \$6.00	\$0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4.55 c	. 0	. 0	2018	
	\$ 0.00	\$ \$ \$ \$	\$0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4 .55	. 0	0	2019	
\$190,471.15	\$0.00	\$5 \$0 \$0 \$0	\$0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4.55	. 0	0	2020	
-\$190,471.15	\$0.00	\$0.00 \$0	\$ 0.00	\$0.00	\$0.31 \$17.87 \$0.00	\$4.55 C	0	.	2021	

DISCOUNTED NET CASH FLOW @ 10%

(\$173,478)

Page 1 of 2

\$190,471.15	\$0.00	\$0.00 \$0 \$0	\$ 0.00	\$0.00	\$0.00	\$0.31	\$4.55	- 0	0	2022
-\$190,471.15	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55		0	2023
-\$190,471.15	\$0.00	\$0.00 \$0	\$ 0.00	\$0.00	\$17.87	\$0.31	\$4.55		0	2024
\$190,471.15	\$ 0.00	\$0.00 \$0	\$0.00	\$0.00	\$0.00	\$0.31	£		0	2025
-\$190,471.15	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$17.87	\$0.31	\$	- 0	0	2026
-\$190,471.15	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$17.87 \$0.00	\$0.31	£	. 0	0	2027
-\$190,471.15	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$17.87 \$0.00	\$0.31	*	- 0	0	2028
-\$190,471,15	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$17.87 \$0.00	\$0.31	£ .55		0	2029
-\$190,471.15	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$17.87 \$0.00	\$0.31	£	- 0	0	2030
-\$190,471.15	\$0.00	\$6. \$6.80	\$0.00	\$0.00	\$17.87 \$0.00	\$0.31	£		0	2031
-\$190,471.15	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$17.87	\$0.31	2	- 0	0	2032
\$190,471.15	\$0.00	\$0.00 \$0 \$0	\$6.00	\$0.00	\$17.87	\$0.31	£.55	- 0	0	2033
-\$190,471.15	\$0.00	\$0.00 \$0 \$0	\$ 6.00	\$0.00	\$0.00	\$0.31	£		0	2034
\$190,471,15	\$0,00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$0.00	\$0.31	\$ 2.55	00	0	2035
-\$190,471.15	\$0.00	\$0.00 \$0	\$ 0.00	\$0.00	\$0.00	\$0.31	\$ 4.55	00	. 0	2036
\$190,471.15	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$0.00	\$0.31	\$4.55	00	0	2037
\$190,471.15 \$190,471.15 \$190,471.15 \$190,471.15 \$190,471.15	\$0.00	\$6 \$0 \$0 \$0	\$0.00	\$0.00	\$0.00	\$0.31	\$4.55	00	. 0	2038
\$190,471.15	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$0.00	\$0.31	\$4.55	00	. 0	2039
-\$190,471.15	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$0.00	\$0.31	\$4.55	00	. 0	2040

89	T	Feb-03
77	50	Mar-03
65	95	Apr-03
56	0	May-03
48	0	Jun-03
41	0	Jul-03
35	0	Aug-03
29	0	Sep-03
25		Oct-03
21		Nov-03
18		Dec-03

Plant Shrinkage
NGL Yield, bbls/mmscf
Wet Gas BTU
Working Interest
Royalty Interest
Net of Royalty Interest Capital Costs, \$
Operating Costs, \$\text{syr.}
Severance Tax Rate
Ad Valorem Tax Rate WELL NAME
AP#
Sec
Township
Range
Start Date
Completion Date
1st Sales Date Gallegos Canyon Unit Well No. 209 300451158800 15 29N 001-98 001-98 5.467% 9.49 1027 100.0% 12.5% 87.5%

Gross Gas Rate, mc/imo Decline Match, mc/imo Exponential Decline Rate

178 1300 65.5%

320 752

711

375 674

& &

878 604

571 88

54 £

986 514

Apr-01 512 486

May-01 548 461

Jun-01 189 436

Aug-00 | Sep-00 | Oct-00

PRODUCTION HISTORY

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	Aug-00		1111111	-	1 1 1 1 1 1 1	
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	Dec-00			117	144	퍐
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	Dec-03			111111111111111111111111111111111111111	771111	

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	DRILLING AND COMLETION COST, \$ OPERATING COSTS, \$YYEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$MCF
SED FOR HISTORICAL ISED DURING	\$220,000 \$25,253 \$0.31 12.5% 9.17% 9.17% \$4.55

					•	
FLOW, \$	NET INCOME, \$ CUMULATIVE NET CASH	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS PRODUCTION TO ANALYSIS PROSS NGL bbls 1872 8640 5427 Gross NGL bbls 1807 8640 5427 Gross NGL bbls 18 85 53 Residue Gas Price, \$mmbbu \$2.19 \$3.89 \$4.36 Gathering&Processing Fee \$0.15 \$0.26 \$0.30 NGL Price, \$bbl \$10.56 \$18.21 \$11.85 GROSS REVENUE, \$ \$3.876.44 \$32.893.95 \$22.696.88	
\$240,572.49	\$240,572,49	\$310.88 \$220,000 \$23,653	\$3,391.88	\$484.55	1999 1872 1807 1807 18 \$2.19 \$0.15 \$10.56 \$3.876.44	
-\$240,548.76	\$23.73	\$2,638.00 \$0 \$26,120	\$28,782.20	\$4,111.74	2000 8952 8952 8640 85 \$3.89 \$0.26 \$18.21 \$32,893.95	
-\$259,710.21	\$19,161.45	\$1,820.23 \$0 \$37,201	\$19,859.75	\$2,837.11	2001 5623 5427 53 \$4.36 \$0.30 \$11.85 \$22.696.86	
-\$283,135.44	-\$23,425.23	\$184.43 \$0 \$25,253	\$2,012.21	\$287.46	2002 889 858 85.75 \$0.19 \$12.11 \$2.299.66	
\$305,253.11	\$22,117.68	\$316.36 \$0 \$25,253	\$3,451.69	\$493.10	2003 925 925 892 9 \$4.55 \$0.31 \$17.87 \$3.944.78	
\$305,253.11	\$0.00	\$248.27 \$0 \$25,253	\$2,708.73	\$386.96	2004 726 700 7 \$4.55 \$0.31 \$17.87 \$3.995.69	
\$305,253.11	\$0.00	\$128.96 \$0 \$25,253	\$1,407.03	\$201.00	2005 377 364 4 \$4.55 \$0.31 \$17.87 \$1,608.03	
\$305,253.11	\$0.00	\$66.99 \$0	\$730.87	\$104.41	2006 196 189 2 \$4.55 \$0.31 \$17.87 \$835.28	
-\$305,253.11 -\$	\$0.00	\$34.80 \$0	\$379.64	\$54.23	2007 102 98 1 1 \$4.55 \$0.31 \$17.87 \$433.88	
\$305,253.11 \$	\$0.00	\$18.07 \$0 \$0	\$197.20	\$28.17	2008 53 51 1 1 \$4.55 \$0.31 \$17.87 \$225.38	
\$305,253.11 \$	\$0.00	\$9.39 \$0 \$0	\$102.44	\$14.63	2009 27 26 26 0 \$4.55 \$0.31 \$17.87 \$117.07	
\$305,253.11 \$3	\$0.00	\$4.88 \$5	\$53.21	\$7.60	2010 14 14 0 \$4.55 \$0.31 \$17.87 \$60.81	
-\$305,253.11 -\$3	\$0.00	\$2.53 \$0 \$0	\$27.64	\$3.95	П	
-\$305,253.11 -\$30	\$0.00	\$1.32 \$0	\$14.36	\$2.05	П	
-\$305,253.11 -\$30	\$ 0.00	\$5 \$5 \$5 \$5	\$7.46	\$1.07	2013 2 2 2 2 2 2 34.55 \$0.31 \$17.87 \$9.52	
-\$305,253.11 -\$30	\$0.00	\$0.36 \$0	\$3.87	\$0.55	2014 20 1 1 1 0 \$4.55 \$0.31 \$17.87 \$4.43	
-\$305,253.11 -\$305	\$0.00	\$5 \$5 86 87 88	\$2.01	\$0.29	2015 20 1 1 1 0 \$4.55 \$0.31 \$17.87 1	
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\$305,253.11 -\$305,253.11	\$0.00	\$0.05 \$0 \$0	\$0.54	\$0.08 \$	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
253.11 .\$305,253.11	\$0.00	\$0.03 \$0	\$0.28	\$0.04 \$	33.55	
53.11	\$0.00	\$0.01 \$0.01	\$0.15	0.02	9019 0 0 0 \$4.55 \$0.31 \$17.87 \$0.17	

DISCOUNTED NET CASH FLOW @ 10%

(\$262,812)

GCU209

-\$305,253.11 -\$305,253.11	\$0.00	\$0.01 \$0	\$0.08	\$0.01	\$0.09	\$0.31 \$17.87	\$4.55	. 0	02020
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\$305,253.11	\$0.00	\$0.00 \$0	\$0.01	\$0.00	\$0.01	\$0.31 \$17.87	\$4.55 0	0	2023
\$305,253.11	\$0.00	\$0.00 \$0	\$0.01	\$0.00	\$0.01	\$0.31 \$17.87	\$4.55 0	0	2024
-\$305,253.11	\$ 0.00	\$5.00 \$5.00	\$0.00	\$0.00	\$0.00	\$0.31 \$17.87	\$4.55		2025
-\$305,253.11	\$0.00	\$ \$0.00 \$0.00	\$0.00	\$0.00	\$0.00	\$0.31 \$17.87	\$4.55	0	2026
\$305,253.11	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	\$0.00	\$0.31 \$17.87	\$	0	2027
-\$305,253.11	\$0.00	80 80 80 80 80	\$0.00	\$0.00	\$0.00	\$0.31 \$17.87	\$4.55	0	2028
\$305,253.11	\$0.00	\$ \$ \$ \$	\$0.00	\$0.00	\$0.00	\$0.31 \$17.87	\$4.55 c	. 0	2029
\$305,253.11	\$0.00	\$6 \$5 \$5	\$0.00	\$0.00	\$0.00	\$0.31 \$17.87	\$	0	2030
\$305,253.11	\$0.00	\$ \$ \$0.08 \$0.08	\$0.00	\$0.00	\$0.00	\$0.31 \$17.87	\$4 .55	0	2031
\$305,253.11	\$0.00	\$6.00 \$6.00	\$0.00	\$0.00	\$0.00	\$0.31 \$17.87	\$4.55	. 0	2032
-\$305,253.11	\$0.00	\$6 \$6 \$6	\$0.00	\$0.00	\$0.00	\$0.31 \$17.87	\$4 .55	. 0	0
-\$305,253.11	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$0.00	\$0.31 \$17.87	\$4.55		0
-\$305,253.11	\$0.00	\$6.00 \$6.00	\$0.00	\$0.00	\$0.00	\$0.31 \$17.87	\$4.55	. 0	0
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\$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	\$0.00	\$6.00 \$0	\$0.00	\$0.00	\$0.00	\$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	\$4.55	. 0	0 0
-\$305,253.11	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00		\$0.31 \$17.87			0

Page 2 of 3

-\$305,253,11	\$0.00	8 8	\$0.01	\$0.08	\$0.01	\$0.09	\$17.87	\$0.31	\$4.55	0	0	0	2020
\$ 305,253,11	\$ 0.00	& &	\$0.00	\$0.04	\$0.01	\$0.05	\$17.87	\$0.31	\$4.55	0	0	0	2021
-\$305.253.11	\$0.00	& &	\$0.00	\$0.02	\$0.00	\$0.02	\$17.87	\$0.31	\$4.55	0	0	0	2022
\$305 253.11	\$0.00	88	\$0.00	\$0.01	\$0.00	\$0.01	\$17.87	\$0.31	\$4.55	0	0	0	2023
\$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	\$0.00	8 8	\$0.00	\$0.01	\$0.00	\$0.01	\$17.87	\$0.31	\$4.55	0	0	0	2024
\$305.253.11	\$ 0.00	8 8	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2025
\$305 253 11	\$0.00	8 8	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2026
\$305 253 11	\$0.00	8 8	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	1 2.55	0	0	0	2027
-\$305 253 11	\$ 0.00	\$ \$	\$0.00	\$ 0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2028
\$305.253.11	\$0.00	88	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2029
	\$0.00	88	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2030
\$305 253 11	\$0.00			\$0.00									
\$305,253,11	\$0.00	8 8	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2032
\$305,253.11	\$0.00	8 8	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2033
\$ 305,253,11	\$0.00	& &	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2034
\$305,253.11	\$0.00	\$ \$	\$0.00	\$ 0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2035
\$305,253.11	\$0.00	& &	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2036
\$305,253.11	\$0.00	\$ 8	\$0.00	\$ 0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2037
\$305,253.11	\$0.00	8 8	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2038
\$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	\$0.00	\$ \$	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2039
\$305,253.11	\$0.00	8 8	\$0.00	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2040

426 391

358 370

329 350

331 331

45 314

 Jan-02
 Feb-02
 Mar-02
 Apr-02
 May-02
 Jun-02
 Jun-02
 Aug-02
 Sep-02
 127

 297
 281
 267
 253
 239
 226
 215
 203
 192

268 182

Nov-02 Dec-02 | 178 191 | 163

118	Jun-03
=	Jul-03
105	Aug-03
100	Sep-03
2	Oct-03
89	Nov-03
85	Dec-03

Page 3 of 3

Plant Shrinkage
NGL Yield, bbls/mmscf
Wet Gas BTU
Working Interest
Royalty Interest
Net of Royalty Interest Capital Costs, \$
Operating Costs, \$lyr.
Severance Tax Rate
Ad Valorem Tax Rate WELL NAME
API#
Sec
Township
Range
Start Date
Completion Date
1st Sales Date Gallegos Canyon Unit Well No. 223 300451161900 9 28N 12W Oct-01 \$220,000 \$8,269 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

119 1396 28.9%

703 1362

825 1330

Jan-02 774 1297

Jun-02 999 1151

727 1124

Aug-02 1047 1097

1146

0ct-02 1192 1045

PRODUCTION HISTORY

		Gas	Rate, m	cf/mo.	
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Π	CAS CAS CAS AND AND AND CAS CAS CAS CAS AND AND AND CAS		1111111	1	Historical Gas Rate - GCU 223
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	dx.	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1111111	1	
	OBLO.				11111
	~~		111111		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1

862	884	905	946 927	948	972	996	1020
Jun-03	May-03	Apr-03	Mar-03	Feb-03	Jan-03	Dec-02	2
HCAL	FOR HISTOR	OSTS USED	AL PRICES, FEES AND COSTS USED FOR HIST PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	AL PRICES, FEES AND C PERIOD. PARAMETERS A FORECAST TIME PERIOD	NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	7	
	\$220,000 \$8,269 \$0,269 \$1,17% 9,17% 10,0% \$4.55	%	N COST. \$ EE, \$/MCF	ARAMETER: D COMLETIC COSTS, \$7/E ORTATION F ORTATION F RANCE + AD ATE, % \$MCF	ECONOMIC PARAMETERS: DRILLING AND COMLETION COST, \$ OPERATING COSTS, \$YEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$MCF		

FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS GROSS WET GAS, mcf 2001 2002 2003 GROSS WET GAS, mcf 1647 11545 10257 Gross Residue, mmbtu 1590 11143 907 Gross NGL, bbls 16 110 97 Residue Gas Price, \$/mmbtu \$4.36 \$2.75 \$4.55 Gathering&Processing Fee \$0.30 \$0.19 \$0.31 NGL Price, \$/bbl \$11.85 \$12.11 \$17.87 GROSS REVENUE, \$ \$8.648.00 \$29.864.60 \$43.758.33
-\$216,783,33	-\$216,783.33	\$533.15 \$220,000 \$2,067	\$5,817.00	\$831.00	2001 1647 1590 16 \$4.36 \$0.30 \$11.85 \$6.446.00
\$201,315.62	\$15,467.71	\$2,395.06 \$0 \$8,269	\$26,131.52	\$3,733.07	7 CASH FLOV 2002 11545 11143 110 \$2.75 \$0.19 \$12.11 \$29,864.60
-\$167,318.80	\$33,996,82	\$3,509.30 \$0 \$782	\$38,288.54	\$5,469.79	W ANALYSIS 2003 10257 9900 97 \$4.55 \$0.31 \$17.87 \$43,758.33
\$149,537.73	\$17,781.07	\$2,628.51 \$0 \$8,269	\$28,678.58	\$4,096.94	2004 7682 7415 73 \$4.55 \$0.31 \$17.87 \$32,775.52
-\$138,294.90	\$11,242.82	\$1,968.78 \$0 \$8,269	\$21,480.61	\$3,068.66	2005 5754 5554 55 \$4.55 \$0.31 \$17.87 \$24,549.27
-\$131,949.31	\$6,345.59	\$1,474.64 \$0 \$8,269	\$16,089.24	\$2,298.46	2006 4310 4160 41 54.55 \$0.31 \$17.87 \$18,387.70
-\$129,271.80	\$2,677.51	\$1,104.53 \$0 \$8,269	\$12,051.04	\$1,721.58	2007 3228 3116 31 \$4.55 \$0.31 \$17.87 \$13,772.61
-\$129,341.73	\$69.93	\$827.30 \$0 \$8,269	\$9,026.37	\$1,289.48	2008 2418 2334 23 \$4.55 \$0.31 \$17.87 \$10.315.85
-\$131,469.53	\$2,127.80	\$619.66 \$0 \$8,269	\$6,760.86	\$965.84	2009 1811 1748 17 \$4.55 \$0.31 \$17.87 \$17.28.70
\$ 131,469.53	\$0.00	\$464.13 \$0 \$8,269	\$5,063.97	\$723.42	2010 1357 1309 13 \$4.55 \$0.31 \$17.87 \$5,787.39
-\$131,469.53	\$0.00	\$347.64 \$0 \$8,269	\$3,792.97	\$541.85	2011 1016 981 10 \$4.55 \$0.31 \$17.87 \$4.334.83
-\$131,469.53	\$0.00	\$260.39 \$0 \$8,269	\$2,840.98	\$405.85	2012 761 735 7 \$4.55 \$0.31 \$17.87 \$3,246.84
-\$131,469.53 -	\$0.00	\$195.03 \$0 \$8,269	\$2,127.93	\$303.99	2013 570 550 550 54.55 \$0.31 \$17.87 \$2.431.92
-\$131,469.53	\$0.00	\$146.08 \$0 \$8,269	\$1,593.85	\$227.69	2014 427 412 412 4 54.55 \$0.31 \$17.87 \$1,821.54
-\$131,469.53	\$0.00	\$109.42 \$0 \$0	\$1,193.81	\$170.54	2015 320 309 309 3 \$4.55 \$0.31 \$17.87 \$1,364.36
-\$131,469.53	\$0.00	\$81.96 \$0	\$894,18	\$127.74	2016 240 231 231 2 \$4.55 \$0.31 \$17.87 \$1,021.92
-\$131,469.53 -	\$0.00	\$61.39 \$0 \$0	\$669.75	\$95.68	2017 179 173 2 \$4.55 \$0.31 \$17.87 \$765.43
-\$131,469.53	\$0.00	\$45.98 \$0	\$501.65	\$71.66	2018 134 130 130 1 \$4.55 \$0.31 \$17.87 \$573.32
-\$131,469.53 -\$	\$0.00	\$34.44 \$0 \$0	\$375.74	\$53.68	2019 101 97 1 1 \$4.55 \$0.31 \$17.87 \$429.42
-\$131,469.53 -\$	\$0.00	\$25.79 \$0 \$0	\$281.44	\$40.21	2020 75 73 1 1 \$4.55 \$0.31 \$17.87 \$321.64
-\$131,469.53	\$0.00	\$19.32 \$0	\$210.80	\$30.11	2021 56 55 1 1 \$4.55 \$0.31 \$17.87 \$240.91

DISCOUNTED NET CASH FLOW @ 10%

(\$135,604)

-\$131,469.53	\$0.00	\$14.47 \$0 \$0	\$157.89	\$22.56	\$180.45	\$0.31	\$4.55	0	4	42	2022
\$131,469.53	\$0.00	\$10.84 \$0 \$0	\$118.26	\$16.89	\$135.16	\$0.31	\$4.55	0	31	32	2023
-\$131,469.53	\$0.00	\$8.12 \$5	\$88.58	\$12.65	\$101.23	\$0.31	\$4.55	0	23	24	2024
-\$131,469.53	\$0.00	\$6.08 \$0	\$66.35	\$9.48	\$75.83	\$0.31	\$4.55	0	17	18	2025
-\$131,469.53	\$0.00	\$4.55 \$0	\$49.70	\$7.10	\$56.79	\$0.31	\$4 .55	0	13	13	2026
\$131,469.53	\$0.00	\$3.41 \$0 \$0	\$37.22	\$5.32	\$42.54	\$0.31	\$4.55	0	1 0	5	2027
-\$131,469.53	\$0.00	\$2.56 \$0	\$27.88	\$3.98	\$31.86	\$0.31	\$4.55	0	7	7	2028
-\$131,469.53	\$0.00	\$1.91 \$0	\$20.88	\$2.98	\$23.87	\$0.31	\$4.55	0	თ	o	2029
\$131,469.53	\$0.00	\$1.43 \$0	\$15.64	\$2.23	\$17.88	\$0.31	\$4.55	0	4	4	2030
-\$131,469.53	\$0.00	\$1.07 \$0 \$0	\$11.72	\$1.67	\$13.39	\$0.31	\$4.55	0	· ω	ω	2031
-\$131,469.53	\$0.00	\$0.80 \$0	\$8.77	\$1.25	\$10.03	\$0.31	\$4.55	0	2	N	2032
-\$131,469.53	\$0.00	\$0.60 \$0	\$6.57	\$0.94	\$7.51	\$0.31	\$4.55	0	N	2	2033
-\$131,469.53	\$0.00	\$0,45 \$0	\$ 4.92	\$0.70	\$5.63	\$0.31	\$4.55	0	-	_	2034
-\$131,469.53	\$0.00	\$0.34 \$0	\$3.69	\$0.53	\$4.21	\$0.31	2 .55	0	_	-	2035
-\$131,469.53	\$0.00	\$0.25 \$0	\$2.76	\$0.39	\$3.16	\$0.31	\$4.55	0	_	_	2036
-\$131,469.53	\$0.00	\$0.19 \$0	\$2.07	\$0.30	\$2.36	\$0.31	\$4.55	0	_	_	2037
\$131,469.53 \$131,469.53 \$131,469.53 \$131,469.53 \$131,469.53 \$131,469.53	\$0.00	\$0.14 \$0	\$1.55	\$0.22	\$1.77	\$0.31	\$4.55	0	0	0	2038
-\$131,469.53	\$0.00	\$0.11 \$0	\$1.16	\$0.17	\$1.33	\$0.31	\$4.55	0	0	0	2039
-\$131,469.53	\$0.00	\$0.08 \$0	\$0.87	\$0.12	\$0.99	\$0.31	\$4.55	0	0	0	2040

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WELL NAME API# Sec

Plant Shrinkage NGL Yield, bbls/mmscf Wet Gas BTU Working Interest Royalty Interest Net of Royalty Interest	Capital Costs, \$ Operating Costs, \$/yr. Severance Tax Rate Ad Valorem Tax Rate	Township Range Start Date Completion Date 1st Sales Date
5.467% 9.49 1027 100.0% 12.5% 87.5%	\$220,000 \$20,672 7.94% 1.23%	28N 13W Mar-98 May-98

Gross Gas Rate, mc/lmo Decline Match, mc/lmo Exponential Decline Rate

1606 1628

1603 1603

1577

802 1552

Oct-98 820 1528

Nov-98 391 1503

477 1480

941 1456

758 1432

1489 1412

1474 1389

1618 1367

1533 1345

1196 1324

Aug-99 1096 1303

Sep-99 852 1282

796 1262

Nov-99 1233 1242

1688 1222

Jan-00 1611 1203

PRODUCTION HISTORY

	Gas	Rate, mo	f/mo.	_
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92.00				1100
785° →	171312	111111		11111
16.80	1 1 1	111111		1 1 1 1 2 2
x '90		111111	2	1.03
ed a	1 1 1 1 1 1 1	7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		11110
182	11111	iiiiiii i-	¥ :	17-17
20	111111	111111 1-	<b>.</b>	11111
100			3	11410
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18,07				111111
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800	111111	1111111	•	11100
164 +	1111111	1111111	<b>3</b>	11110
807 H	111111	1111111	•	11110
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39 ₇	111111	1111111	2	7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
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NOTE: ACTUAL PRICES, FEES AND OF PERIOD, PARAMETIERS AFFORECAST TIME PERIOD	DRILLING AND COMLETION COST. \$  OPERATING COSTS, \$YYEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, %  TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$MCF
NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	\$220,000 \$20,672 MCF \$0.31 \$0.31 12.5% 9.17% 10.0% \$4.55

FLOW, \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	GROSS WET GAS, mcf 6753 14674 20448 Gross Residue, mmbtu 6518 14163 19736 Gross NGL, bbls 64 \$1.98 \$2.19 \$3.89 Gathering&Processing Fee \$0.13 \$0.15 \$0.26 NGL Price, \$hbl \$12.528.53 \$30.386.12 \$75.135.77
\$223,758,49	\$223,758.49	\$1,004.75 \$220,000 \$13,716	\$10,962.47	\$1,566.07	1998 6753 6518 64 \$1.98 \$0.13 \$7.34 \$12.528.53
-\$220,181.81	\$3,576.67	\$2,436.88 \$0 \$20,574	\$26,587.86	\$3,798.27	1999 14674 14163 14163 139 \$2.19 \$0.15 \$10.56 \$30,386.12
-\$171,819.02	\$48,362.79	\$6,025.68 \$0 \$11,355	\$65,743.80	\$9,391.97	2000 20448 19736 194 \$3.89 \$0.26 \$18.21 \$75,135.77
-\$145,974.40	\$25,844.63	\$3,681.24 \$0 \$10,639	\$40,164.52	\$5,737.79	2001 11372 10976 108 \$4.36 \$0.30 \$11.85 \$45,902.31
-\$152,221.38	-\$6,246.98	\$1,455.50 \$0 \$20,672	\$15,880.36	\$2,268.62	2002 7016 6772 6772 82.75 \$0.19 \$12.11 \$18,148.98
-\$133,335.83	\$18,885.55	\$3,073.50 \$0 \$11,575	\$33,533.68	\$4,790.53	2003 8983 8670 85 \$4.55 \$0.31 \$17.87 \$38,324.20
-\$128,843.68	\$4,492.15	\$2,539.11 \$0 \$20,672	\$27,703.26	\$3,957.61	2004 7421 7163 70 \$4.55 \$0.31 \$17.87 \$31,660.87
-\$128,726.76	\$116.92	\$2,097.65 \$0 \$20,672	\$22,886.57	\$3,269.51	2005 6131 5917 58 \$4.55 \$0.31 \$17.87 \$26,158.08
-\$132,224.35	-\$3,497.59	\$1,732.93 \$0 \$20,672	\$18,907.34	\$2,701.05	2006 5065 4889 48 \$4.55 \$0.31 \$17.87 \$21,608.39
-\$138,708.01	-\$6,483.66	\$1,431.63 \$0 \$20,672	\$15,619.97	\$2,231.42	2007   4184 4039 40 \$4.55 \$0.31 \$17.87 \$17.851.39
-\$138,708.01	\$0.00	\$1,182.72 \$0 \$20,672	\$12,904.17	\$1,843.45	2008 3457 336 33 \$4.55 \$0.31 \$17.87 \$14,747.62
-\$138,708.01	\$0.00	\$977.08 \$0 \$20,672	\$10,660.55	\$1,522.94	2009 2856 2756 275 \$4.55 \$0.31 \$17.87 \$12.183.49
-\$138,708.01	\$0.00	\$807.20 \$0 \$20,672	\$8,807.03	\$1,258.15	2010 2359 2277 22 34.55 \$0.31 \$17.87 \$10.065.18
-\$138,708.01	\$0.00	\$666.85 \$0 \$20,672	\$7,275.77	\$1,039.40	2011 1949 1881 18 \$4.55 \$0.31 \$17.87 \$8.315.17
-\$138,708.01	\$0.00	\$550.91 \$0 \$20,672	\$6,010.75	\$858.68	2012 1610 1554 15 \$4.55 \$0.31 \$17.87 \$6.869.43
\$138,708.01	\$0.00	\$455.12 \$0 \$20,672	\$4,965.68	\$709.38	2013 1330 1284 13 \$4.55 \$0.31 \$17.87 \$5,675.06
\$138,708.01	\$0.00	\$375.99 \$0 \$20,672	\$4,102.31	\$586.04	2014 1099 1061 10 \$4.55 \$0.31 \$17.87 \$4,688.35
-\$138,708.01	\$0.00	\$310.62 \$0 \$20,672	\$3,389.05	\$484.15	2015 908 876 9 \$4.55 \$0.31 \$17.87 \$3.873.20
-\$138,708.01	\$0.00	\$256.61 \$0 \$20,672	\$2,799.81	\$399.97	2016 750 724 72 \$4.55 \$0.31 \$17.87 \$3,199.78
-\$138,708.01	\$0.00	\$212.00 \$0 \$20,672	\$2,313.01	\$330.43	2017 620 598 6 \$4.55 \$0.31 \$17.87 \$2,843.44
\$138,708.01	\$0.00	\$175.14 \$0 \$20,672	\$1,910.85	\$272.98	2018 512 494 5 \$4.55 \$0.31 \$17.87 \$2,183.83

DISCOUNTED NET CASH FLOW @ 10%

(\$141,315)

					_
-\$138,708.01	\$0.00	\$144.69 \$0 \$20,672	\$1,578.62	\$225.52	2019 423 408 4 \$4.55 \$0.31 \$17.87 \$1,804.14
-\$138,708.01	\$0.00	\$119.53 \$0 \$0	\$1,304.15	\$186.31	349 337 337 34.55 \$4.55 \$0.31 \$17.87 \$1,490.46
-\$138,708.01	\$0.00	\$98.75 \$0 \$0	\$1,077.40	\$153.91	2021 289 279 3 \$4.55 \$0.31 \$17.87 \$1,231.31
-\$138,708.01	\$0.00	\$81.58 \$0	\$890.07	\$127.15	2022 238 230 230 2 2 54.55 \$0.31 \$17.87 \$1,017.23
\$138,708.01	\$0.00	\$67.39 \$0 \$0	\$735.32	\$105.05	2023 197 190 2 \$4.55 \$0.31 \$17.87 \$840.37
-\$138,708.01 -\$138,708.01	\$0.00	\$55.68 \$0 \$0	\$607.47	\$86.78	2024 163 157 2 \$4.55 \$0.31 \$17.87 \$694.25
	\$0.00	\$46.00 \$0 \$0	\$501.85	\$71.69	2025 134 130 1 1 \$4.55 \$0.31 \$17.87 \$573.55
\$138,708.01	\$0.00	\$38.00 \$0	\$414.60	\$59.23	2026 111 107 1 \$4.55 \$0.31 \$17.87 \$473.82
-\$138,708.01	\$0.00	\$31.39 \$0	\$342.51	\$48.93	2027 92 89 1 \$4.55 \$0.31 \$17.87 \$391.44
-\$138,708.01	\$0.00	\$25.93 \$0 \$0	\$282.96	\$40.42	2028 76 73 1 \$4.55 \$0.31 \$17.87 \$323.38
-\$138,708.01	\$0.00	\$21.43 \$0 \$0	\$233.76	\$33.39	2029 63 60 1 \$4.55 \$0.31 \$17.87 \$287.16
\$138,708.01	\$0.00	\$17.70 \$0 \$0	\$193.12	\$27.59	2030 52 50 0 \$4.55 \$0.31 \$17.87 \$220.71
-\$138,708.01	\$0.00	\$14.62 \$0 \$0	\$159.54	\$22.79	2031   43 41 0 \$4.55 \$0.31 \$17.87 \$182.33
\$138,708.01	\$0.00	\$12.08 \$0 \$0	<b>\$</b> 131.80	\$18.83	2032 35 34 0 \$4.55 \$0.31 \$17.87 \$150.63
\$138,708.01	\$0.00	\$9.98 \$0	\$108.89	\$15.56	2033 29 28 0 \$4.55 \$0.31 \$17.87 \$124.44
\$138,708.01	\$0.00	\$8.24 \$0 \$0	\$69.95	\$12.85	2034 24 23 20 0 \$4.55 \$0.31 \$17.87 \$102.81
\$138,708.01	\$0.00	\$6.81 \$0 \$0	\$74.31	\$10.62	2035 20 19 0 \$4.55 \$0.31 \$17.87 \$94.93
\$138,708.01	\$0.00	\$5.83 \$6 \$5	\$61.39	\$8.77	2036 16 16 0 \$4.55 \$0.31 \$17.87 \$70.16
-\$138,708.01	\$0.00	\$4.65 \$0	\$50.72	\$7.25	2037 14 13 13 0 \$4.55 \$0.31 \$17.87 \$57.96
-\$138,708.01	\$0.00	\$3.84 \$0	\$41.90	\$5.99	2038 11 11 11 0 \$4.55 \$0.31 \$17.87
-\$138,708.01	\$0.00	\$3.17 \$0 \$0	\$34.62	\$4.95	2039 9 9 0 \$4.55 \$0.31 \$17.87 \$39.56
-\$138,708.01	\$0.00	\$2.62 \$0	\$28.60	\$4.09	2040 7 7 0 \$4.55 \$0.31 \$17.87 \$32.68

		_
1183	1740	Feb-00
1166	1875	Mar-00
1147	1971	Apr-00
1129	2155	May-00
=======================================	1411	Jun-00
1093	1334	Jul-00
1076	1563	Aug-00
1059	1466	Sep-00
1042	1505	Oct-00
1025	1793	Nov-00
1009	2024	Dec-00
993	1650	Jan-01
977	1601	Feb-01
963 2	1636	Mar-01
947	1483	Apr-01
933	1281	May-01
918	624	Jun-01
903	544	Jul-01
889	499	Aug-01
874	498	Sep-01
861	521	Oct-01
847	518	Jov-01 D
83 <u>4</u>	517	ec.01

Jan-02
2 Feb 490 820
02 Ma 430 807
415 795
07-02 419 783
499 770
Jun-02 599 758
Jul-02 538 746
Aug-02 846 734
Sep-02 980 722
0d-02 518 711
Nov-02 451 700
Dec-02 831 689
Jan-03 967 678
Feb
03 Mai 1011 667
1130 A 657
1112 647
May-03 1139 637
Jun-03 1048 626
Jul-03 614 617
Aug-03 367 607
Sep-03 353 597
Oct-03 342 588
Nov-03 331 578
Dec-03
38677 38677 0

GCU240E

 WELL NAME
 Gallegos Canyon Unit Well No. 291

 AP##
 300452382200

 Sec
 23

 Township
 28N

 Range
 12W

 Start Date
 12W

 Completion Date
 12W

 1st Sales Date
 12W

 Capital Costs, \$yr.
 \$220,000

 Operating Costs, \$yr.
 \$220,000

 Severance Tax Rate
 7.94%

 Ad Valorem Tax Rate
 1.23%

 Plant Shrinkage
 5.467%

 NGL Yield, bbls/mmscf
 9.49

 Working Interest
 100.0%

 Net Gas BTU
 100.0%

 Working Interest
 12.5%

 Net of Royalty Interest
 87.5%

	Ga	s Rate, m	ci/mo.	<b>1</b>
Jan-(	00 +		1 : : :	πĬ
Jan-0	4		++++	<del>: :</del>
Jan-0	8		++++	
Jan-1	2		++++	++
Jan-1	6		<del>         </del>	++-
Jan-2	:0		<del></del>	++-
Jan-2	4	-	<del>         </del>	
Jan-2	8		<del>       </del>	++-
Jan-3	2		<del> </del>	
Jan-3	6		1-1-1-1	++1
Jan-4			1	++
Jan-4	1 !		<del></del>	
Jan-4			++++	++
Jan-5	- (		!-!-:	+++
Jan-a		-	<del>         </del>	111
Jan-6	· 1		<del>1        </del>	++1
Jan-6		<del></del>	1111	++1
-Jan-€	-	-	1111	111
Jan-7		-	1 1 1 1	111
Jan-7	-			<del>                                      </del>
Jan-8	- 1		1 1 1 1	
Jan-8			11111	
Jan-8			1111	
Jan-9 Jan-9	_	i	1-1-1-1	11

NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	DRILLING AND COMLETION COST, \$ OPERATING COSTS, \$VYEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$MMCF
USED FOR HISTORICAL	\$220,000 \$25,000 \$25,000 12,5% 9.17% 10.0% \$4.55

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

Well Produced only water, no gas before being recompleted to Fruitland Sand in 2002

					Mr
FLOW, \$	NET INCOME, \$ CUMULATIVE NET CASH	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS  GROSS WET GAS, mcf
\$230,416.67	\$230,416.67	\$0.00 \$220,000 \$10,417	\$0.00	\$0.00	ND DISCOUNT 1999 0 0 0 52.19 \$0.00 \$10.56
-\$230,416.67 -\$255,416.67	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	\$3.89 \$18.21 \$5.00
	\$25,000.00	\$0.00 \$0 \$25,000	\$0.00	\$0.00	2001 0 0 0 0 54.36 \$0.00 \$11.85
-\$270,000.00	-\$14,583.33	\$0.00 \$0 \$14,583	\$0.00	\$0.00	2002 0 0 0 \$2.75 \$0.00 \$12.11
\$270,000.00	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	2003 0 0 0 94.55 \$0.00 \$17.87 \$0.00
\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2004   0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2005   0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2006 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$270,000.00	<b>\$</b> 0.00	\$6.00 \$6.00	\$0.00	\$0.00	2007 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$270,000.00	\$0.00	\$6 \$6 \$6	\$0.00	\$0.00	2008 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$270,000.00	\$0.00	\$6.00 \$7.00	\$0.00	\$0.00	2009 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$270,000.00 \$	\$0.00	\$5. \$5.00	\$0.00	\$0.00	2010 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$270,000.00 -\$	\$0.00	\$5.00 \$0.00	\$0.00	\$0.00	2011 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$270,000.00 -\$	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2012 0 0 0 54.55 \$0.00 \$17.87 \$0.00
-\$270,000.00 -\$	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2013 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$270,000.00 -\$2	\$0.00	\$0.00 \$0	<b>\$</b> 0.00	\$0.00	2014   0 0 0 0 \$4.55 \$9.00 \$17.87 \$9.00
\$270,000.00 \$2	\$6.00	\$0.00 \$0.00 \$0.00	\$0.00	\$0.00	2015 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$270,000.00 -\$2	\$0.00	\$0. \$0. \$0. \$0.	\$0.00	\$0.00	2016   0 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$270,000.00 -\$27	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2017 2 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$270,000.00 -\$27	\$0.00	\$ \$ \$ \$ \$	\$0.00	\$0.00	2018 2 0 0 0 0 \$4.55 \$1.56 \$1.57 \$1.57
\$270,000.00	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	2019 0 0 0 54.55 \$0.00 \$17.87 \$0.00

< 1 % A .

Se 129 11

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

10.0%

PRODUCTION HISTORY

DISCOUNTED NET CASH FLOW @ 10%

(\$238,213)

						_
-\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	2020
\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	1202
-\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2022
-\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2023
-\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2024
-\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2025
-\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2020
\$270,000.00	\$0.00	\$ \$ \$ \$0 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	/202/
\$270,000.00	\$0.00	\$6.00 \$6.00	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2202
-\$270,000.00	\$0.00	\$0.00 \$0.00	<b>\$</b> 0.00	\$0.00	\$4.55 \$0.00 \$17.87	1 6707
-\$270,000.00	\$0.00	\$0.00 \$0	<b>\$</b> 0.00	\$0.00	\$4.55 \$0.00 \$17.87	2030
\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2031
	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2032
-\$270,000.00	\$0.00	\$0.00 \$0 \$0	<b>\$</b> 0.00	\$0.00	\$4.55 \$0.00 \$17.87	1 000
-\$270,000.00	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2034
\$270,000.00 -\$270,000.00 -\$270,000.00	\$0.00	\$0.00 \$0 \$0	<b>\$</b> 0.00	\$0.00	\$4.55 \$0.00 \$17.87	1 0007
-\$270,000.00	\$0.00	\$6.00 \$6.00	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	1 000
\$270,000.00	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	203/
-\$270,000.00 -\$270,000.00	\$0.00	\$6.00 \$6.00	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2030
	\$0.00	\$6 \$6 \$6 \$6	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2002
\$270,000.00	\$0.00	\$0.00 \$1 \$0	<b>\$</b> 0.00	\$0.00	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	2040

Page 2 of 3

-\$270,000,00	<b>\$</b> 0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	2020
\$270,000,00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2021
-\$270,000,00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	0 0 0 \$4.55 \$0.00 \$17.87 \$0.00	2022
-\$270,000,00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	0 0 0 \$4.55 \$0.00 \$17.87 \$0.00	2023
-\$270,000,00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	2024
\$270,000,00	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2025
-\$270,000.00	\$0.00	\$0.00 \$0	<b>\$</b> 0.00	\$0.00	\$4.55 \$0.00 \$17.87	2026
\$270,000.00	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2027
\$270,000,00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	8202
\$270,000,00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	2029
-\$270,000,00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	2030
-\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$17.87	2031
-\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	2032
-\$270,000.00	\$0.00	\$0.00 \$0	<b>\$</b> 0.00	\$0.00	\$4.55 \$0.00 \$17.87	2033
-\$270,000.00	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	2034
\$270,000.00	<b>\$</b> 0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	2035
-\$270,000,00	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	0 0 94.55 \$0.00 \$17.87	2030
\$270,000.00	\$0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	203/
\$270,000.00	\$0.00	\$0.00 \$0 \$0	<b>\$</b> 0.00	\$0.00	\$4.55 \$0.00 \$17.87	2038
\$270,000.00	\$0.00	\$0.00 \$0 \$0	<b>\$</b> 0.00	\$0.00	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	2039
\$270,000.00	\$0.00	\$0.00 \$1	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87	2040

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

Page 3 of 3

Gross Gas Rate, mc//mo
Decline Match, mc//mo
Exponential Decline Rate VALOREM
CAPITAL EXPENSE
OPERATING EXPENSE Working Interest Royalty Interest Net of Royalty Interest Capital Costs, \$
Operating Costs, \$/yr.
Severance Tax Rate
Ad Valorem Yax Rate Start Date
Completion Date
1st Sales Date NET INCOME, \$
CUMULATIVE NET CASH WELL NAME DISCOUNTED NET CASH FLOW @ 10% Residue Gas Price, \$/mmbtu Gathering&Processing Fee NGL Price, \$/bbl ROYALTY, \$ GROSS REVENUE, \$ Gross NGL, bbls Gross Residue, mmbtu GROSS WET GAS, mcf Plant Shrinkage NGL Yield, bbls/mmscf PRODUCTION FORECAST AND DISCOUNT CASH FLOW SEVERANCE and AD VRI REVENUE, \$ Wet Gas BTU PRODUCTION HISTORY Fownship Sallegos Canyon Unit Well No. 311 100452465400 Nov-96 933 600 14.1% \$236,015.51 236,015.51 \$198.02 \$220,000 \$17,978 12W Jan-96 Nov-96 \$308.64 \$2,160.51 \$2,469.16 \$1.96 \$0.13 \$14.69 1296 1251 12 \$229,297) \$205,589.58 \$7,612.57 \$4,884.06 \$30,425.93 \$53,287.98 \$220,000 \$17,978 7.94% 1.23% \$17,978 \$60,900.55 \$11.72 27532 26573 261 5.467% 9.49 1027 100.0% 12.5% 87.5% \$2.33 \$0.16 363 593 \$214,484.28 \$1,428.55 \$11,428.37 \$17,978 \$916.52 \$0 \$9,999.82 6160 5946 58 \$1.98 \$0.13 \$7.34 58 58 58 58 \$223,277.41 \$241,955.16 \$265,244.93 \$8,793.13 \$330.97 \$12,073 \$515.87 \$4,127.00 \$3,611.12 \$10.56 \$2.19 1983 1924 579 579 \$18,677.75 \$19,814 \$114.63 \$0 \$178.67 \$1,250.70 \$1,429.37 \$3.89 \$0.26 \$18.21 389 375 573 \$1,119.10 \$23,289.76 \$30,405 \$717.99 \$0 \$7,833,71 \$8,952.81 \$11.85 2218 2141 21 \$4.36 \$0.30 1000 000 1000 3387 566 ខី ö \$268,611.81 \$270,160.18 \$270,160.18 -\$3,366.88 \$9,621 \$631.08 \$983.63 \$7,869.04 \$6,885.41 \$12.11 \$2.75 \$0.19 3380 559 \$1,548.37 \$1,620 \$4.55 \$0.31 \$17.87 \$89.59 \$7.18 \$78.39 3152 553 0 22 23 Historical Gas Rate - GCU 311 \$17,978 \$133.72 \$0 \$1,458.92 \$208.42 \$1,687.34 \$17.87 \$4.55 \$0.31 \$0.00 546 546 391 Aug-97 3876 540 \$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 \$116.13 \$0 \$0 \$181.01 \$1,267.06 \$1,448.07 339 328 3 \$4.55 \$0.31 \$17.87 • \$100.86 \$0 \$0 \$157.20 \$1,100.43 \$1,257.63 \$4.55 \$0.31 \$17.87 \$0.00 2495 534 295 285 0ct-97 \$136.53 \$1,092.24 \$87.59 \$0 \$0 \$17.87 \$955.71 \$4.55 \$0.31 256 247 2 527 Nox O3 \$118.57 \$76.08 \$0 \$0 \$4.55 \$0.31 \$17.87 \$830.02 \$948.60 \$0.00 222 215 2 52 \$102.98 \$66.07 \$0 \$823.85 \$4.55 \$0.31 \$17.87 \$720.87 \$0.00 613 515 2 2 2 2 2 168 162 2 \$4.55 \$0.31 \$17.87 \$57.38 \$0 \$0 \$89.44 \$715.50 \$626.07 \$6.00 5 <u>5</u> DRILLING AND COMLETION COST. \$
OPERATING COSTS, \$YEAR
GAS TRANSPORTATION FEE, \$MCF
ROYALTY, % NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD. TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE , \$MCF ECONOMIC PARAMETERS: \$49.84 \$0 \$0 \$4.55 \$0.31 \$17.87 \$621.41 \$543.73 80.00 146 351 503 \$4.55 \$0.31 \$17.87 \$43.28 \$0 \$67.46 \$539.69 \$472.22 127 1173 497 \$37.59 \$0 \$0 \$4.55 \$0.31 \$17.87 \$58.59 \$410.12 \$468.71 342 492 \$32.65 80.255 \$50.88 \$4.55 \$0.31 \$17.87 \$407.07 \$356.19 \$0.00 486 \$220,000 \$17,978 \$0.31 12.5% 9.17% 10.0% \$4.55 \$28.35 \$0 \$0 \$44.19 \$4.55 \$0.31 \$17.87 \$353.54 \$309.34 2 8 _ 8 8

\$24.62 \$6

\$6.00

\$4.55 \$0.31 \$17.87

45 Z

\$38.38 \$307.04

\$268.66

					_
\$270,160.18	\$0.00	\$21.39 \$0 \$0	\$233.33	\$33.33	2017 63 60 1 \$4.55 \$0.31 \$17.87 \$266.66
\$270,160.18	\$0.00	\$18.57 \$0 \$0	\$202.64	\$28.95	2018 54 52 1 \$4.55 \$0.31 \$17.87 \$231.59
\$270,160.18	\$0.00	\$16.13 \$0 \$0	\$175.99	\$25.14	2019 47 46 0 \$4.55 \$0.31 \$17.87 \$201.14
-\$270,160.18	\$0.00	\$14.01 \$0 \$0	\$152.85	\$21.84	2020 41 40 0 \$4.55 \$0.31 \$17.87 \$174.69
\$270,160.18	\$0.00	\$12.17 \$0 \$0	\$132.75	\$18.96	2021 36 34 0 \$4.55 \$0.31 \$17.87 \$151.71
\$270,160.18	\$0.00	\$10.57 \$0 \$0	\$115.29	\$16.47	2022   31 30 0 \$4.55 \$0.31 \$17.87 \$131.76
-\$270,160.18	<b>\$</b> 0.00	\$9.18 \$0	\$100.13	\$14.30	2023 27 26 0 94.55 \$0.31 \$17.87 \$114.43
-\$270,160.18	\$0.00	\$7.97 \$0 \$0	\$88.96	\$12.42	2024 23 22 20 9 \$4.55 \$0.31 \$17.87 \$93.39
\$270,160.18	\$0.00	\$6.92 \$0	\$75.52	\$10.79	2025 20 20 0 0 \$4.55 \$0.31 \$17.87 \$86.31
-\$270,160.18	\$0.00	\$6.01 \$2.03 \$3.03	\$65.59	\$9.37	2026 18 17 0 \$4.55 \$0.31 \$17.87 \$74.96
\$270,160.18	\$0.00	\$5.22 \$0	\$56.97	\$8.14	2027 15 15 0 9 \$4.55 \$0.31 \$17.87 \$65.10
-\$270,160.18	\$0.00	\$4.53 \$0	\$49.47	\$7.07	2028 13 13 13 0 \$4.55 \$0.31 \$17.87 \$66.54
\$270,160.18	\$0.00	\$3.94 \$0	\$42.97	\$6.14	2029 12 11 0 \$4.55 \$0.31 \$17.87
\$270,160.18	\$0.00	\$3.42 \$5	\$37.32	\$5.33	2030 10 10 10 9 \$4.55 \$0.31 \$17.87 \$42.85
\$270,160.18	\$0.00	\$2.97 \$0 \$0	\$241	\$4.63	2031 9 8 0 \$4.55 \$0.31 \$17.87 \$37.04
-\$270,160.18	\$0.00	\$2.58 \$0 \$0	\$28.15	\$4.02	2032 8 7 0 \$4.55 \$0.31 \$17.87 \$32.17
\$270,160.18	\$0.00	\$2.24 \$0 \$0	\$24.45	\$3.49	2033 7 6 0 \$4.55 \$0.31 \$17.87 \$27.94
\$270,160.18	\$0.00	\$1.95 \$0 \$0	\$2123	\$3.03	2034 6 5 5 \$4.55 \$0.31 \$17.87 \$24.26
\$270,160.18	\$0.00	\$1.69 \$0	\$18.44	\$2.63	2035 5 5 9 \$4.55 \$0.31 \$17.87 \$21.07
\$270,160.18	\$0.00	\$1.47 \$0 \$0	\$16.01	\$2.29	2036 4 4 0 \$4.55 \$0.31 \$17.87 \$18.30
\$270,160.18	\$0,00	\$1.27 \$0 \$0	\$13.91	\$1.99	2037 4 4 0 \$4.55 \$0.31 \$17.87 \$15.89
\$270,160.18	\$0.00	\$1.11 \$0	\$12.08	\$1.73	2038 3 3 3 0 \$4.55 \$0.31 \$17.87 \$13.80
\$270,160.18	\$0,00	\$5 \$6.08	\$10.49	\$1.50	2039 3 3 0 \$4.55 \$0.31 \$17.87 \$11.99

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469	224	Aug-98
463	433	Sep-98
458	169	Oct-98
453		Nov-98
447	208	Dec-98
442	241	Jan-99
437	405	Feb-99
432	274	Mar-99
427	151	Apr-99
422	118	May-99
417	329	Jun-99
412	145	Jul-99
407	149	Aug-99
402	181	Sep-99
398		Oct-99
393		Nov-99
389		Dec-99
384		Jan-00
379	197	Feb-00
375		Mar-00
371		00-10 ⁴
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Page 3 of 4

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-\$270,160.18 \$4.55 \$0.31 \$17.87 \$10.41 \$1.30 \$9.11

GCU311

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

GCU311

Capital Costs, \$
Operating Costs, \$/yr.
Severance Tax Rate
Ad Valorem Tax Rate WELL NAME
API#
Sec
Township
Range
Start Date
Completion Date
1st Sales Date Gallegos Canyon Unit Well No. 400E 300452628700 25 28N 12W Jan-01 Mar-01 \$220,000 \$18,775 7.94% 1.23%

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

Gross Gas Rate, mc/imo Decline Match, mc/imo Exponential Decline Rate

291 150.0%

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Oct-02 24

May-02 Jun-02 45

PRODUCTION HISTORY

<u> </u>	Gas	Rate	, mo		<b>.</b>	10	
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DRILLING AND COMLETION COST. \$ OPERATING COSTS, \$YYEAR GAS TRANSPORTATION FEE, \$IMCF ROYALTY, % TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$IMCF	ECONOMIC PARAMETERS:
\$220,000 \$18,775 \$0.00 12.5% 9.17% 10.0% \$4.55	
	ALETION COST, \$ \$, \$YFEAR \$, TION FEE, \$/MCF EF + AD VALOREM), %

FLOW, \$	NET INCOME, \$ CUMULATIVE NET CASH	SEVERANCE and AD VALOREM CAPITAL EXPENSE OPERATING EXPENSE	NRI REVENUE, \$	ROYALTY, \$	PRODUCTION FORECAST A GROSS WET GAS, mcf Gross Residue, mmbtu Gross NGL, bbls Residue Gas Price, \$/mmbtu Gathering&Processing Fee NGL Price, \$/bbl GROSS REVENUE, \$
-\$234,572.30	-\$234,572.30	\$424.06 \$220,000 \$18,775	\$4,626.76	\$660.97	ND DISCOUNT 2001 1310 1264 12 \$4.36 \$0.30 \$11.85 \$5.287.73
\$250,744.83	\$16,172.53	\$12.45 \$0 \$16,296	\$135.81	\$19.40	CASH FLOW ANALYSIS  2002   2003   60 0 58 0 1 0 \$2.75 \$4.55 \$0.19 \$0.00 \$12.11 \$17.87 \$155.21 \$0.00
\$254,606.89	\$3,862.06	\$0,00 \$0 \$3,862	\$0.00	\$0.00	V ANAL YSIS 2003 0 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2004 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$254,606.89	\$0.00	\$6.00 \$6.00	\$0.00	\$0.00	2005 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$254,606.89	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	2006 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$254,606,89	\$0.00	\$0.00 \$0	\$0.00	<b>\$</b> 0.0 <b>0</b>	2007 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$254,606.89	\$0.00	\$0.00 \$0.00	<b>\$</b> 0.00	\$0.00	2008 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$254,606.89	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	2009 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2010 0 0 0 \$4.55 \$0.00 \$17.87
\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2011 0 0 0 \$4.55 \$0.00 \$17.87
-\$254,606.89	\$0.00	00.08 00.08 00.08	<b>\$</b> 0.00	\$0.00	2012 0 0 0 \$4.55 \$0.00 \$17.87
-\$254,606.89	\$0.00	\$6 \$6 \$6	\$0.00	\$0.00	2013 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
\$254,606.89 -4	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2014 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$254,606.89 -\$	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2015 0 0 0 \$4.55 \$0.00 \$17.87
-\$254,606.89 -\$	\$0.00	\$6.08 \$6.08	\$0.00	\$0.00	2016 0 0 \$4.55 \$0.00 \$17.87
-\$254,606.89 -\$	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2017 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$254,606,89 -\$	\$0.00	\$0.00 \$0	\$0.00	\$0.00	2018 0 0 \$4.55 \$0.00 \$17.87 \$0.00
-\$254,606.89 -\$2	\$0.00	\$5 \$5 \$0.00	\$0.00	\$0.00	2019 0 0 0 \$4.55 \$0.00 \$17.87
-\$254,606.89 -\$254,	\$0.00	\$6.00 \$6	\$0.00	\$0.00	2020 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00
54,606.89	\$0.00	\$0.00 \$0.00	\$0.00	\$0.00	2021 0 0 0 \$4.55 \$0.00 \$17.87 \$0.00

DISCOUNTED NET CASH FLOW @ 10%

(\$229,515)

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-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2022	21	Nov-02
-\$254,606.89	\$0.00	\$5.00 \$6	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2023	19	Dec-02
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2024	<del>16</del>	Jan-U3
-\$254,606,89	\$0.00	\$6.96 \$6	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2025	14	reb-03
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2026	13	Mar-03
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2027	=	Apr-03
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2028	10	May-03
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2029	9	Jun-03
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00		2030	80	Jul-U3
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2031	7	Aug-03
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2032	o	Sep-03
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2033	<b>O</b> 1	03   001-03
-\$254,606.89	<b>\$</b> 0.00	\$0.00 \$0 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2034	<b>U</b> i	Nov-03
\$254,606.89 \$254,606.89 \$254,606.89 \$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2035	4	Dec-03
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00		2036	1370 0	JBalancing 1370
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2037		
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2038		
-\$254,606.89 -\$254,606.89 -\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$4.55 \$0.00 \$0.00 \$17.87 \$17.87 \$10.00 \$0.00	000	2039		
-\$254,606.89	\$0.00	\$0.00 \$0	\$0.00	\$0.00	\$4.55 \$0.00 \$17.87 \$0.00	000	2040		

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Plant Shrinkage NGL Yield, bbls/mmscf Wet Gas BTU Working Interest Royalty Interest Net of Royalty Interest	Capital Costs, \$ Operating Costs, \$yr. Severance Tax Rate Ad Valorem Tax Rate	Sec Township Range Start Date Completion Date 1st Sales Date	WELL NAME API#
5.467% 9.49 1027 100.0% 12.5% 87.5%	\$220,000 \$759 7.94% 1.23%	29N 12W Apr-95 Apr-95	Gallegos Canyon Unit Well No. 411 300452876400

Gross Gas Rate, mc/lmo
Decline Match, mc/lmo
Exponential Decline Rate

Apr-95 1138 1200 20.0%

May-95 1205 1180

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PRODUCTION HISTORY

		Gas	Rate, mo	f/mo.	
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NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	DRILLING AND COMLETION COST, \$  OPERATING COSTS, \$YEAR GAS TRANSPORTATION FEE, \$IMCF ROYALTY, %  TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$MCF
USED FOR HISTORICAL	\$220,000 \$759 \$0.31 12.5% 9.17% 10.0% \$4.55

FLOW, \$	NET INCOME, \$	CAPITAL EXPENSE OPERATING EXPENSE	SEVERANCE and AD VALOREM	NRI REVENUE, \$	ROYALTY, \$	GROSS REVENUE, \$	Gathering&Processing Fee	Residue Gas Price, \$/mmbtu	Gross NGL, bbls	Gross Residue, mmbtu	GROSS WET GAS, mcf		PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS
-\$217,974.26	-\$217,974.28	\$220,000 \$759	\$280.99	\$3,065.73	\$437.96	\$11.54 \$3,503.69	\$0.10	\$1.54	23	2261	2343	1995	ID DISCOUNT
\$217,974.26	\$0.00	88	\$0.00	\$0.00	\$0.00	\$14.69 \$0.00	\$0.00	\$1.96	0	0	0	1996	CASH FLOW
-\$217,974.26 -4	<b>\$</b> 0.00	88	\$0.00	\$0.00	\$0.00	\$11.72 \$0.00	\$0.00	\$2.33	0	0	0	1997	ANALYSIS
-\$217,974.26	<b>\$</b> 0.00	8 8	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.98	0	0	0	1998	
\$244,441.39	-\$26,467.13	\$0 \$26,467	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.19	0	0	0	1999	
-\$269,503,75	\$25,062.36	\$25,062	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.89	0	0	0	2000	
-\$296,860.66 -	\$27,356.91	\$0 \$27,357	\$0.00	\$0.00	\$0.00	\$11.85 \$0.00	\$0.00	\$4.36	0	0	0	2001	
\$298,928.87	-\$2,068.21	\$2,068 \$9	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.75	0	0	0	2002	
\$298,928.87	\$0.00	8 8	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.55	0	0	0	2003	
-\$298,928.87	\$0.00	\$0 \$759	\$781.41	\$8,525.63	\$1,217.95	\$17.87	\$0.31	\$4.55	23	2204	2284	2004	
\$298,928.87	\$0.00	\$0 \$759	\$639.76	\$6,980.19	\$997.17	\$7,977.36	\$0.31	\$4.55	18	1805	1870	2005	
-\$298,928.87	\$0.00	\$0 \$759	\$523.79	\$5,714.90	\$816.41	\$6,531.31	\$0.31	\$4.55	15	1478	1531	2006	
\$298,928.87	\$0.00	\$759	\$428.85	\$4,678.96	\$668.42	\$5,347.39	\$0.31	4.55	12	1210	1253	2007	
\$298,928.87	\$0.00	\$0 \$759	\$351.11	\$3,830.81	\$547.26	\$4,378.07	\$0.31	\$4.55	70	990	1026	2008	
\$298,928.87	\$0.00	\$0 \$759	\$287.46	\$3,136.40	\$448.06	\$3,584.46	\$0.31	\$4.55	8	811	840	2009	
-\$298,928.87	\$0.00	\$759	\$235.36	\$2,567.87	\$366.84	\$2,934.71	\$0.31	\$4.55	7	664	688	2010	
\$298,928.87 -\$	\$0.00	\$759	\$192.69	\$2,102.39	\$300.34	\$2,402.74	\$0.31	\$4.55	Ú	544	563	2011	
-\$298.928.87	\$0.00	\$759	\$157.76	\$1,721.29	\$245.90	\$1,967.19	\$0.31	\$4.55	4	445	461	2012	
-\$298,928.87 -\$2	\$0.00	\$0 \$759	\$129.17	\$1,409.28	\$201.33	\$1,610,60	\$0.31	\$4.55	•	364	378	2013	
-\$298,928.87 -\$	<b>\$</b> 0.00	88	\$105.75	\$1,153.82	\$164.83	\$17.87 \$1,318.65	\$0.31	\$4.55	ω	298	309	2014	
\$298,928.87	<b>\$</b> 0.00	88	\$86.58	\$944.67	\$134.95	\$17.87 \$1,079.62	\$0.31	\$4.55	2	244	253	2015	

DISCOUNTED NET CASH FLOW @ 10%

(\$243,743)

													П
\$298,928.87	\$0.00	\$70.89 \$0 \$0	\$773.43	\$110.49	\$883.92	\$17.87	\$0.31	67 27 7	200	207	2016	845	Jan-97
\$298,928.87	\$0.00	\$58.04 \$0 \$0	\$633.23	\$90.46	\$723.69	\$17.87	\$6.34 31.34	e 2 7 8	, <u>\$</u>	170	2017	830	Feb-97
-\$298,928.87	\$0.00	\$47.52 \$0 \$0	\$518.44	\$74.06	\$592.51	\$17.87	<b>8</b> 3	t n	134	139	2018	818	Mar-97
-\$298,928.87	\$0.00	\$38.90 \$0	\$424,47	\$60.64	\$485,10	\$17.87	80 S	e A B	110	114	2019	804	Apr-97
\$298,928.87	\$0.00	\$31.85 \$0	\$347.52	\$49.65	\$397.17	\$17.87	\$0.31 31.32	e n n	. %	93	2020	791	May-97
-\$298,928.87	\$0.00	\$26.08 \$0	\$284.53	\$40.65	\$325.17	\$17.87	\$0.31	2 7 7	74	76	2021	778	Jun-97
-\$298,928.87	\$0.00	\$21.35 \$0 \$0	\$232.95	\$33.28	\$266.23	\$17.87	\$0.31	e 27 –	. 8	ද දැ	2022	765	Jul-97
-\$298,928.87	\$0.00	\$17.48 \$0 \$0	\$190.72	\$27.25	\$217.97	\$17.87	\$0.31	Ĉ	<b>.</b>	5	2023	752	Aug-97
\$298,928.87	\$0.00	\$14.31 \$0 \$0	\$156.15	\$22.31	\$178.46	\$17.87	\$0.31	# 7 7	ð	42	2024	739	Sep-97
-\$298,928.87	\$0.00	\$11.72 \$0 \$0	\$127.85	\$18.26	\$146.11	\$17.87	\$0.31	\$ } 	<u>ن</u> د	<u>2</u>	2025	727	Oct-97
-\$298,928.87	\$0.00	\$9.59 \$0	\$104.67	\$14.95	\$119.63	\$17.87	\$0.31	2 7 7	27	28	2026	715	Nov-97
-\$298,928.87	\$0.00	\$7.85 \$0 \$0	\$85.70	\$12.24	\$97.94	\$17.87	\$0.31	Ĉ	<b>.</b> 83	23	2027	703	Dec-97
-\$298,928.87	\$0.00	\$6,43 \$0	\$70.16	\$10.02	\$80.19	\$17.87	\$0.31	\$ 5 5	o 56	10	2028	691	Jan-98
-\$298,928.87	\$0.00	\$5.27 \$0 \$0	\$57.45	\$8.21	\$65.65	\$17.87	\$0.31	Ž A	วัง	15	2029	680	Feb-98
-\$298,928.87	<b>\$</b> 0.00	\$4.31 \$0 \$0	\$47.03	\$6.72	\$53.75	\$17.87	\$0.31	Š,	۰ K	3 3	2030	669	Mar-98
\$298,928.87	\$0.00	\$3.53 \$6 \$6	\$38.51	\$5.50	\$44.01	\$17.87	\$0.31	, , ,	o 5	i 6	2031	658	Apr-98
\$298,928.87	\$0.00	\$2.89 \$0	<b>\$</b> 31.53	\$4.50	\$36.03	\$17.87	\$0.31	Ž,	> α	0	2032	647	May-98
-\$298,928.87	\$0.00	\$2.37 \$0 \$0	\$25.81	\$3.69	\$29.50	\$17.87	\$0.31	g n	> <	7	2033	637	Jun-98
-\$298,928.87	\$0.00	\$1.94 \$0	\$21.13	\$3.02	\$24.15	\$17.87	<b>5</b> 0.31	2 A c	<b>.</b>	. თ	2034	626	Jul-98
-\$298,928.87	\$0.00	\$1.59 \$0	\$17.30	\$2.47	\$19.77	\$17.87	\$0.31	î N	4 (	. U1	2035	616	Aug-98
\$298,928.87	\$0.00	\$1.30 \$0	\$14.17	\$2.02	\$16.19	\$17.87	\$0.33 31	? ? ?	4 0		2036	605	Sep-98
\$298,928.87	\$0.00	\$1.06 \$6	\$11.60	\$1.66	\$13.25	\$17.87	\$0.31	n n c	·ω	ω	2037	595	Oct-98
-\$298,928.87	\$0.00	\$0.87 \$6	\$9.50	\$1.36	\$10.85	\$17.87	\$0.31	: ; ;	N	3	2038	585	Nov-98

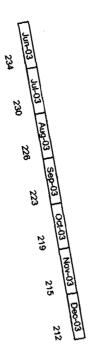
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-\$298,928.87	\$0.00	\$0.71 \$0 \$0	\$7.77	\$1.11	2039 2 2 2 0 0 \$4.55 \$0.31 \$17.87 \$18.89	
\$298,928.87	\$0.00	\$5.58 \$6	\$6.37	\$0.91	\$4.55 \$0.31 \$17.87 \$7.27	3

Page 3 of 5

576	Dec-98 Jar
566	799 F
557	еь-99
548	/ar-99 / A
539	pr-99 N
530	fay-99
521	Ju-99 J
513	ıl-99   Au
504	99 8
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487	)ct-99
479	Vov-99
471	Dec-99 J
464	an-00 Fi
456	eb-00   N
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379	an-01 F
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Jun-01   Jul-01   Aug-01   Sep-01   Oct-01   Nov-01   Dec-01   Jan-02   Feb-02   Mar-02   Apr-02   Jun-02   Jun-02   Aug-02   Sep-02   Oct-02   Nov-02   Dec-02   Jan-03   Feb-03   Mar-03   Apr-03   May-03   5 349 343 338 332 327 321 316 311 305 301 296 291 286 281 276 272 267 263 259 254 250 246 242 238	367 361 355	Mar-01   Apr-01   May-01
Jul-01         Aug-01         Sep-01         Oct-01         Nov-01         Dec-01         Jan-02         Feb-02         Mar-02         Apr-02         Jul-02         Jul-02         Aug-02         Sep-02         Oct-02         Nov-02         Dec-02         Jan-03         Feb-03         Mar-03         Apr-03           343         338         332         327         321         316         311         305         301         296         291         286         281         276         272         267         263         259         254         250         246         2		)-rm/
Aug-01         Sep-01         Oct-01         Nov-01         Dec-01         Jan-02         Feb-02         Mar-02         Apr-02         Jun-02         Jun-02         Aug-02         Oct-02         Oct-02         Nov-02         Dec-02         Jan-03         Feb-03         Mar-03         Apr-03           338         332         327         321         316         311         305         301         296         291         286         281         276         272         267         263         259         254         250         246         2	349	Ju. 1 10
Sep-01   Oct-01   Nov-01   Dec-01   Jan-02   Feb-02   Mar-02   Apr-02   May-02   Jun-02   Jun-02   Apr-03   A	343	-01 -Au
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   Apr	338	g-01 Se
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   Apr-03   311   311   305   301   296   291   286   281   276   272   267   263   259   254   250   246   2	332	01 0
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   Apr-03   Sep-03   Mar-03   Apr-03   Apr-03   Sep-03   Mar-03   Apr-03   A	327	X3-01 N
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   Apr-03   311   305   301   296   291   286   281   276   272   267   263   259   254   250   246   2	321	ov-01 [
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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   A	311	lan-02 F
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   296   291   286   281   276   272   267   263   259   254   250   246   2	305	eb-02 N
May-02         Jun-02         Aug-02         Sep-02         Oct-02         Nov-02         Dec-02         Jan-03         Feb-03         Mar-03         Apr-03           291         286         281         276         272         267         263         259         254         250         246         2	301	har-02 /
Jun-02   Jul-02   Aug-02   Sep-02   Oct-02   Nov-02   Dec-02   Jan-03   Feb-03   Mar-03   Apr-03   286   281   276   272   267   263   259   254   250   246   2	296	pr-02 N
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Aug-02   Sep-02   Oct-02   Nov-02   Dec-02   Jan-03   Feb-03   Mar-03   Apr-03   276   272   267   263   259   254   250   246   2	286	un-02
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Oct-02 Nov-02 Dec-02 Jan-03 Feb-03 Mar-03 Apr-03 267 263 259 254 250 246 2	276	ug-02   S
Nov-02   Dec-02   Jan-03   Feb-03   Mar-03   Apr-03   A2-03   253   254   250   246   2	272	ep-02 0
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Feb-03 Mar-03 Apr-03 250 246 2	259	ec-02   J
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ypr-03 May-03 242 238	246	Aar-03 A
1 <u>ay-03</u> 238	242	pr-03 N
	238	lay-03



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10000

Historical Gas Rate - GCU 566

1000

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Plant Shrinkage
NGL Yield, bbls/mmscf
Wet Gas BTU
Working Interest
Royalty Interest
Net of Royalty Interest Gross Gas Rate, mcf/mo Decline Match, mcf/mo Exponential Decline Rate Capital Costs, \$
Operating Costs, \$/yr.
Severance Tax Rate
Ad Valorem Tax Rate WELL NAME
API#
SET TOWNSHIP
Range
Start Date
Completion Date
1st Sales Date DISCOUNTED NET CASH FLOW @ 10% FLC CALL R PRODUCTION HISTORY Gallegos Canyon Unit Well No. 566
300453031900
28
29N
12W
Sep-01
Nov-01
Feb-02 364 1489 22.2% 1226 1464 1368 1436 1491 1410

1385 1384

1347 1359

1222

814 1309

Oct-02 1325 1285

Dec-02 1303 1238

1363

1122 1192

1330 1172

1142 1150

1184

1145

1088

1124 1068

1083 048

Oct-03 985 1029

\$\ \text{Or} \ \text{OR} \text{Or} \ \text{OR} \text{OR} \text{OR} \ \text{OR} \

PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS	ND DISCOUN'	CASH FLO	V ANALYSIS																		
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
3ROSS 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	9 2	242	<b>1</b> 92
Gross NGL, bbls	124	129	ź	83	8	53	43	¥	27	23	<b>1</b> 8	14	=	9	7	6	O1	4	ω	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	<b>2</b> .55	<b>\$4</b> .55	<del>\$</del> 4.55	\$4.55	\$4.55
Sathering&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
VGL Price, \$/bbi	\$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
SROSS REVENUE, \$	\$33,915.52	\$58,152.25	\$46,575.03	\$37,302.65	\$29,876.27	\$23,928.36	\$19,164.59	\$15,349.22	\$12,293.42	\$9,845.99	\$7,885.81	\$6,315.86	\$5,058.47	\$4,051.41	\$3,244.83	\$2,598.84	\$2,081.45	\$1,667.08	\$1,335.18	\$1,069.36	\$856.47
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	\$13,430.57	\$10,758.75	\$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	\$789.62	\$632.42	\$506.51	\$405.68	\$324.91	\$260.23	\$208.42	<b>\$</b> 166.93	\$133.69	\$107.08	\$85.76	\$68.69
CAPITAL EXPENSE	\$311,915	\$	8	8	8	8	8	8	g	\$	8	8	8	8	\$	8	\$	8	8	8	\$
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	8	8	8
VET INCOME, \$	-\$312,406.25	\$43,662.77	\$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
LOW. \$	-\$312,406.25	\$268,743.47	-\$259,172.51	-\$256,971.26	\$260,672.52	-\$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

(\$246,282)

Page 1 of 2

NOTE	DRILL OPER GAS TAXES DISCO
NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	ECONOMIC PARAMETERS:  DRILLING AND COMLETION COST, \$ OPERATING COSTS, \$YYEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$MCF
ISED FOR HISTORICAL USED DURING	\$311,915 \$27,447 \$0.31 12.5% 9.17% 10.0% \$4.55

-\$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	-\$269,101,19	\$269,101,19	-\$269,101,19	\$269,101,19
\$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
	88	<b>5</b> 5	\$ 8	\$ 8	88	\$ 8	<b>5</b> 5	\$ \$	88	\$ 5	<b>%</b> &	88	88	& &	88	\$ \$	\$ 8
\$1.26	\$1.58	\$1.97	\$2.46	\$3.07	\$3.83	\$4.79	\$5.97	\$7.46	\$9.31	\$11.63	\$14.52	\$18.13	\$22.64	\$28.26	\$35.29	\$44.06	\$55.01
	\$17.21	\$21.48	\$26.82	\$33.49	\$41.82	\$52.21	\$65.19	\$81.39	\$101.62	\$126.89	\$158.43	\$197.81	\$246.98	\$308.37	\$385.02	\$480.72	\$600.22
\$1.97		\$3.07	\$3.83	\$4.78	\$5.97	\$7.46	\$9.31	\$11.63	\$14.52	\$18.13	\$22.63	\$28.26	\$35.28	\$44.05	\$55.00	\$68.67	\$85.75
		\$24.55	\$30.66	\$38.28	\$47.79	\$59.67	\$74.50	\$93.02	\$116,14	\$145.01	\$181,06	\$226.06	\$282.26	\$352.42	\$440.02	\$549.40	\$685.96
\$17	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87	\$17.87
*		\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
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
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	· Un	· 61	7		<b>=</b>	14	17	8	27	<b>¥</b>	42	53	8	83	103	129	161
2040	2039	2038	2037	2036	2035	2034	2033	2032	2031	2030	2029	2028	2027	2026	2025	2024	2023

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

Plant Shrinkage
NGL Yield, bbls/mmscf
Wet Gas BTU
Working Interest
Royalty Interest
Net of Royalty Interest Capital Costs, \$
Operating Costs, \$/yr.
Severance Tax Rate
Ad Valorem Tax Rate WELL NAME
AP#
Sec
Township
Range
Start Date
Completion Date
1st Sales Date Gallegos Canyon Unit Well No. 569
300453033000
33
29N
12W
Sep-00
Nov-00
Feb-01

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

Feb-01 1119 2511 8.8%

1423 2494

1467 2476

1488 2458

1310 2439

1152 2422

1764 2404

1695 2386

1926 2369

1872 2351

Dec-01 1835 2334

1889 2317

Feb-02 1690 2299

PRODUCTION HISTORY

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2054 2284	Mar-02	, 	
2012 2267	Apr-02		
2078 2251	May-02	NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	ECONOMIC PARAMETERS: DRILLING AND COMLETION COST, \$ OPERATING COSTS, \$YYEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREN DISCOUNT RATE, % GAS PRICE, \$IMCF
498 2234	Jun-02	JAL PRICES, FEES AND COSTS USED FOR HIS PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	ECONOMIC PARAMETERS: DRILLING AND COMLETION COST, \$ OPERATING COSTS, \$YEAR GAS TRANSPORTATION FEE, \$MCF ROYALTY, % TAXES (SEVERANCE + AD VALOREM), % DISCOUNT RATE, % GAS PRICE, \$IMCF
2313 2218	Jul-02	EES AND CC AMETERS AI	EE, \$/MCF
2255 2201	Aug-02	STS USED F	*
2049 2185	Sep-02	OR HISTORI	\$229,093 \$39,436 \$0,31 12.5% 9.17% 10.0% \$4.55
2399 2169	Oct-02	CAL	

CUMULATIVE NET CASH FLOW, \$	NET INCOME, \$	CAPITAL EXPENSE OPERATING EXPENSE	SEVERANCE and AD	NRI REVENUE, \$	ROYALTY,\$	GROSS REVENUE, \$	NGL Price, \$/bbi	Gathering&Processing Fee	Residue Gas Price, \$/mmbtu	Gross NGL, bbls	Gross Residue, mmbtu	GROSS WET GAS, mcf		PRODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS
_			\$5,	\$6	\$8,6	\$68	44					¥.	20	AST AND DIS
\$213,826.53	\$213,826,53	\$229,093 \$39,436		\$60,222.06	\$8,603.15	\$68,825.22	11.85	\$ 0.30	\$4.36	162 2	16457	17051	2001	COUNT
\$205,236.93	\$8,589,60	\$0 \$39,436	\$4,845.92	\$52,871.91	\$7,553.13	\$60,425.04	\$12.11	\$0.19	\$2.75	222	22546	23359	2002	ASH FLOW
-\$170,856.40	\$34,380.53	\$0 \$48,323	\$8,345.00	\$91,048.99	\$7,553.13 \$13,007.00 \$11,911.30	\$104,055.98	\$17.87	\$0.31	\$4.55	231	23541	24390	2003	ANALYSIS
\$134,555.33	\$36,301.07	\$0 \$39,436	\$7,642.03	\$83,379.10	\$11,911.30	\$95,290.40	\$17.87	\$0.31	\$4.55	212	21558	22336	2004	
\$104,634.28	\$29,921.05	\$0 \$39,436	\$6,998.27	\$76,355.32	\$10,907.90	\$87,263.22	\$17.87	\$0.31	\$4.55	194 194	19742	20454	2005	
\$80,555.81	\$24,078,47	\$0 \$39,436	\$6,408.74	\$69,923.21	\$9,989.03	\$79,912.24	\$17.87	\$0.31	\$4.55	178	18079	18731	2006	
\$61,827.74	\$18,728.07	\$0 \$39,436	\$5,868.88	\$64,032.94	\$9,147.56	\$73,180.51	\$17.87	\$0.31	\$4.55	163	16556	17153	2007	
\$47,999.37	\$13,828.38	\$0 \$39,436	\$5,374.49	\$58,638.86	\$8,376.98	\$67,015.84	\$17.87	\$0.31	\$4.55	149	15161	15708	2008	
-\$38,657.93	\$9,341.43	\$0 \$39,436	\$4,921.74	\$53,699,18	\$7,671.31	\$61,370.49	\$17.87	\$0.31	\$4.55	137	13884	14385	2009	
-\$33,425.47	\$5,232.46	\$0 \$39,436	\$4,507.14	\$49,175.61	\$7,025.09	\$56,200.69	\$17.87	\$0.31	\$4.55	125	12715	13173	2010	
-\$31,955.84	\$1,469.63	\$0 \$39,436	\$4,127.46	\$45,033.10	\$6,433.30	\$51,486.39	\$17.87	\$0.31	\$4.55	114	11644	12064	2011	
\$33,932.06	\$1,976.22	\$0 \$39,436	\$3,779.77	\$41,239.55	\$5,891.36	\$47,130.91	\$17.87	\$0.31	\$4.55	105	10663	11047	2012	
-\$39,063.86	-\$5,131.80	\$0 \$39,436	\$3,461.36	\$37,765.56	\$5,395.08	\$43,160.64	\$17.87	\$0.31	\$4.55	96	9764	10117	2013	
-\$39,063.86	\$ 0.00	\$0 \$39,436	\$3,169.78	\$34,584.23	\$4,940.60	\$39,524.83	\$17.87	\$0.31	\$4.55	8	8942	9265	2014	
-\$39,063.86	\$ 0.00	\$0 \$39,436	\$2,902.76	\$31,670.88	\$4,524.41	\$36,195.29	\$17.87	\$0.31	\$4.55	81	8189	8484	2015	
-\$39,063.86	\$0.00	\$0 \$39,436	\$2,658.24	\$29,002.95	\$4,143.28	\$33,146.23	\$17.87	\$0.31	\$4.55	7.4	7499	7769	2016	
-\$39,063.86	\$0.00	\$0 \$39,436	\$2,434.31	\$26,559.77	\$3,794.25	\$30,354.02	\$17.87	\$0.31	\$4.55	8	6867	7115	2017	
-\$39,063,86	\$0.00	\$0 \$39,436	\$2,229.25	\$24,322.40	\$3,474.63	\$27,797.03	\$17.87	\$0.31	\$4.55	62	6289	6516	2018	
-\$39,063.86	\$ 0.00	\$0 \$39,436	\$2,041.46	\$22,273.50	\$3,181.93	\$25,455.43	\$17.87	\$0.31	\$4.55	57	5759	5967	2019	
-\$39,063.86	\$ 0.00	\$0 \$39,436	\$1,869.49	\$20,397.20	\$2,913.89	\$23,311.09	\$17.87	\$0.31	\$4.55	52	5274	5464	2020	
-\$39,063.86	\$ 0.00	\$0 \$39,436	\$1,712.00	\$18,678.96	\$2,668.42	\$21,347.38	\$17.87	\$0.31	\$4.55	47	4830	5004	2021	

DISCOUNTED NET CASH FLOW @ 10%

(\$84,054)

-\$ 36		\$ \$1 \$ 1.	\$1	\$3,	\$ 4 20
\$39,063.86	\$0.00	\$1,567.78 \$0 \$39,436	\$17,105.46	\$2,443.64	2022 4582 4423 4423 \$4.55 \$0.31 \$17.87 \$19,549.10
-\$39,063,86	\$0.00	\$1,435.72 \$0 \$39,436	\$15,664.51	\$2,237.79	2023 4196 4050 4050 \$4.55 \$0.31 \$17.87 \$17.8230
-\$39,063.86	\$0.00	\$1,314.77 \$0 \$39,436	\$14,344.95	\$2,049.28	2024 3843 3709 36 \$4.55 \$0.31 \$17.87 \$16,394.22
-\$39,063.86	\$0.00	\$1,204.02 \$0 \$39,436	\$13,136.54	\$1,876.65	2025 3519 3397 33 \$4.55 \$0.31 \$17.87 \$15,013.19
-\$39,063.86	\$0.00	\$1,102.59 \$0 \$39,436	\$12,029.93	\$1,718.56	2026 3223 3110 31 \$4.55 \$0.31 \$17.87 \$13,748.49
-\$39,063.86	\$0.00	\$1,009.71 \$0 \$39,436	\$11,016.54	\$1,573.79	2027 2951 2848 2848 28 \$4.55 \$0.31 \$17.87 \$12.590.33
-\$39,063.86	\$0.00	\$924.65 \$0 \$39,436	\$10,088.52	\$1,441.22	2028 2703 2608 26 \$4.55 \$0.31 \$17.87 \$11,529.73
-\$39,063.86	\$0.00	\$846.76 \$0 \$39,436	\$9,238.67	\$1,319.81	2029 2475 2389 23 \$4.55 \$0.31 \$17.87 \$10.559.48
-\$39,063,86	\$0.00	\$775.43 \$0 \$39,436	\$8,460.41	\$1,208.63	2030 2266 2187 22 \$4.55 \$0.31 \$17.87 \$9.669.04
-\$39,063.86	\$0.00	\$710.11 \$0 \$39,436	\$7,747.71	\$1,106.82	2031 2075 2003 2003 20 \$4.55 \$0.31 \$17.87 \$8,854.53
-\$39,063.86	\$0.00	\$650,29 \$0 \$39,436	\$7,095.05	\$1,013.58	2032 1901 1834 18 \$4.55 \$0.31 \$17.87 \$8.108.63
-\$39,063.86	\$0.00	\$595.51 \$0 \$39,436	\$6,497.37	\$928.20	2033 1741 1680 17 \$4.55 \$0.31 \$17.87 \$7.425.57
-\$39,063.86	\$0.00	\$545.34 \$0 \$39,436	\$5,950.04	\$850.01	2034 1594 1538 15 \$4.55 \$0.31 \$17.87 \$6.800.04
-\$39,063.86	\$0.00	\$499.41 \$0 \$39,436	\$5,448.81	\$778.40	2035 1460 1409 14 \$4.55 \$0.31 \$17.87 \$6.227.21
-\$39,063.86	\$0.00	\$457.34 \$0 \$39,436	\$4,989.81	\$712.83	2036 1337 1290 13 \$4.55 \$0.31 \$17.87 \$5,702.64
-\$39,063.86	\$0.00		\$4,569.47	\$652.78	2037 1224 1181 12 12 \$4.55 \$0.31 \$17.87 \$5.222.25
-\$39,063.86	\$0.00	91 5 5		\$597.79	2038 1121 1082 11 \$4.55 \$0.31 \$17.87 \$4.782.34
-\$39,063.86	\$0.00	\$351.22 \$0 \$39,436		\$547.43	2039 1027 991 10 \$4.55 \$0.31 \$17.87 \$4,379.48
-\$39,063.86	\$0.00	\$321,64 \$0 \$39,436	\$3,509.23	\$501.32	2040 940 907 907 9 9 \$4.55 \$0.31 \$17.87 \$4.010.55

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Cap DISCOUNTED NET CASH FLOW @ 10%

LOW. \$	NET INCOME, \$	SEVERANCE and AD VALOREM CAPITAL EXPENSE DPERATING EXPENSE	JRI REVENUE, \$	OYALTY, \$	ROSS WET GAS, mcf sross Residue, mmbtu sross NGL, bbls sross NGL, bbls processing Fee IGL Price, \$/bbl SROSS REVENUE, \$	RODUCTION FORECAST AND DISCOUNT CASH FLOW ANALYSIS	ross Gas Rate, mc//mo ecline Match, mc//mo exponential Decline Rate	RODUCTION HISTORY	d Valorem fax Rate lant Shrinkage IGL Yield, bbls/mmscf Vet Gas BTU Vorking Interest toyalty Interest let of Royalty Interest	st Sales Pare apital Costs, \$ perating Costs, \$\forall yr. everance Tax Rate	PI# ec ownship ange tart Date completion Date	/ELL NAME
-\$408,063.37 -	-\$408,063.37	\$664.89 \$389,336 \$25,317	\$7,254.35	\$1,036.34	3205 3093 3093 30 \$2.75 \$0.19 \$12.11 \$8.290.69	AND DISCOUNT	1042 470 66.9%	Feb-02		1	300453067800 27 29N 12W 12W 5ep-01 0ct-01	Gallegos Cany
\$414,592.86	-\$6,529,49	\$47.27 \$0 \$6,998	\$515.78	\$73.68	138 133 1 \$4.55 \$0.31 \$17.87 \$589.46	CASH FLOW	491 447	Mar-02	5.467% 9.49 1027 100.0% 12.5% 87.5%	\$389,336 \$25,317 7.94%		on Unit Well
-\$414,592.86 -4	\$0.00	\$402.34 \$0 \$25,317	\$4,389.77	\$627.11	\$176 1135 11 \$4.55 \$0.31 \$17.87 \$5,016.88	ANALYSIS	88	Apr-02				No. 578
-\$414,592.86 -\$	\$0.00	\$206.09 \$0 \$25,317	\$2,248.53	\$321.22	602 581 6 \$4.55 \$0.31 \$17.87 \$2.569.75	2005	Ø 60	May-02 J				
-\$414,592.86 -\$	\$0.00	\$105.56 \$0 \$0	\$1,151.74	\$164.53	309 298 298 3 \$4.55 \$0.31 \$17.87 \$1,316.28	2006	235 - 377	Jun-02	Goo	Data malina		}
-\$414,592.86 -\$4	\$0.00	\$54.07 \$0	\$589.95	\$84.28	153 153 153 187	2007	498 357	Jul-02 A	(80 0 7 10 10 10 10 10 10 10 10 10 10 10 10 10	Rate, mcf/mo.	10000	
\$414,592.86 -\$4	\$0.00	\$27.70 \$0 \$0	\$302.18	\$43.17	81 78 19 19 19 19 19 19 19 19 19 19 19 19 19	2008	2 2	Aug-02 S	18 Co			
-\$414,592.86 -\$4	\$0.00	\$14.19 \$0 \$0	\$154.78	\$22.11	.55 .87 .89	2009	9	Sep-02 C	2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	À	Historic	
-\$414,592.86 -\$4	\$0.00	\$7.27 \$0 \$0	\$79.28	\$11.33	87 31 55 0 21 87 31 55 0 20	2010	×	Oct-02 N	1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		Historical Gas Rate -	
-\$414,592,86 -\$4	\$0.00	\$3.72 \$0 \$0	\$40.61	\$5.80	11 11 11 11 0 0 4.55 0.31 7.87 7.87	2011	285	Nov-02 D	To Declin		- GCU 578	
-\$414,592,86 -\$4	\$0.00	\$1.91 \$0 \$0	\$20.80	\$2.97	55 0 5 6 37 8 31	2012	o l	Dec-02	AL OS	1 1 1 1 1 1 1 1 1 1		
-\$414,592.86 -\$41	\$0.00	\$0.98 \$0	\$10.68	\$1.52	3 3 87 87	2013	255	Jan-03 Fe	\$\$ \text{\$\phi_{\sqrt{\quai_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\quai_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\quai_{\sqrt{\quai_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\phi_{\sqrt{\quai_{\sqrt{\quai_{\sqrt{\quai_{\sqrt{\quai_{\sqrt{\quai_{\sqrt{\quai_{\sqrt{\quai_{\sqrt{\quai_{\sqrt{\quai_{\sqrt{\quai_{\quai_{\quai_{\quai\quai_{\quai_{\quai_{\quai_{\quai_{\quai_{\quai_{\quai_{\quai_{\etiin\quai_{\quai_{\quai_{\quai_{\quai_{\quai_{\quai_{\quai_{\quii}\quai_{\quii}\quai_{\qiii}\quai_{\qiii}\qquai_{\qiii}\qq}\q\qii_{\qiii}\qq\qii\qq}\q\qii\qq\qii\qq\qii\qq\qii\qq\qii\qq\qii\qq\qq			
-\$414,592.86 -\$4	\$0.00	\$5 \$5 \$6	\$5.46	\$0.78	31 55 0 1 1	2014	241	Feb-03 M	(%)			
\$414,592.86 -\$41	\$0.00	\$0.26 \$0	\$2.80	\$0.40	1 1 0 0 31 87	2015	6	Mar-03 A				
-\$414,592.86 -\$41	\$0.00	\$0.13 \$0	\$1.43	\$0.20	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	2016	ர	Apr-03 Ma	NOTI	DISC GAS	DRILL OPER GAS	
-\$414,592.86 -\$41	\$0.00	\$0.07 \$0	\$0.73	\$0.10	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	2017	ō,	May-03 Ju	E: ACTUAL P PERI FOR	DISCOUNT RATE, % GAS PRICE, \$MCF	ECONOMIC PARAMETERS: DRILLING AND COMLETION COST, \$ OPERATING COSTS, \$VEAR GAS TRANSPORTATION FEE, \$MCF GROYALTY, %	
-\$414,592.86 -\$41	\$0.00	\$6.03 \$6.03	\$0.38	\$0.05	35.55	2018	ະ	Jun-03	JAL PRICES, FEES AND CO PERIOD. PARAMETERS A FORECAST TIME PERIOD.	CH % F	AMETERS: OMLETION OF STS, SYEAR TATION FEE	
-\$414,592.86 -\$41	\$0.00	\$6.02 \$6.02	\$0.19	\$0.03	355000	2019	3	Jul-03 A	S AND COST TETERS ABO	FCZEM).	COST, \$	
-\$414,592.86 -\$41	\$0.00	\$6.01 \$6.01	\$0.10	\$0.01	355	2020	ω	Aug-03 Se	JAL PRICES, FEES AND COSTS USED FOR HIST PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.		5	
-\$414,592.86 -\$414	\$0.00	\$5.00 \$5.00	\$0.05	\$0.01	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	2001	ži	Sep-03 0	NOTE: ACTUAL PRICES, FEES AND COSTS USED FOR HISTORICAL PERIOD. PARAMETERS ABOVE USED DURING FORECAST TIME PERIOD.	9.17% 10.0% \$4.55	\$389,336 \$25,317 \$0.31 12.5%	
\$414,592.86	\$0.00	\$0.00 \$0.00	\$0.03	\$0.00	0 0 0 54.55 \$0.31 \$17.87	2022	155	OG-03	F	· · · · · · · · · · · · · · · · · · ·		

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0	88	5 000	\$0.01	\$0.00	\$0.02	\$17.87	\$0.31	\$4.55	0	0	0	2023
\$0.00	88	\$ 0.00	\$0.01	\$0.00	\$0.01	\$17.87	\$0.31	\$4.55	0	0	0	2024
\$0.00	\$ \$	\$ 0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2025
\$0.00	\$ \$	\$ 0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2026
\$0.00	\$ \$	\$ 0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2027
\$0.00	\$ 8	\$ 0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2028
\$0.00	\$ 8	\$ 0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2029
\$0.00	\$ 8	\$ 0.00	\$ 0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2030
\$0.00	\$ 88	\$ 0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2031
\$0.00	88	\$ 0.08	\$0.00	\$0.00	\$0.00	\$17.87	\$ 0.3 1	2 .55	0	0	0	2032
\$0.00	8,8	\$0.0 6	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2033
\$0.00	\$ \$8	\$ 0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2034
\$0.00	\$ 8	\$6 00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2035
\$0.00	\$ 8	\$ 0.00	\$6.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2036
\$0.00	\$ \$0	\$0.00 00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0		2037
\$0.00	\$ 8	\$0.00	\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0		2038
\$0.00	\$ 8			\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2039
\$0.00	88		\$0.00	\$0.00	\$0.00	\$17.87	\$0.31	\$4.55	0	0	0	2040
	\$0,000 \$0,000 \$0,000 \$0,000 \$0,000 \$0,000 \$0,000 \$0,000 \$0,000 \$0,000 \$0,000	000% 000% <th< td=""><td>00% 00 00</td><td>60.04 0.004 0.005 0.004 <th< td=""><td>600 st 000 st<</td><td>00% 00%</td></th<><td>\$17.87 \$17.87<</td><td>\$0.31 \$0.30 \$0.00 \$0.00 <th< td=""><td>54.55 <th< td=""><td>0 0</td><td>0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0</td><td>60 00<</td></th<></td></th<></td></td></th<>	00% 00 00	60.04 0.004 0.005 0.004 <th< td=""><td>600 st 000 st<</td><td>00% 00%</td></th<> <td>\$17.87 \$17.87<</td> <td>\$0.31 \$0.30 \$0.00 \$0.00 <th< td=""><td>54.55 <th< td=""><td>0 0</td><td>0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0</td><td>60 00<</td></th<></td></th<></td>	600 st 000 st<	00% 00%	\$17.87 \$17.87<	\$0.31 \$0.30 \$0.00 \$0.00 <th< td=""><td>54.55 <th< td=""><td>0 0</td><td>0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0</td><td>60 00<</td></th<></td></th<>	54.55 54.55 <th< td=""><td>0 0</td><td>0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0</td><td>60 00<</td></th<>	0 0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	60 00<

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