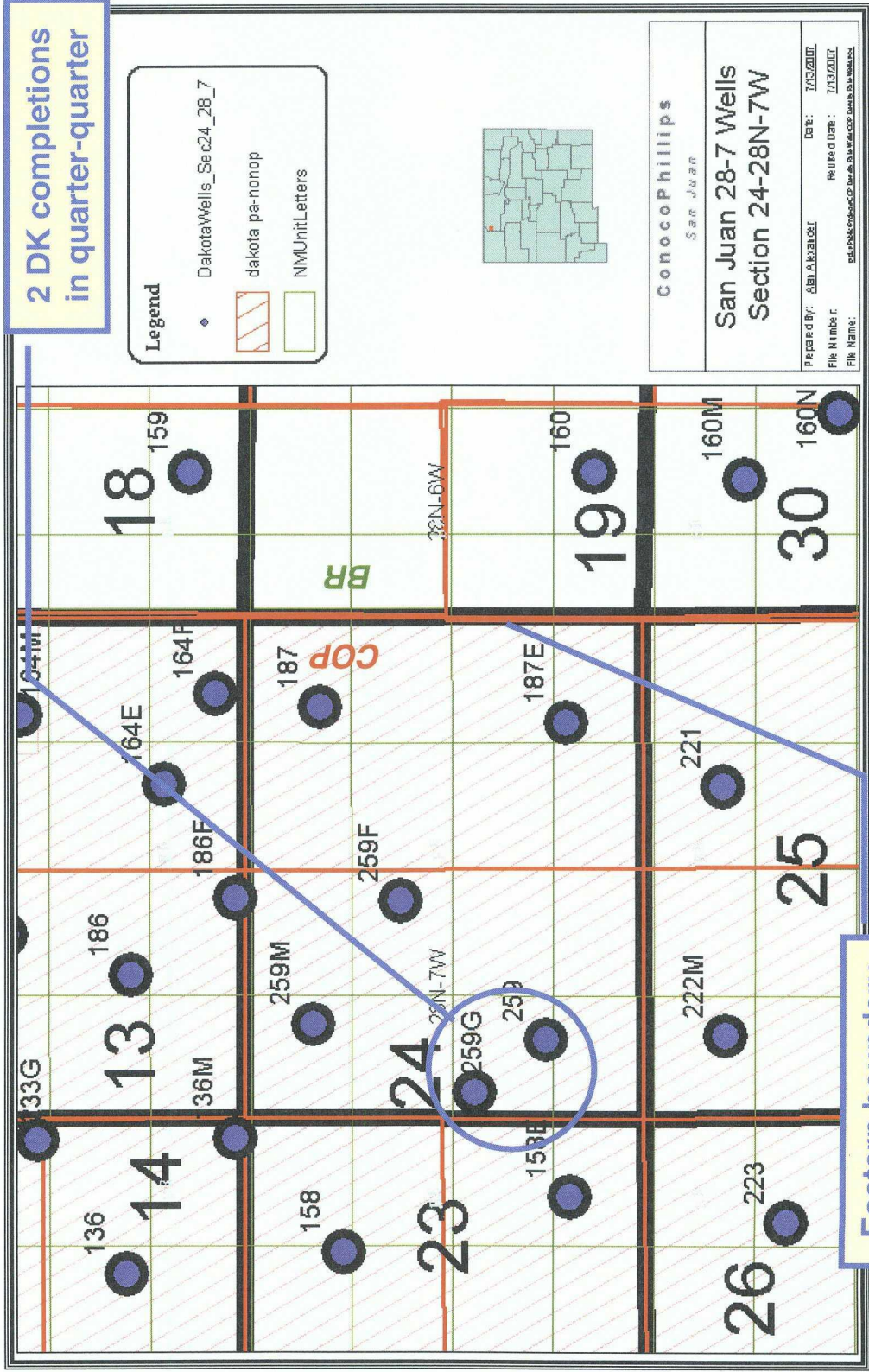
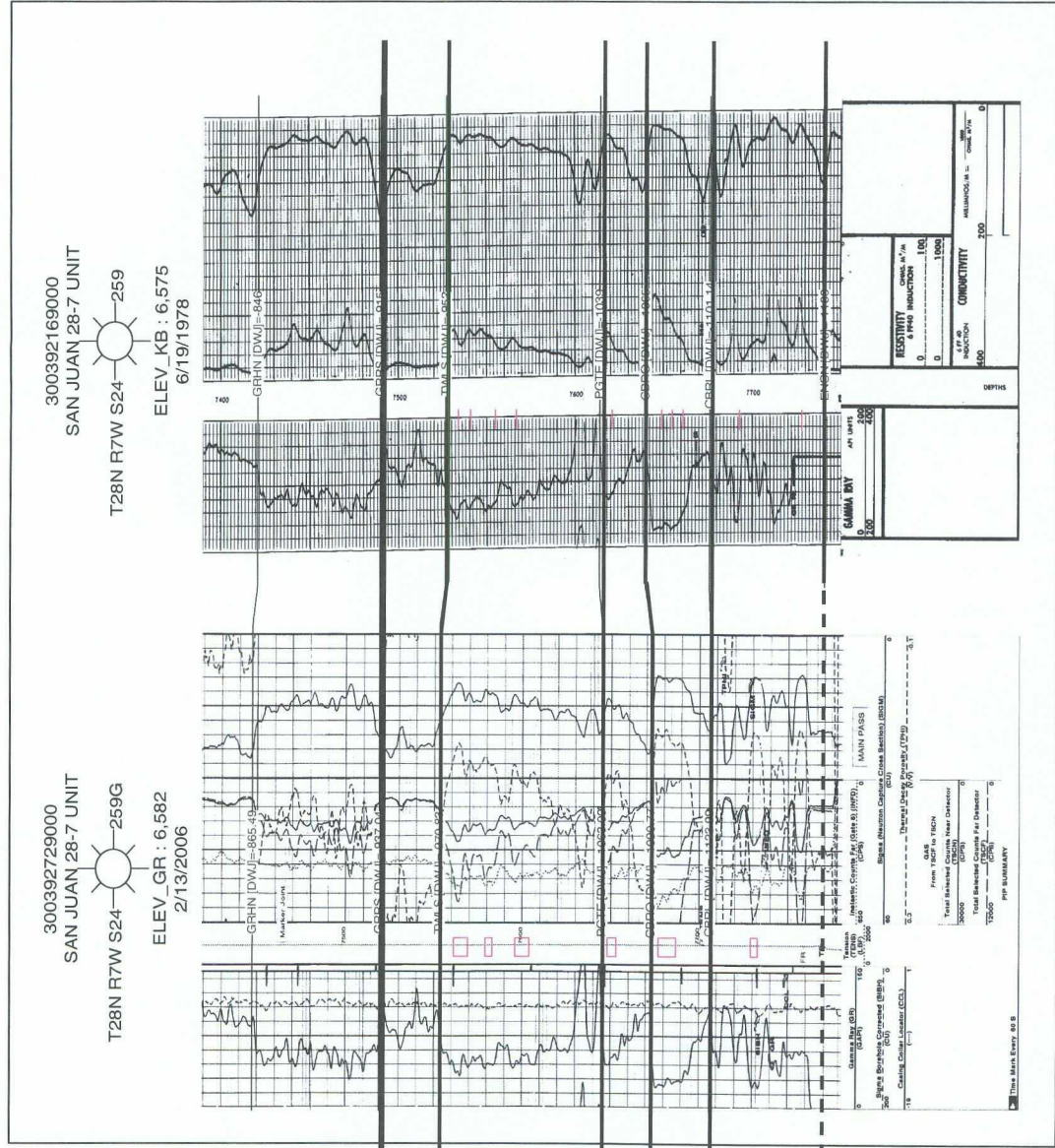


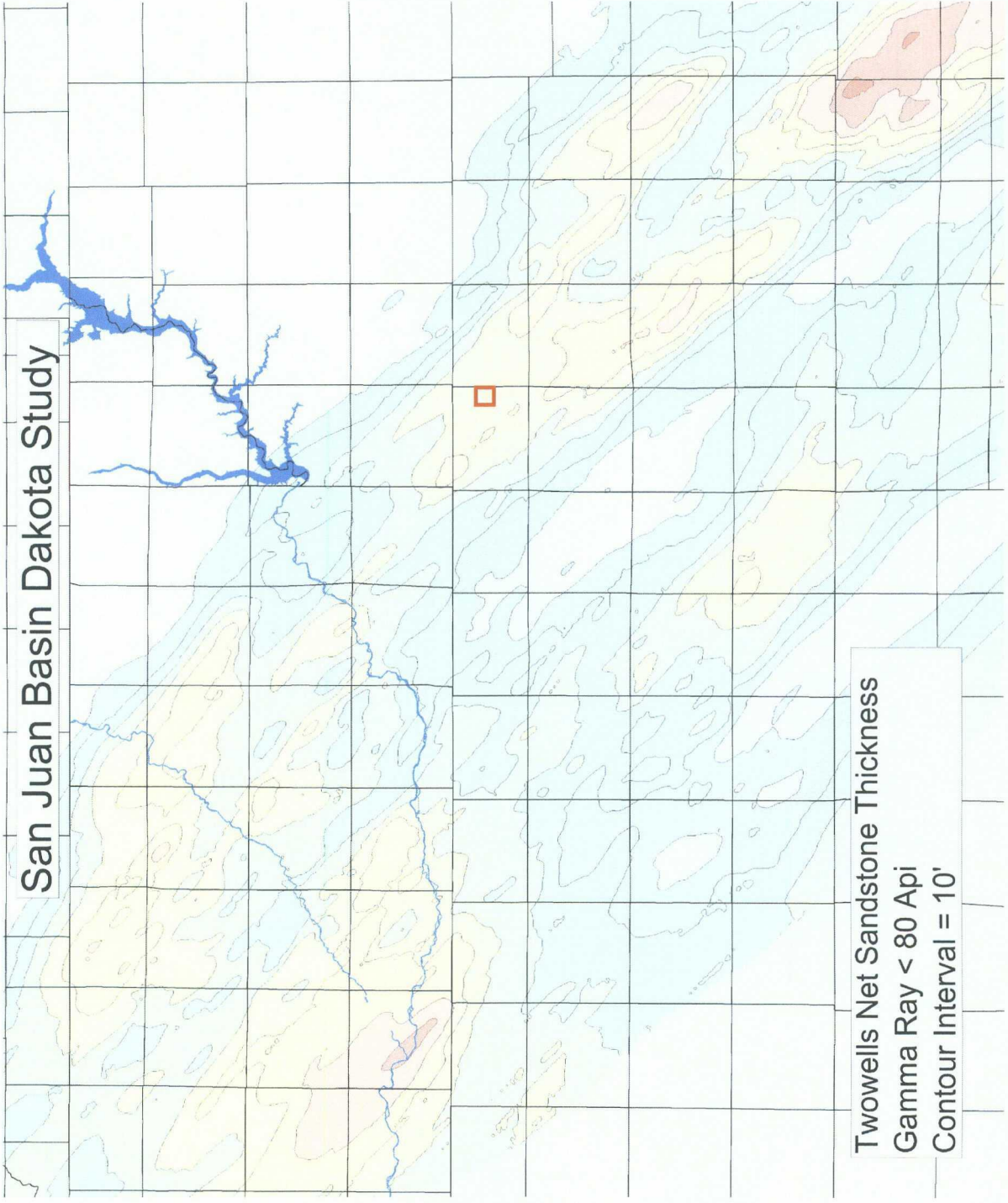
SW/4 S24 T28N-R7W Dakota



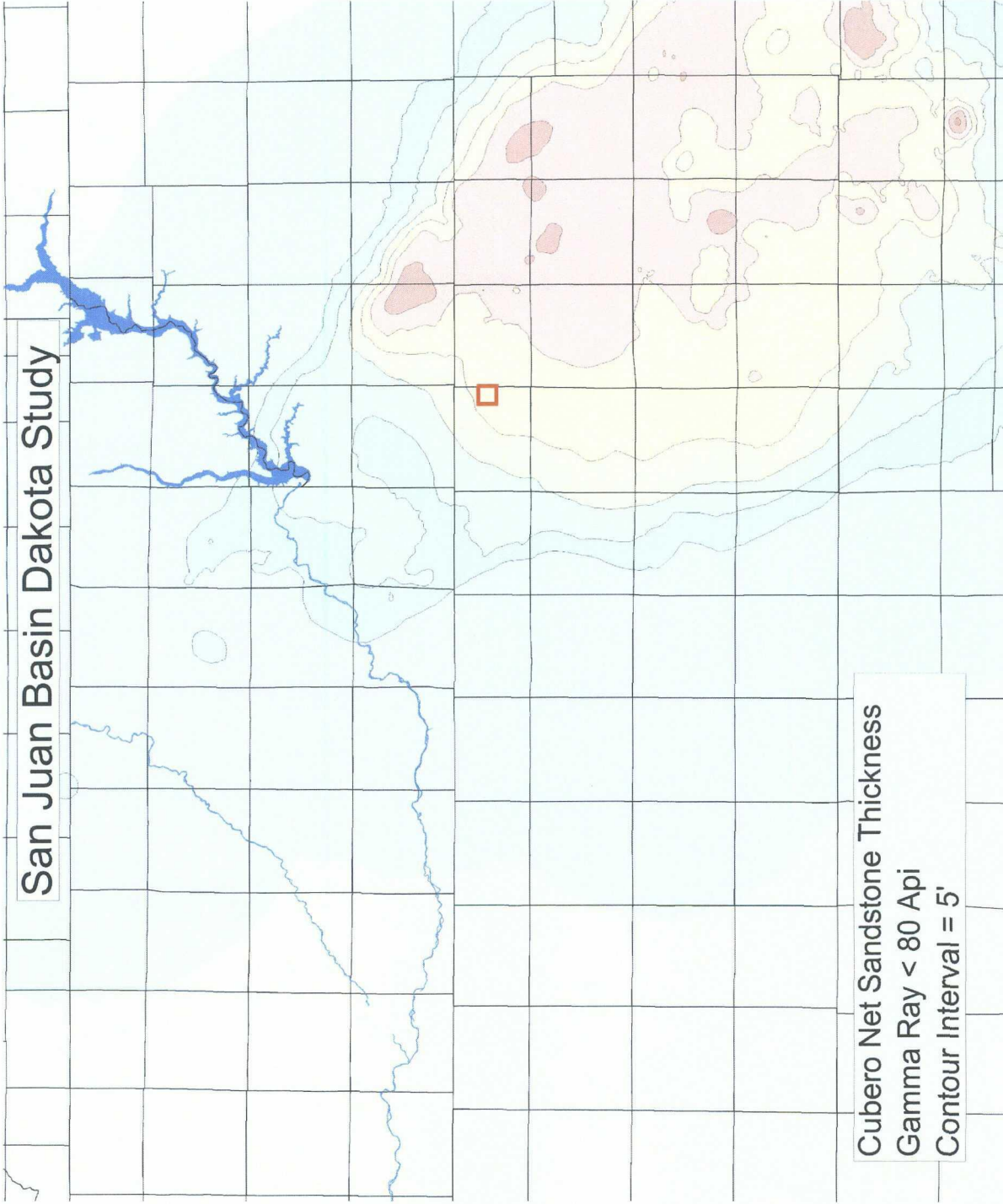
SW/4 S24 T28N-R7W Dakota



San Juan Basin Dakota Study

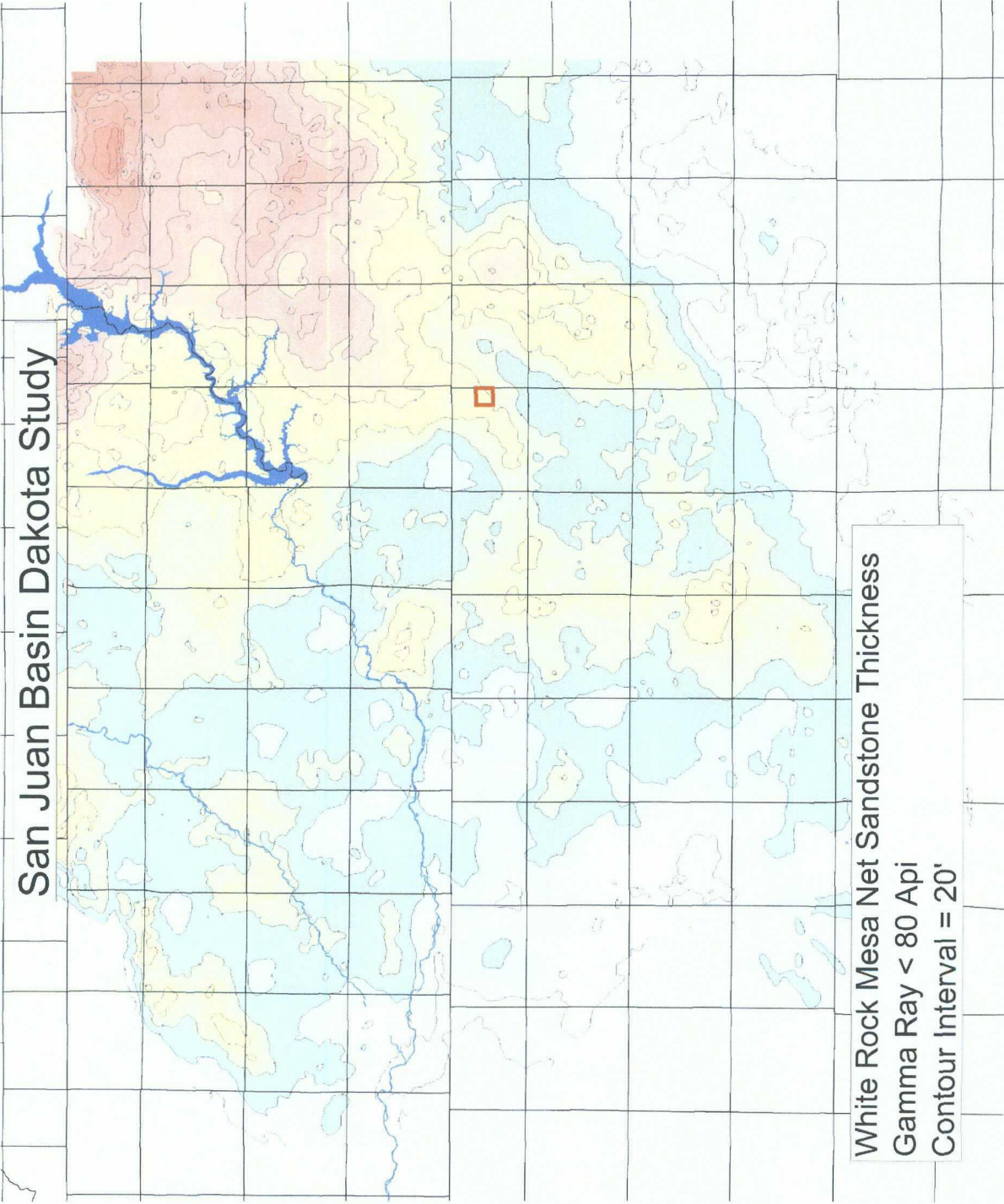


San Juan Basin Dakota Study



Cubero Net Sandstone Thickness
Gamma Ray < 80 Api
Contour Interval = 5'

San Juan Basin Dakota Study

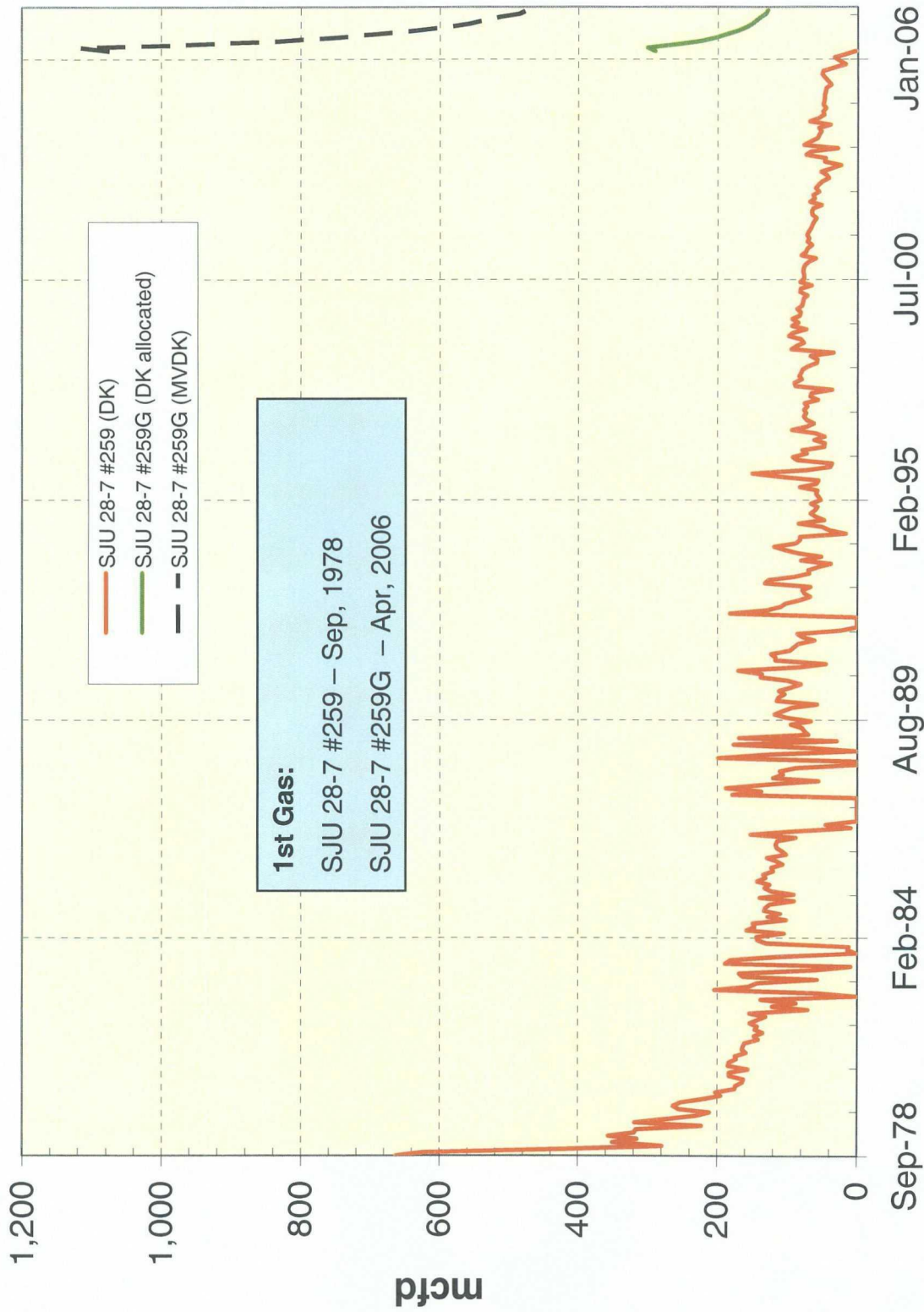


White Rock Mesa Net Sandstone Thickness

Gamma Ray < 80 Api

Contour Interval = 20'

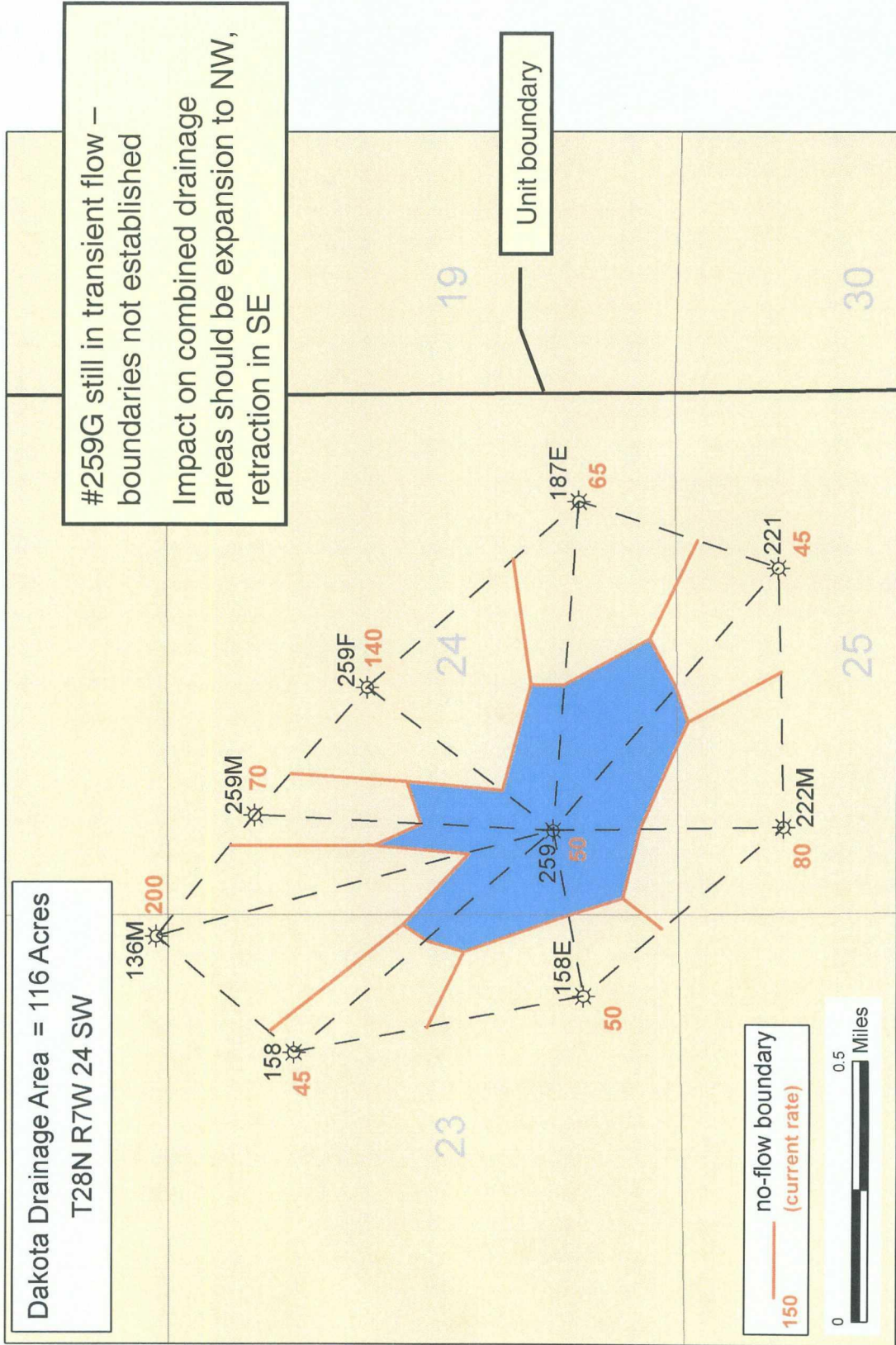
SW/4 S24 T28N-R7W Dakota



1st Gas:
SJU 28-7 #259 – Sep, 1978
SJU 28-7 #259G – Apr, 2006

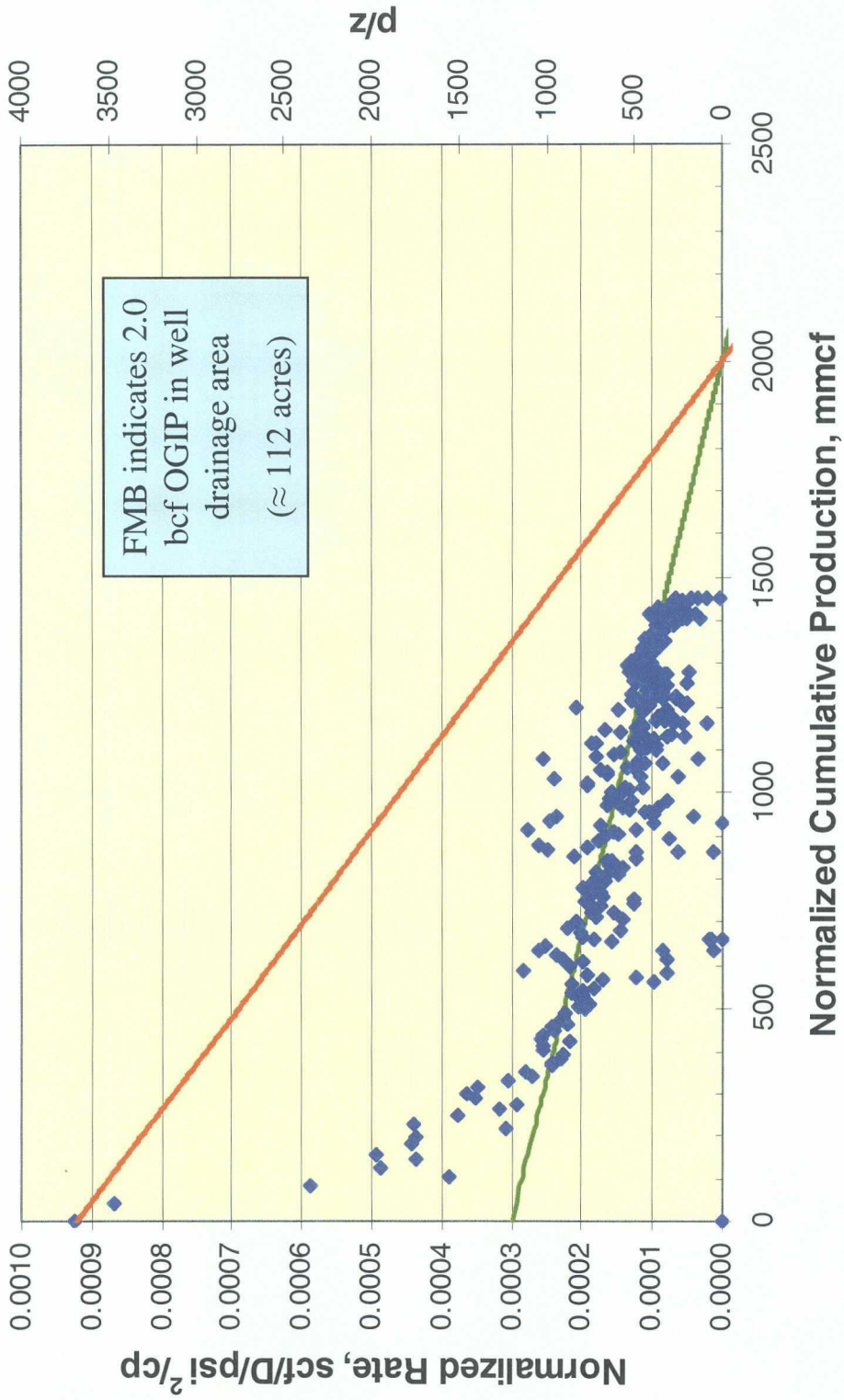
— SJU 28-7 #259 (DK)
— SJU 28-7 #259G (DK allocated)
-- SJU 28-7 #259G (MVDK)

Drainage Area Map

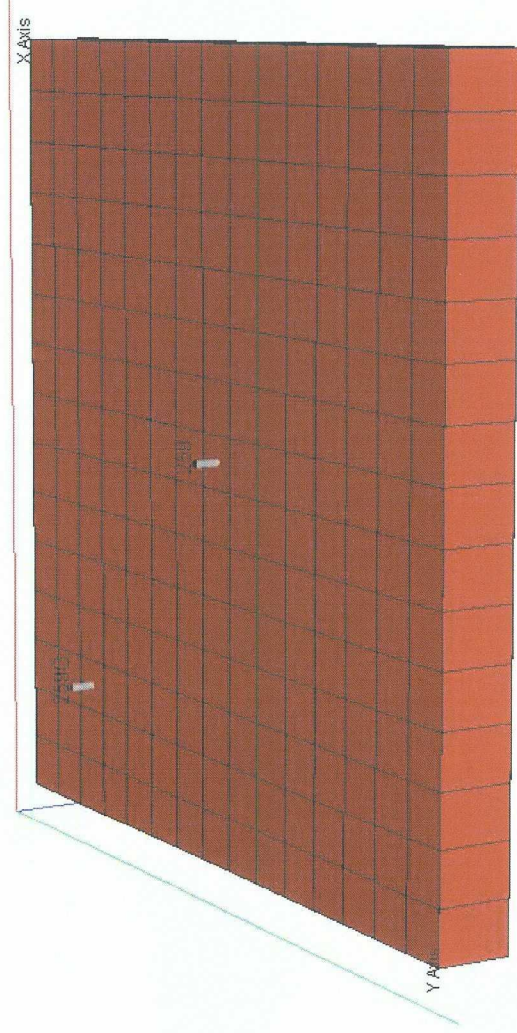


Flowing Material Balance

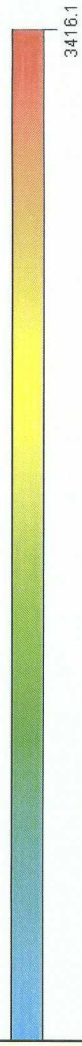
San Juan 28-7 Unit 259



Numerical Simulation

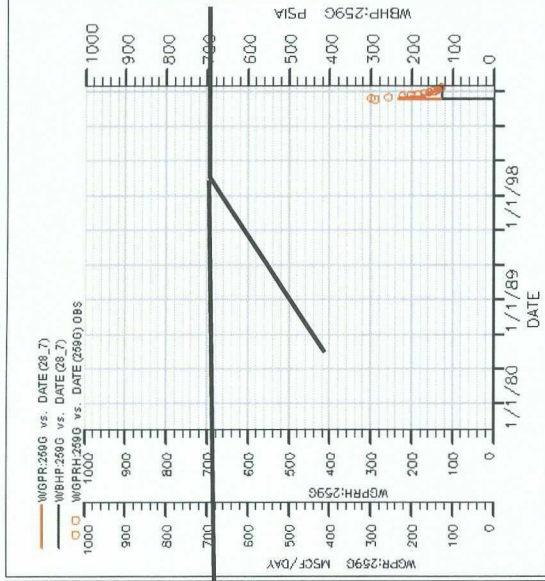
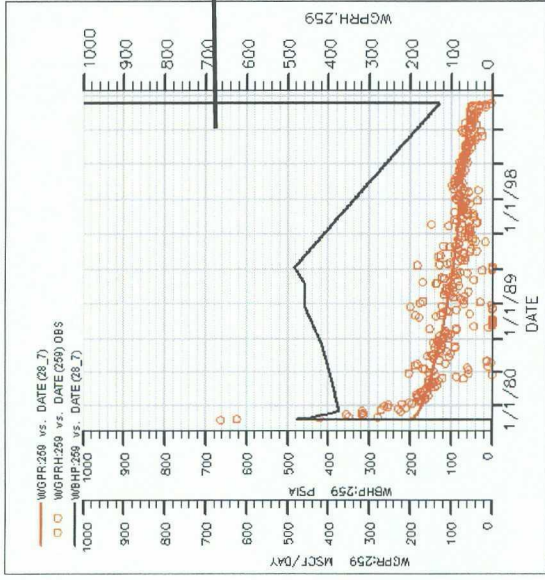


Pressure (PSIA)

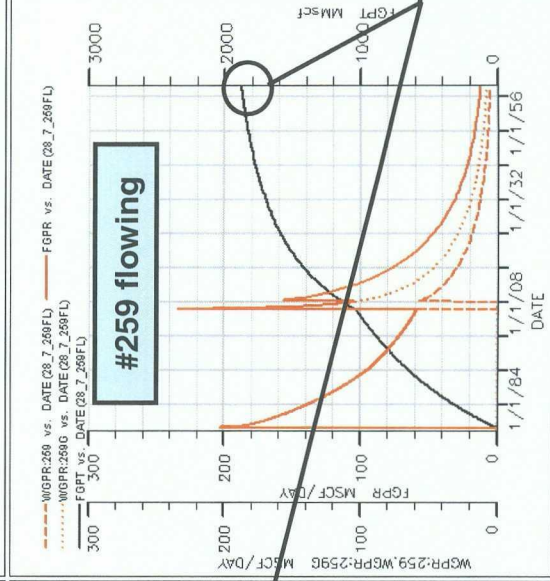
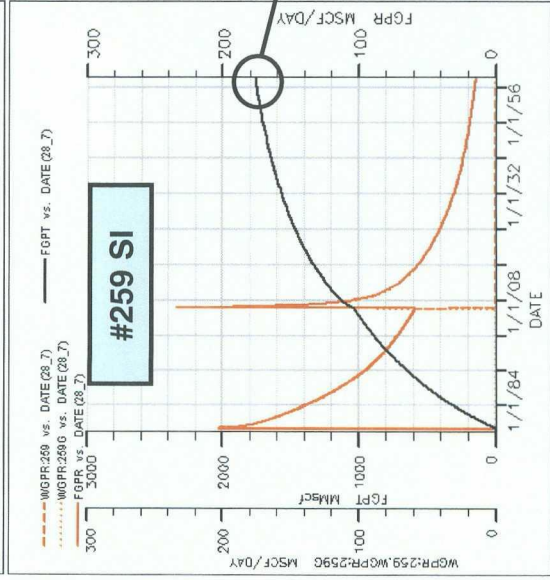


- 1 layer
- Same input as FMB analysis
- 116 acres
- Assume constant drainage area

Numerical Simulation



Wells are reasonably matched (on BHP control)

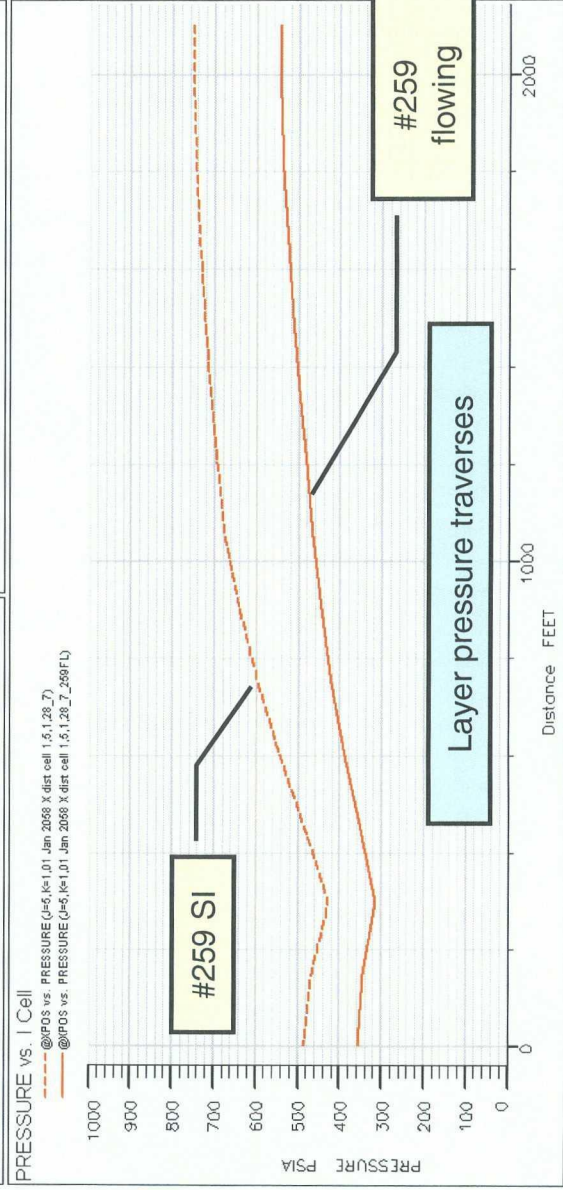
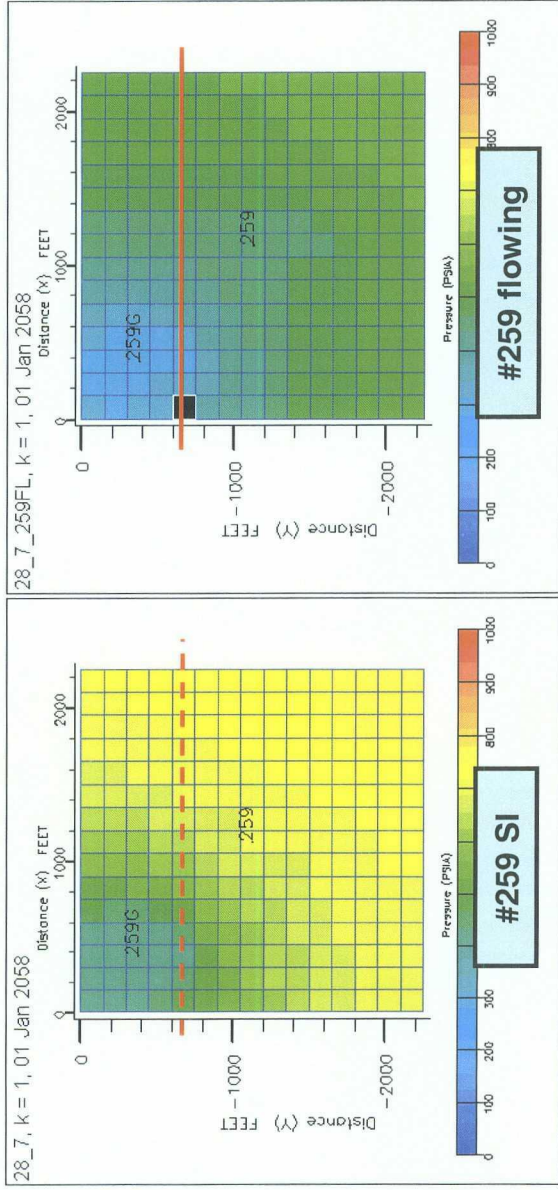


#259 SI

#259 flowing

Incremental recovery

Dakota Pressure 2058



Conclusions/Recommendation

- 259G still in transient flow (drainage area not established)
- +/- 115 acre drainage area confirmed for 259 through FMB and drainage area mapping
- New well 259G will further reduce 259 drainage area
- No correlative rights issues within mapped or expected drainage areas
- Abandonment of San Juan 28 7 Unit 259 Dakota would result in a loss of reserves (estimate approximately 120 mmscf)
- Request waiver to produce San Juan 28 7 Unit 259