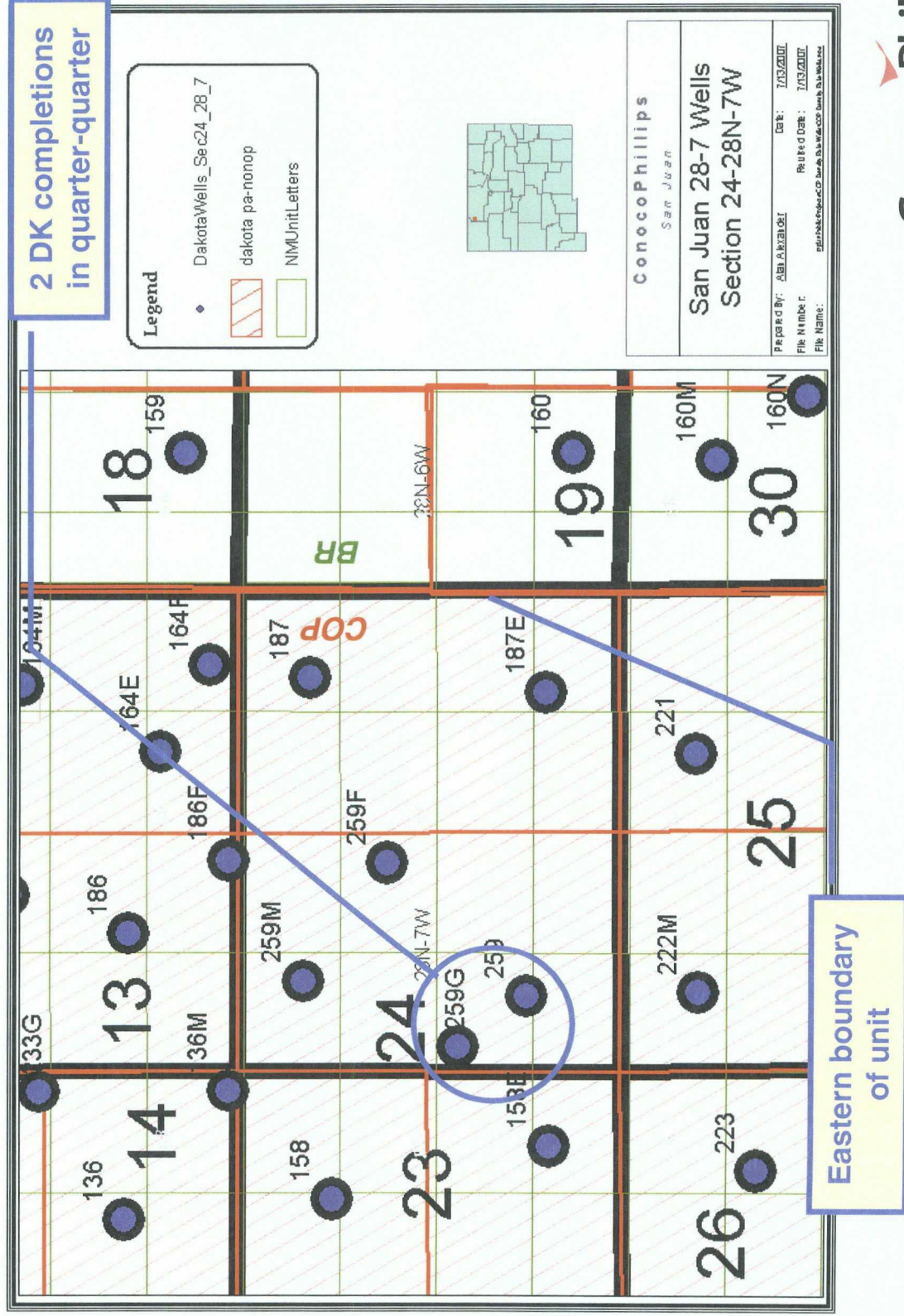
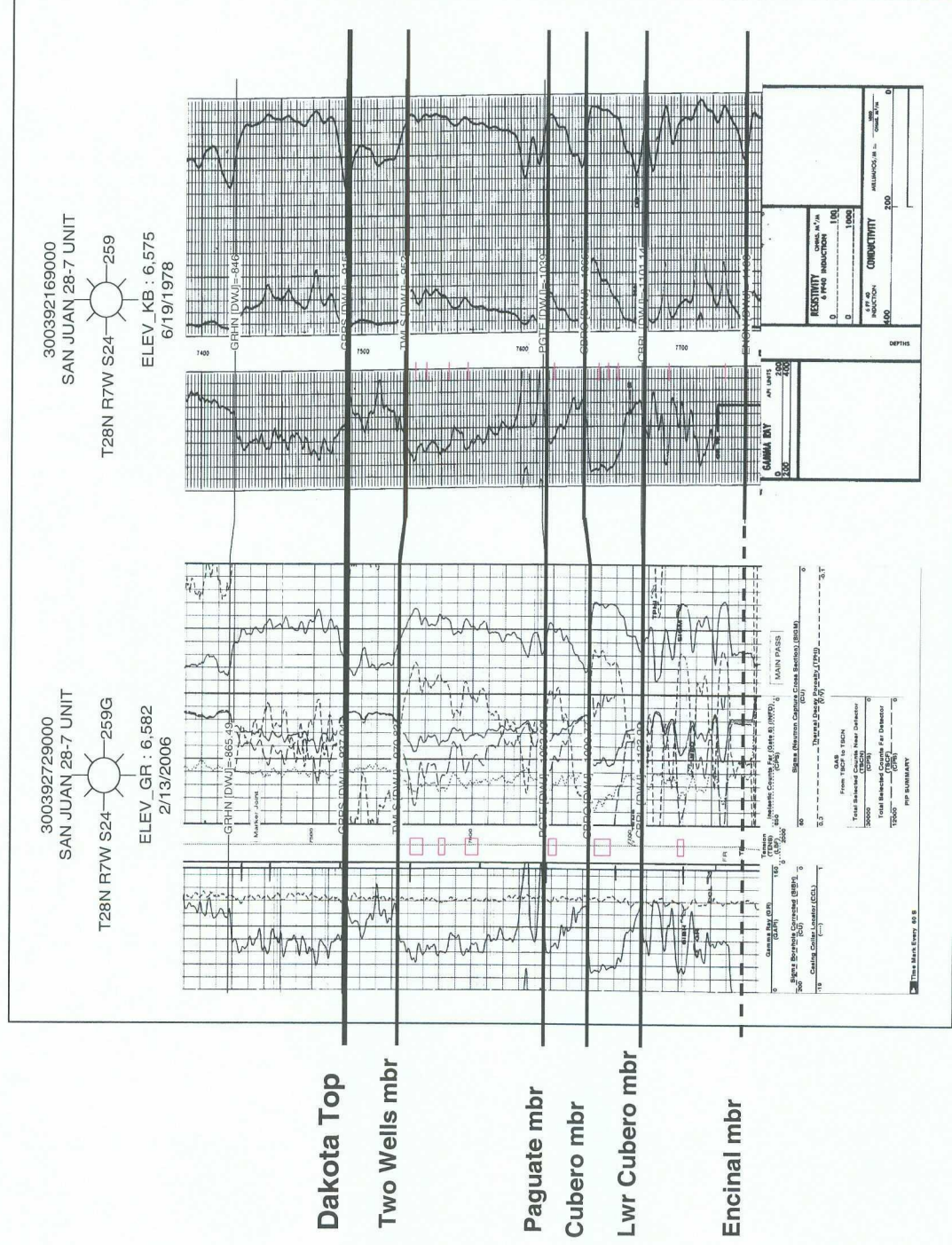


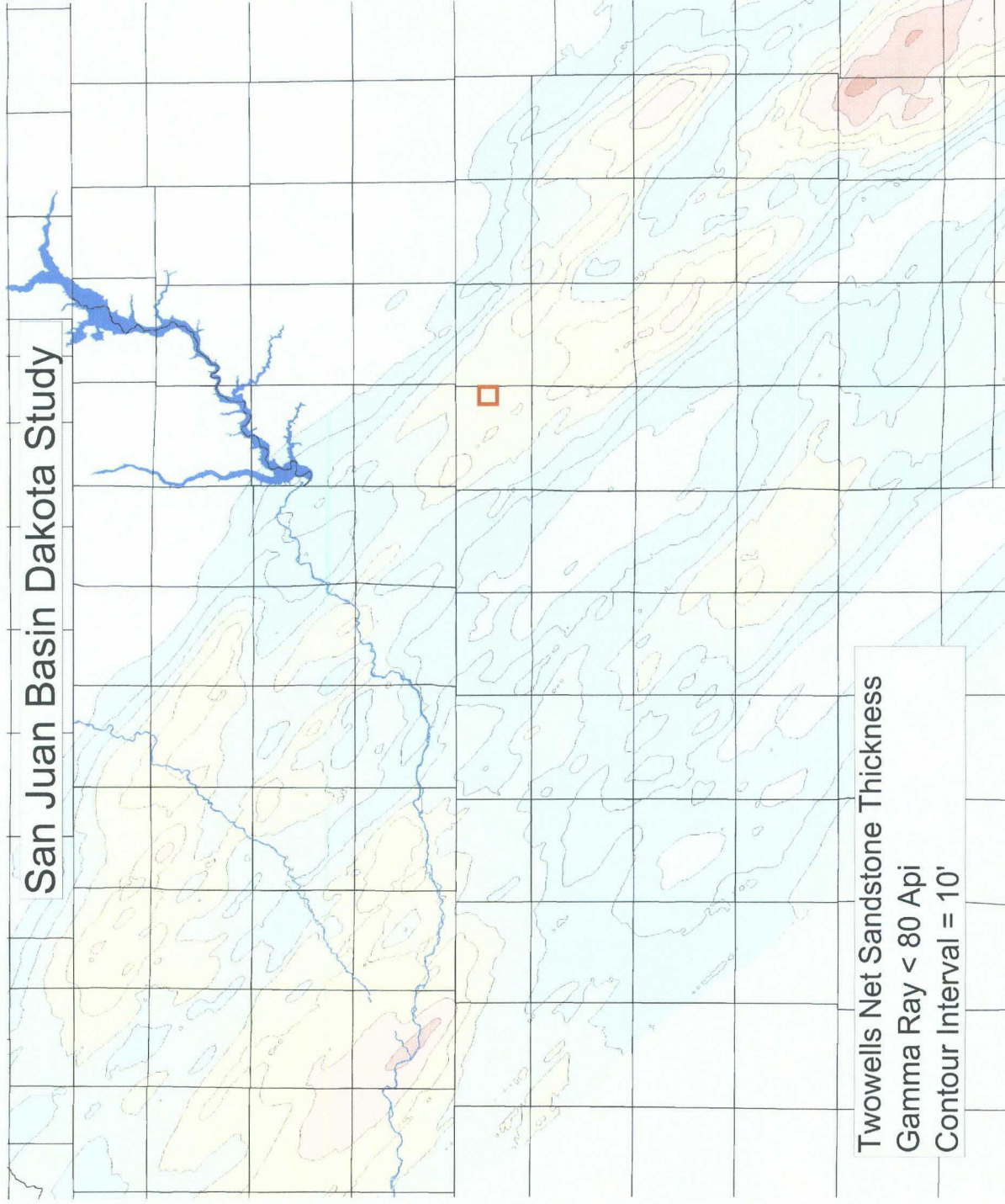
SW/4 S24 T28N-R7W Dakota



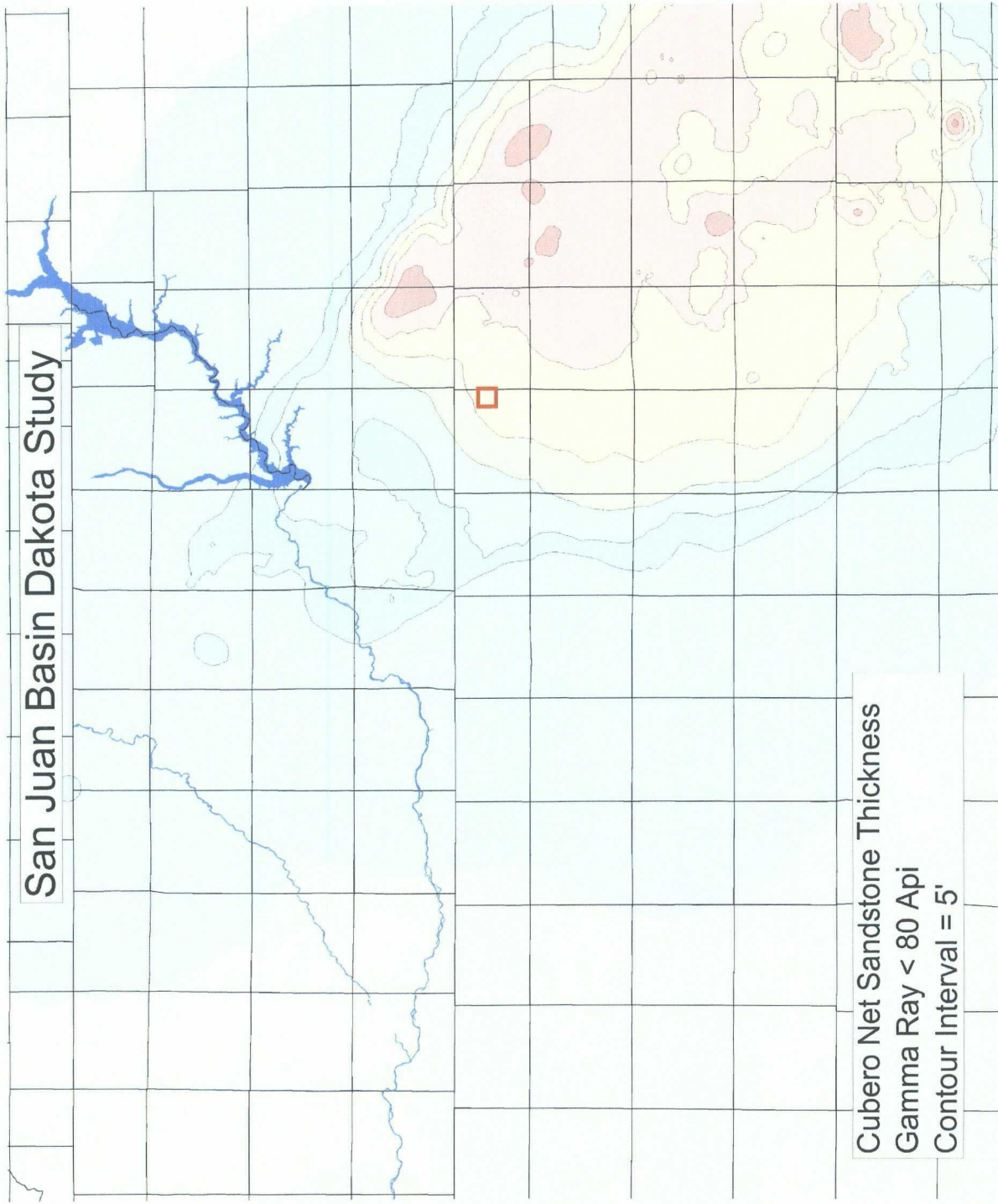
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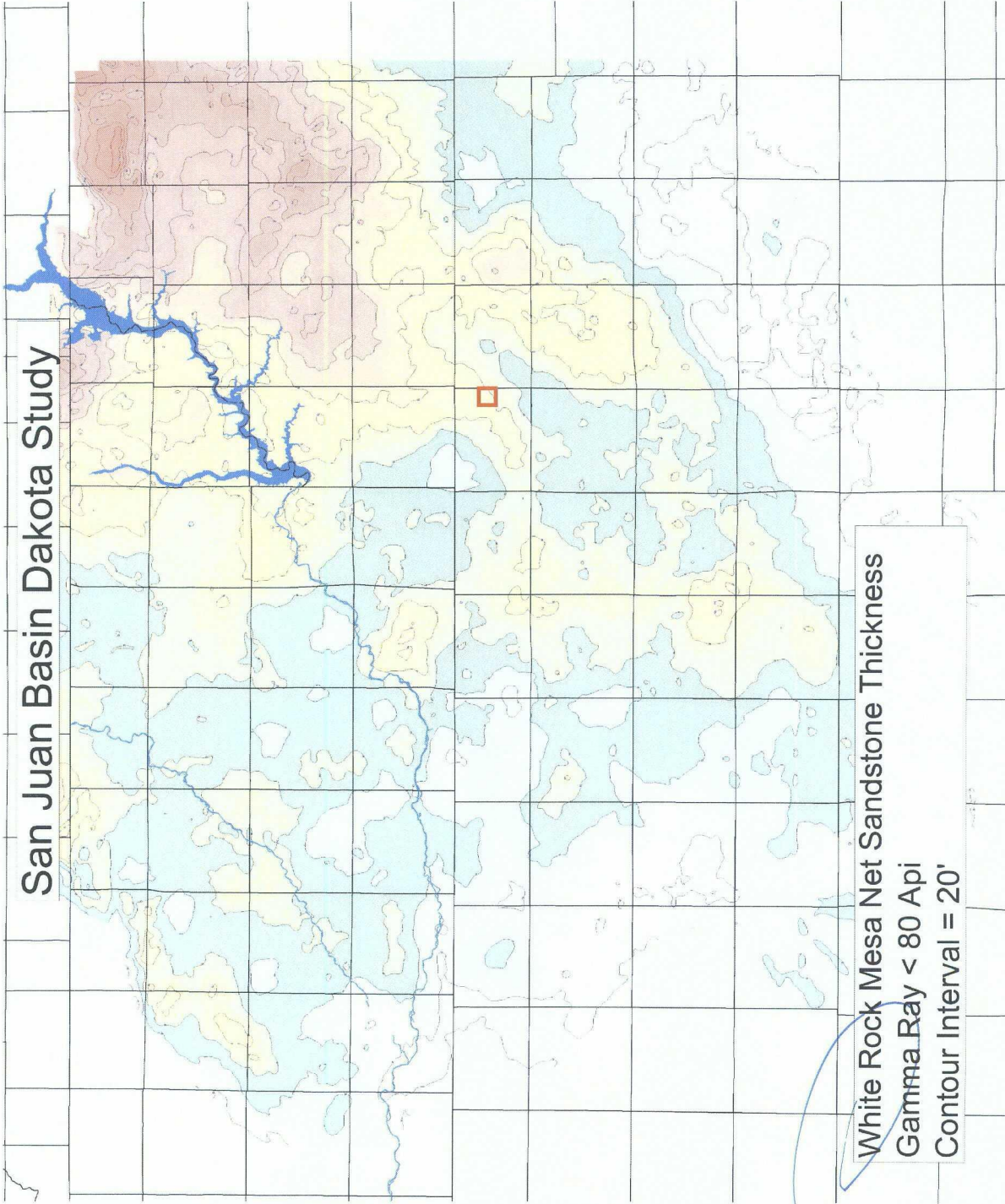
San Juan Basin Dakota Study



San Juan Basin Dakota Study

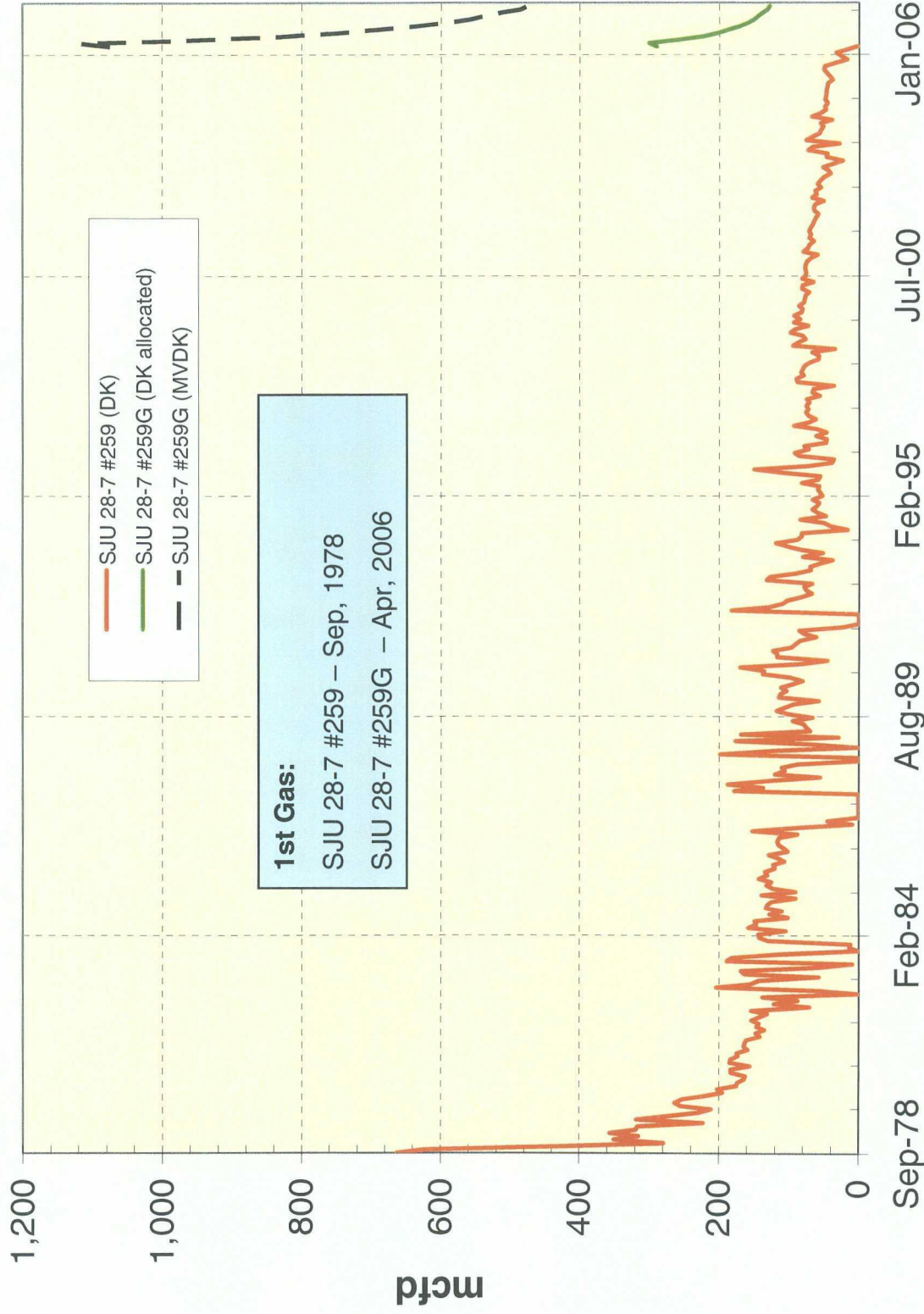


San Juan Basin Dakota Study

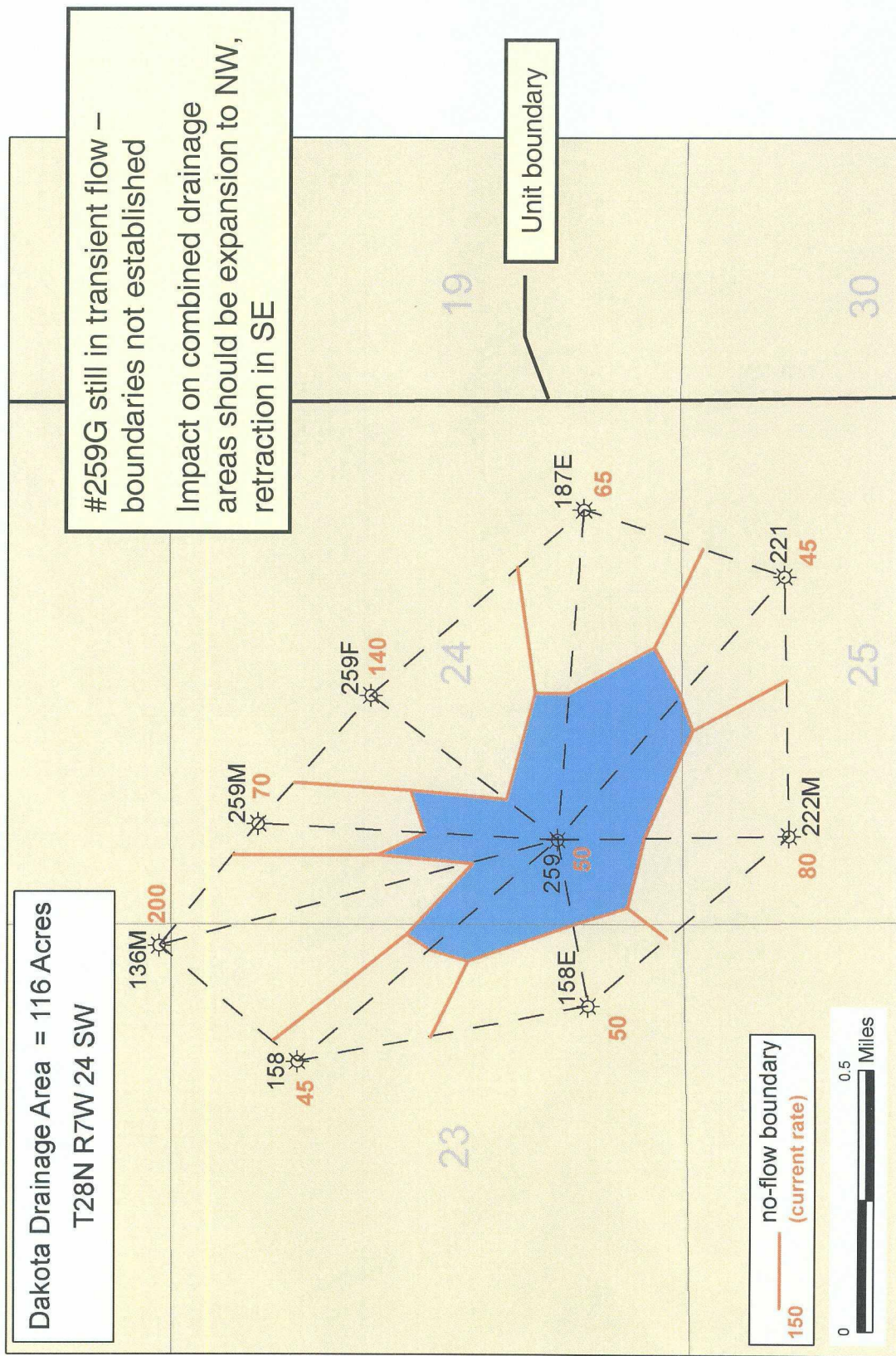


Lower Carbonate

SW/4 S24 T28N-R7W Dakota

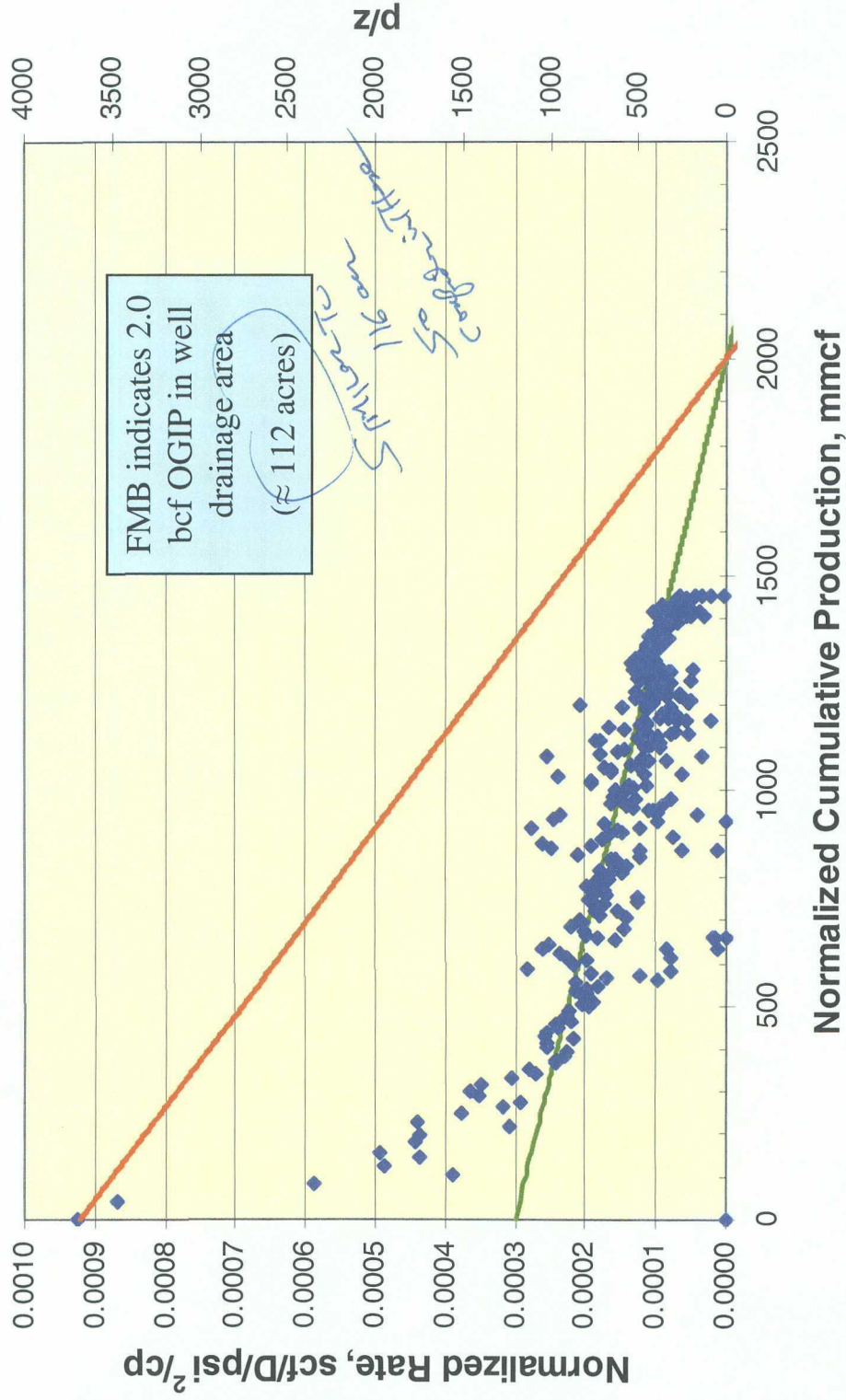


Drainage Area Map

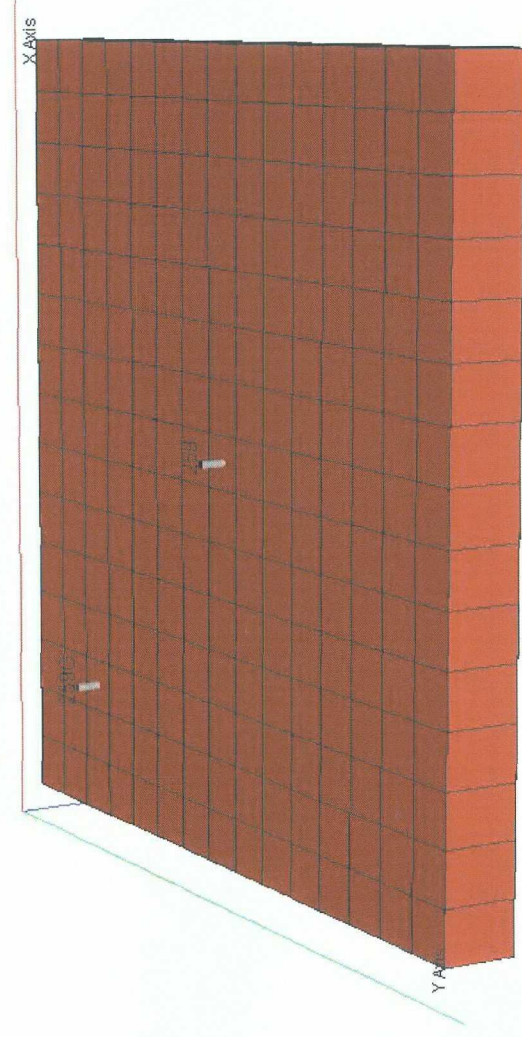


Flowing Material Balance

San Juan 28-7 Unit 259

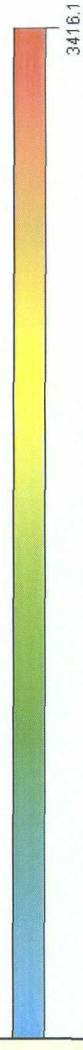


Numerical Simulation

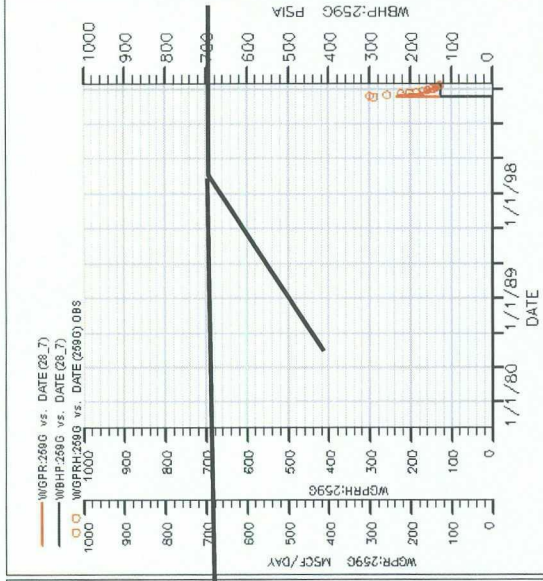
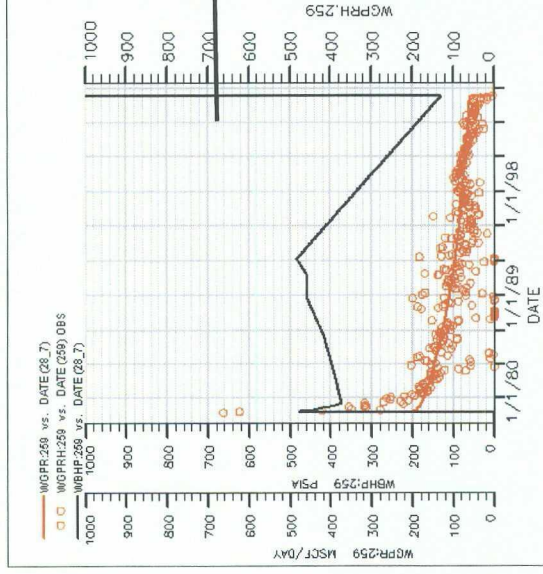


Pressure (PSIA)

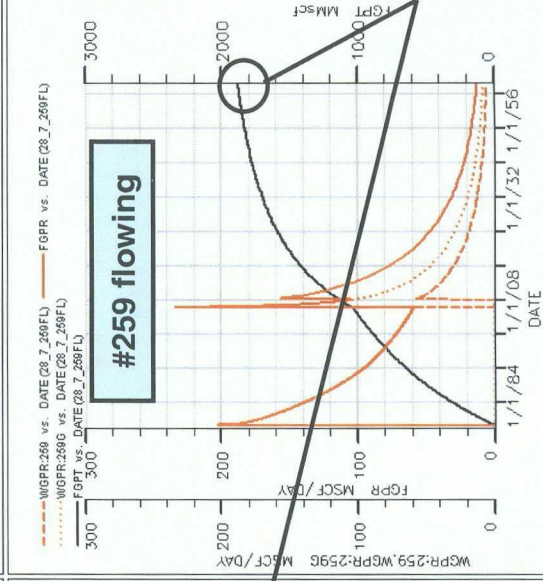
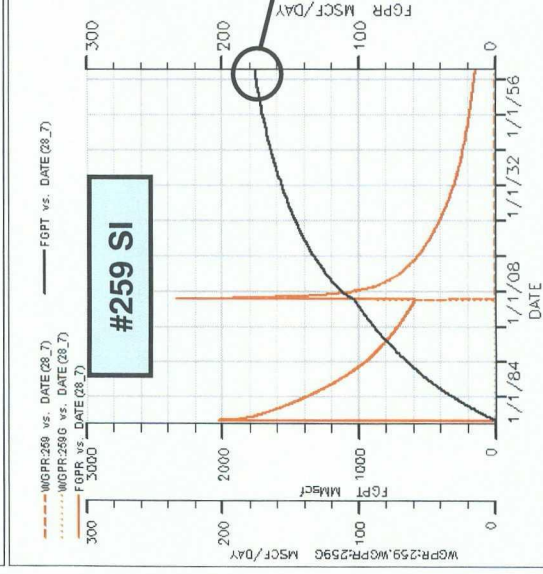
- 1 layer
- Same input as FMB analysis
- 116 acres
- Assume constant drainage area



Numerical Simulation



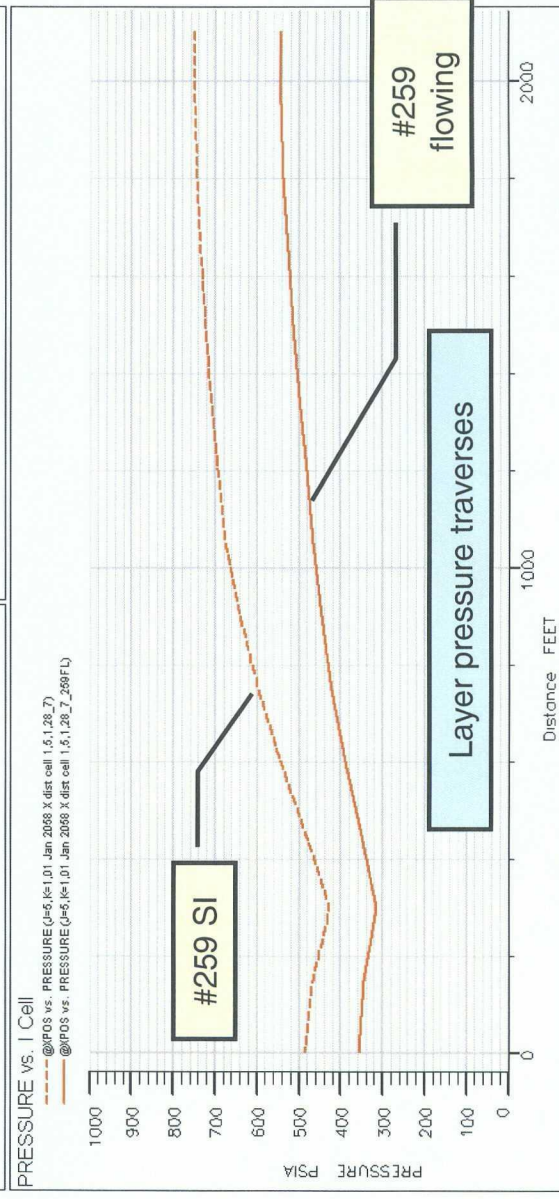
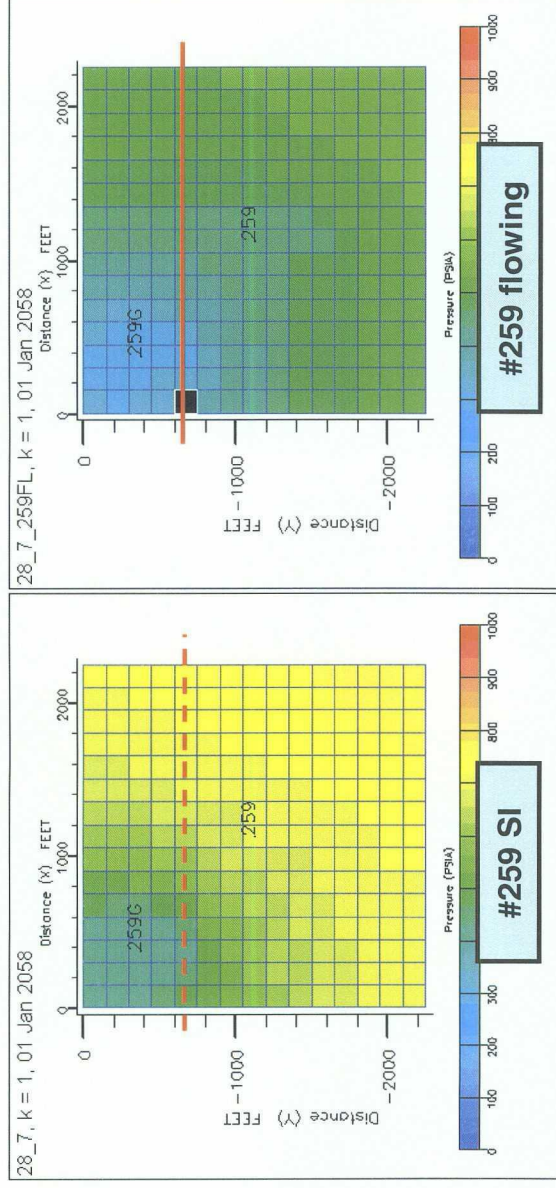
Wells are reasonably matched (on BHP control)



#259 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