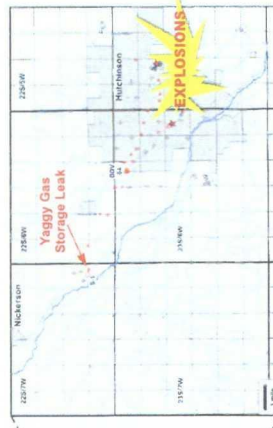


GAS MIGRATION DISASTER

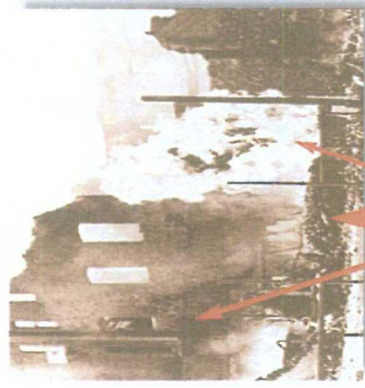
HUTCHINSON, KANSAS NATURAL GAS EXPLOSIONS

In January, 2001, approximately 142 million cubic feet of gas escaped from a casing leak at the Yaggy underground gas storage facility. The gas migrated 7 miles underground at a low pressure through seemingly leak-proof salt and rock formations.



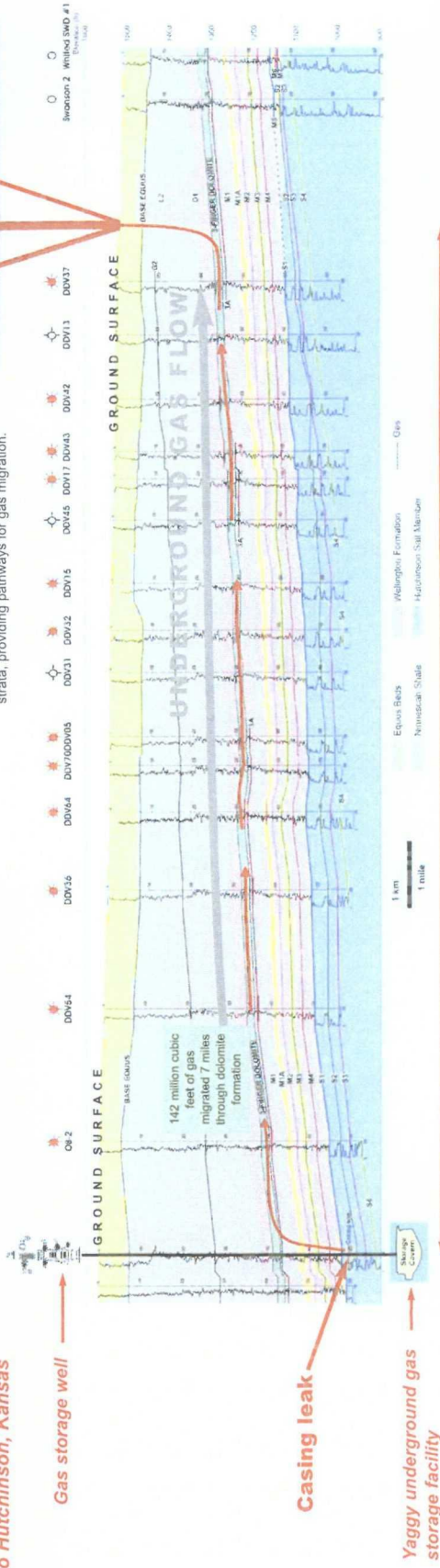
Detail:
Gas migrated seven miles from failed well to Hutchinson, Kansas

Three days later, gas geysers erupted and exploded in the city of Hutchinson, Kansas, killing two people and destroying several buildings and businesses. *This kind of completely unforeseeable event could occur in State Section 16 because of presence of the active, high-pressure Laguna wells #1 and #2 resulting in an underground gas explosion in a potash mine.*



At Yaggy, natural gas was stored in caverns in the Hutchinson Salt Member. The casing leak occurred just below the top of the salt. Studies indicate that gas migrated through a thin, brittle, dolomite interval, previously thought to be impermeable, along the crest of an anticline, which served as a conduit for the gas.

Dissolution of the salt may have caused flexure and preferred zones of weakness in the overlying strata, providing pathways for gas migration.



Low pressure gas migrated seven miles through apparently impassable salt and rock