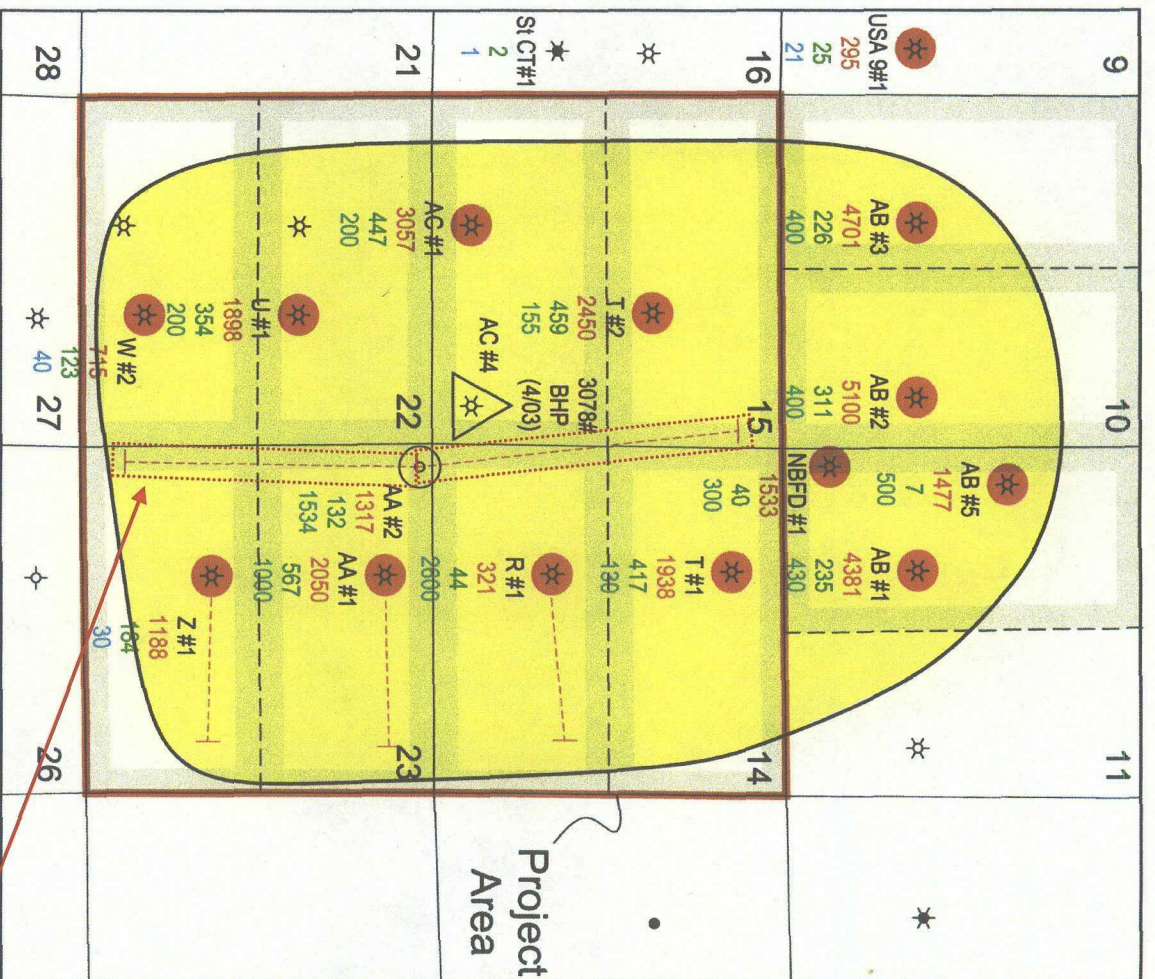


North Burton Flat (Wolfcamp) T-20-S, R-28-E, Eddy Co, NM

• The higher BHP's encountered in wells drilled close to those with lower BHP's show the very limited drainage taking place with the existing wells. Recent examples:

- Govt AC #4 - 3000 psi vs 1334 psi in offset AC#1
- Govt R-1 Lateral encountered a BHP of 2900 psi vs 1134 psi in the vertical well.
- Govt A-1 Lateral encountered a BHP of 2800 psi vs 1766 psi in the vertical well.
- Govt Z-1 Lateral encountered an estimated 3300 psi BHP.
- Poor drainage is also indicated by the flat decline rate of the reservoir.
- The Govt AA #2 is expected to drain only 97 acres from the 8,000' lateral. This represents a width of the drained area of only ~450'. The estimated drainage area is shown.



Estimated drainage area

☆ Wolfcamp Producer
 1188 Cum. Gas (MMCF)
 184 Cum. Oil/Cnd. (MBO)
 30 Current Gas Rate (MCFD)

○ Horizontal Well
 Wolfcamp Main Pay Productive Area (MPPA)