Payout Reserve Calculation

Turkey Track North (Morrow) Field Area

Assume operator requires a 3 year payout

Drilling and Completion cost	$ 695,000	
Operating cost	$ 1,000	per month
Severance and Ad Valorem Taxes	11.0	%
Net Revenue Interest	0.875	(fraction)
Gas Price	$ 1.90	per MCF

[(Gas reserves)(Gas price)(1-Tax rate)(NRI)] = [(Drilling and Completion costs)+(Operating costs)]

Payout Reserves = 494,044 MCF

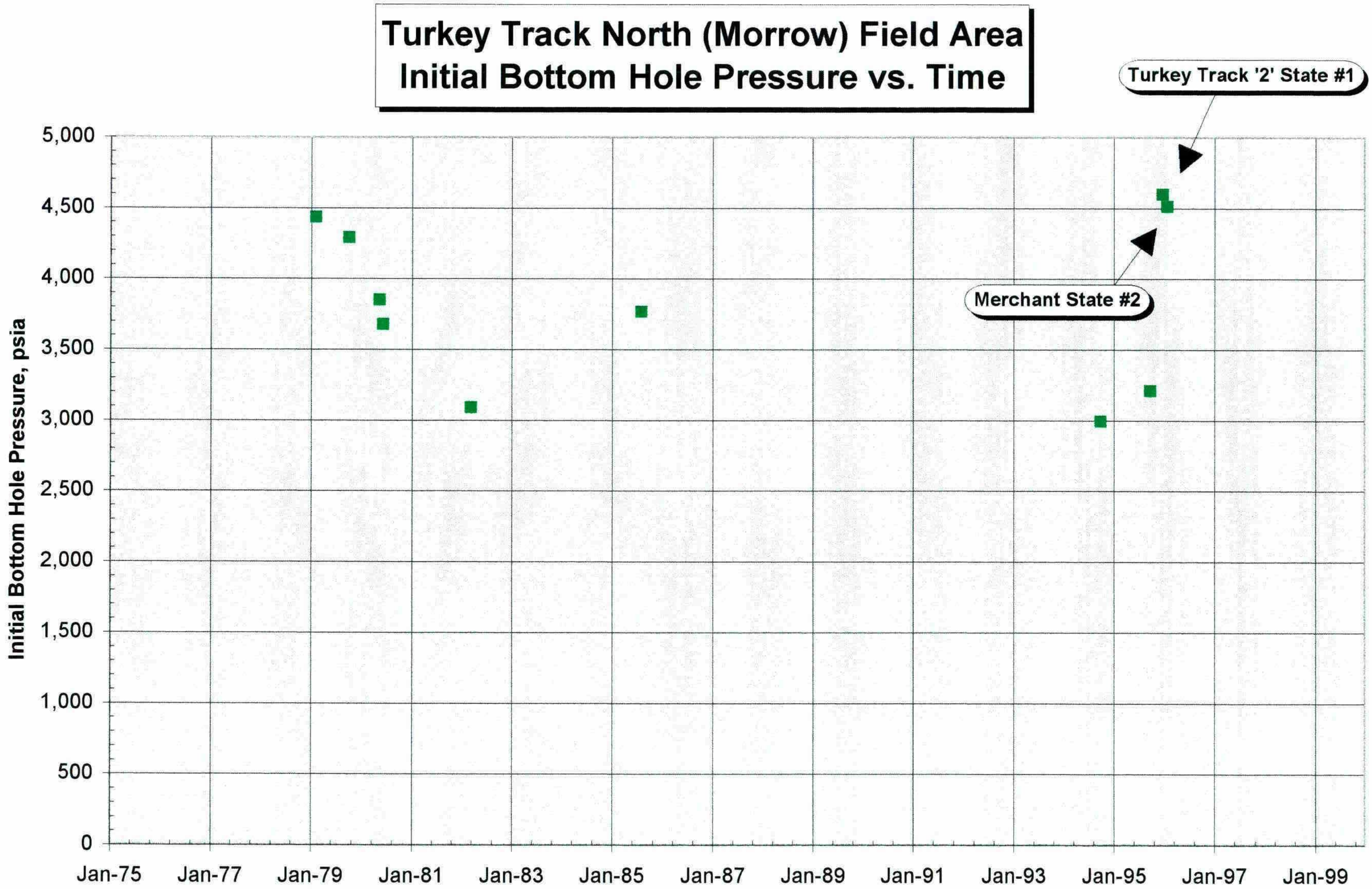
COMPUTER RESERVOIR SIMULATION STUDY

Turkey Track North (Morrow) Field

MODEL INPUT DATA

Grid Orientation	10 x 16 x 1
Number of Gridblocks	160
Gridblock Dimensions	1,320 x 1,320
Number of Producing Wells	11
Net Thickness	Net Pay Map
Porosity	Log Analysis
Water Saturation	Log Analysis
Initial Reservoir Pressure	4,600
Gas Gravity	0.64
Reservoir Temperature	190 °F

Original Gas In Place	45 BCF


Turkey Track North (Morrow) Field Area
Initial Bottom Hole Pressure vs. Time
Turkey Track '2' State #1
Merchant State #2
Initial Bottom Hole Pressure, psia
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Jan-75
Jan-77
Jan-79
Jan-81
Jan-83
Jan-85
Jan-87
Jan-89
Jan-91
Jan-93
Jan-95
Jan-97
Jan-99