

Koch Exploration Company, LLC

Infill Drilling Economics

- Gas Price
 - Average 12 month NYMEX Strip Price as of 05/08/07 = \$8.61/MMBTU
 - San Juan Basin 2007 Basis Differential (estimate) = (\$1.06/MMBTU)
 - Net San Juan Basin Index Price = \$7.55/MMBTU
 - Net Index Price after BTU Adj. (815 MMBTU/MCF) = \$6.15/MCF
 - Adjustment of price due to fuel usage (7.5%) = \$5.69/MCF
 - Gathering Fee = \$0.50/MCF
 - Net Price After Adjustments = \$5.19/MCF
- Gross Revenue for Incremental Reserves: 1,102 MMCF
 - \$5,719K
- Less Royalty @ 18% (Before Gathering Fee)
 - (\$1,128K)
- Less Production and Ad Valorem Taxes @ 10% (After Royalty)
 - (\$459K)
- Less Operating Cost @ \$0.75/MCF
 - (\$818K)
- Less Drilling, Completion & Equipment Cost @ \$725K
 - (\$725K)
- Net Revenue Per Location
 - \$2,589K
- Combined Net Revenue (All Three Locations)
 - \$7,767K