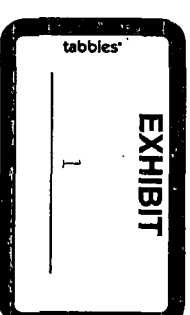


Fruitland Coal Increased Density Pilot Project

**Township 29 North - Range 9 West
San Juan County, New Mexico**

Applicants:

- ✓ **Koch Exploration Company, LLC**
- ✓ **ConocoPhillips Company**
- ✓ **Burlington Resources Oil & Gas Company LP and**
- ✓ **Energen Resources Corporation**



Fruitland Coal Increased Density Pilot Project

Pilot Project Proposal and Objectives

- Koch Exploration Company, LLC, ConocoPhillips Company, Burlington Resources Oil & Gas Company LP and Energen Resources Corporation (“Applicants”) are seeking authorization to establish a Fruitland Coal Pilot Project to drill up to 8 increased density wells
- The purpose of the pilot is to test the merits of increased density in portions of the Low Productivity Area
- During the implementation of the Pilot Project, Applicants will acquire valuable data to better define the Fruitland coal reservoir:
 - Layered Pressure Data
 - Better definition of coal properties from additional density logs
 - Incremental recovery estimate and degree of reserve acceleration utilizing reservoir simulation

Fruitland Coal Increased Density Pilot Project

Historical Background

- **Special Rules and Regulations for Basin-Fruitland Coal Pool, Low Productivity Area were adopted in October, 2002**
- **The net effect of this rule was to create a drilling pattern resulting in four potential locations for each section**
- **Applicants are seeking authorization to establish a 1,280 acre pilot project to allow the drilling of up to 8 additional Fruitland coal wells**
- **The results of the pilot may be used to determine whether larger scale increased density projects are warranted in some or all of the Low Productivity Area**