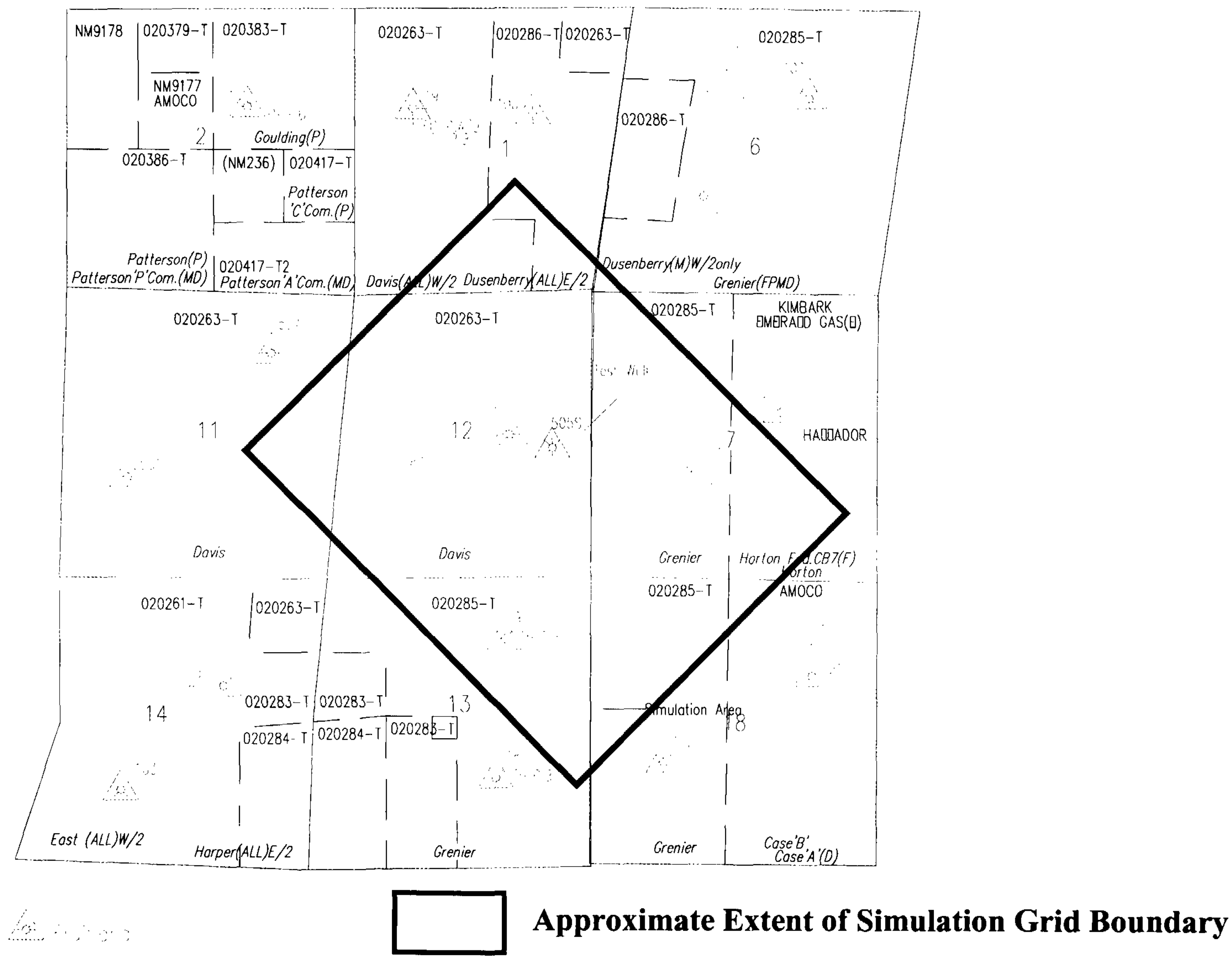
Underpressured Fruitland Coal Pilot Infill Production, Simulation and Economic Data

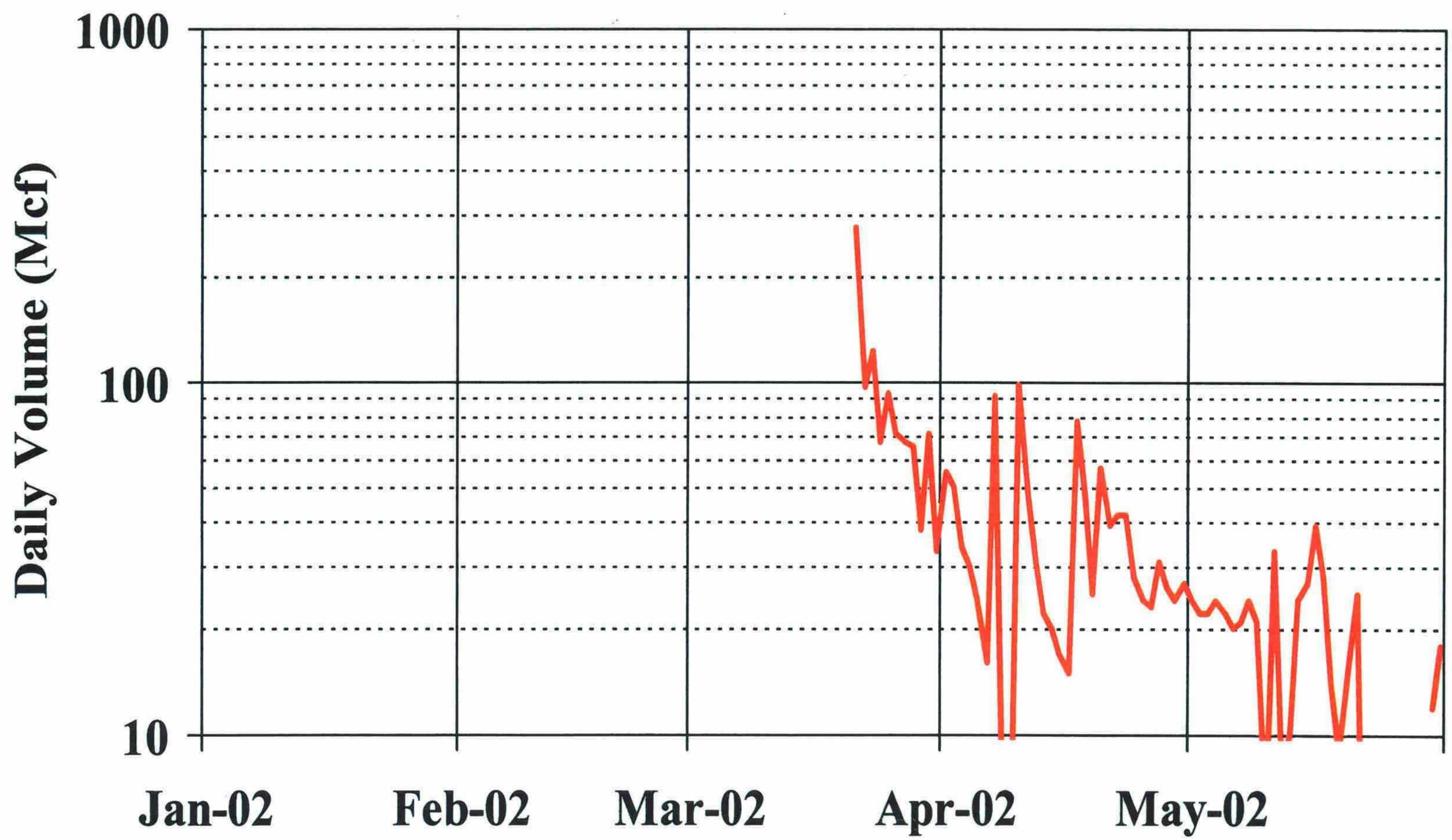
Burlington Resources

Chris Clarkson

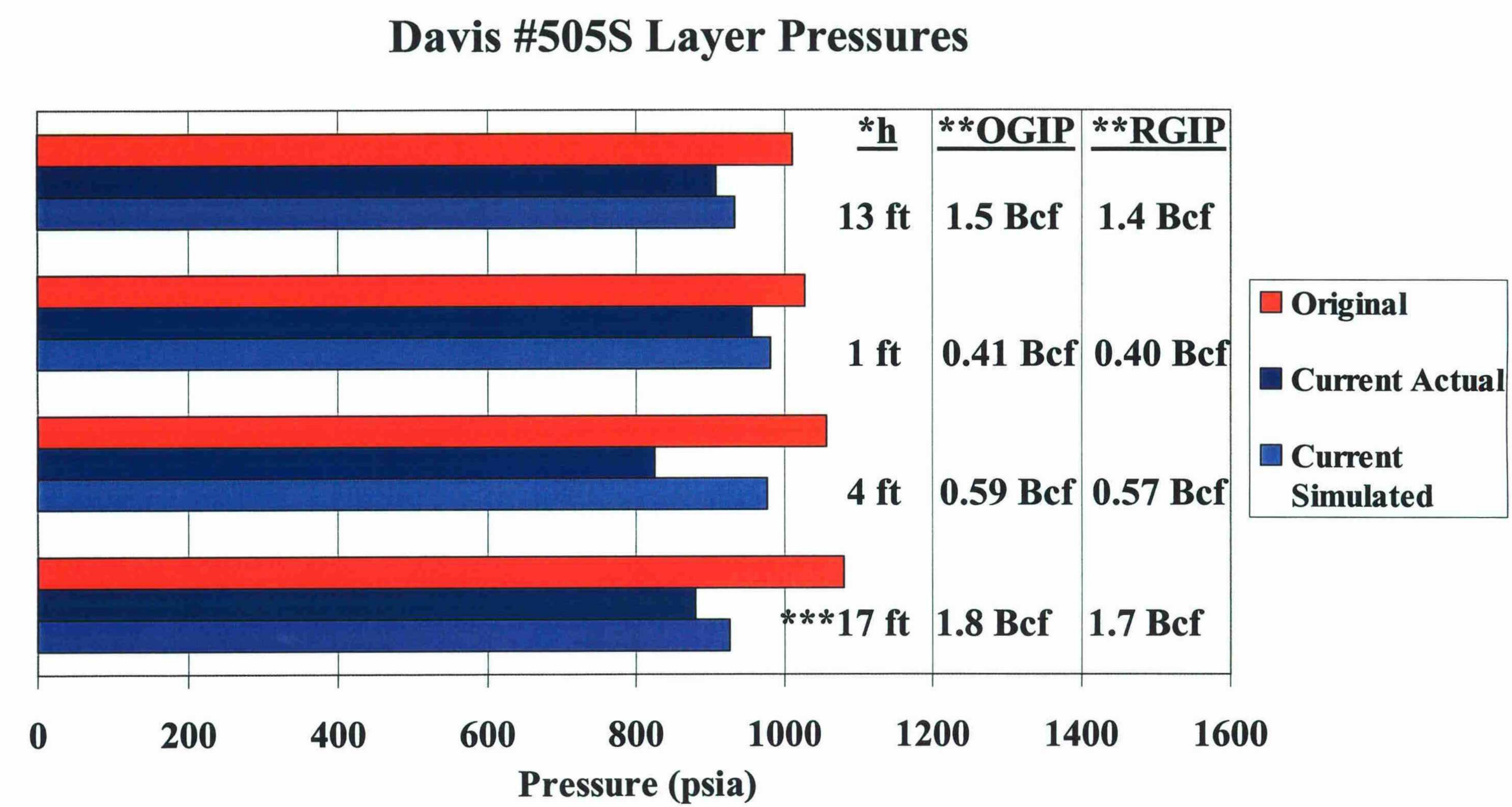
Davis #505S Pilot Area



Davis #505S

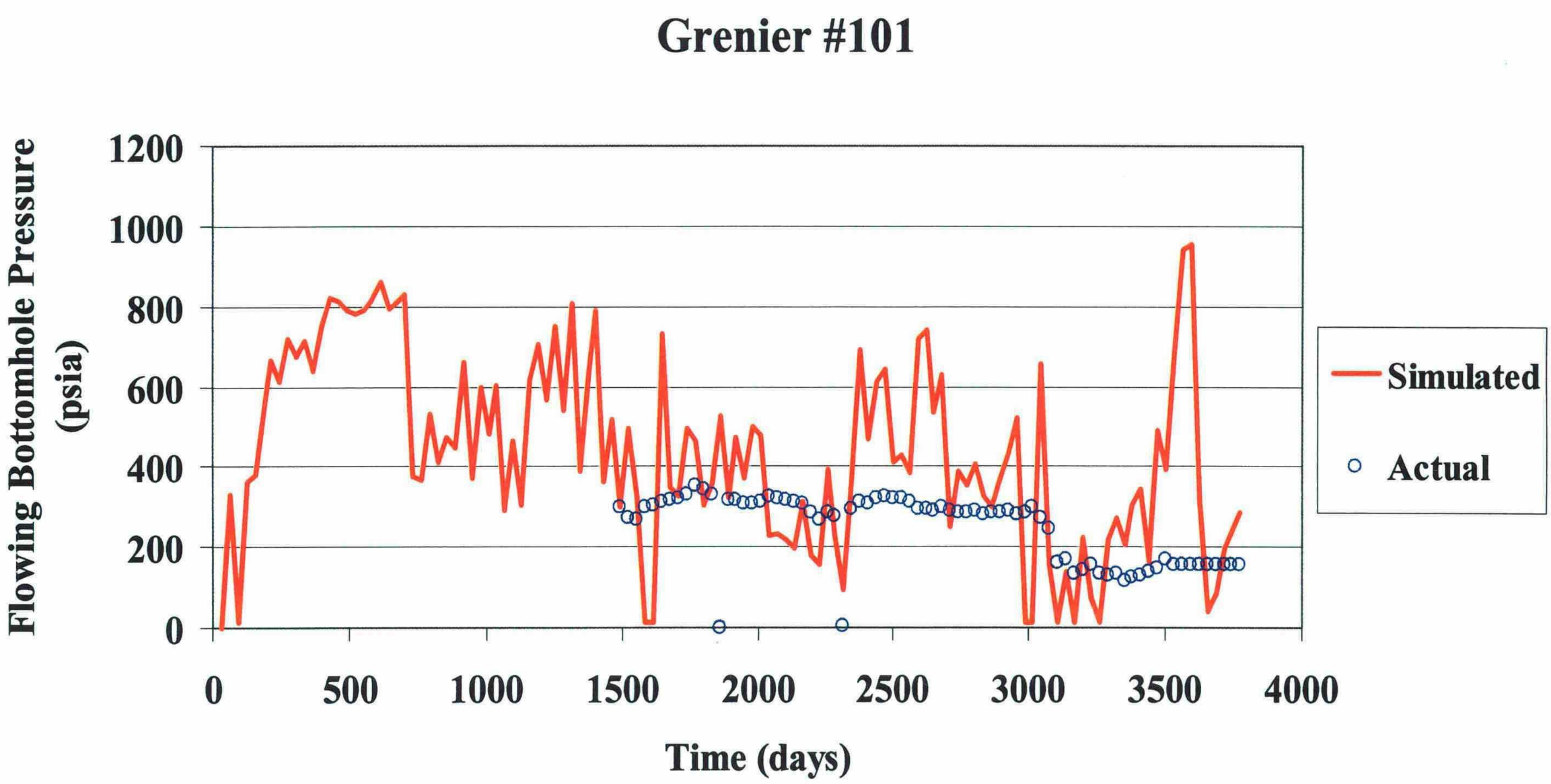


Infill Well Layer Pressure Match



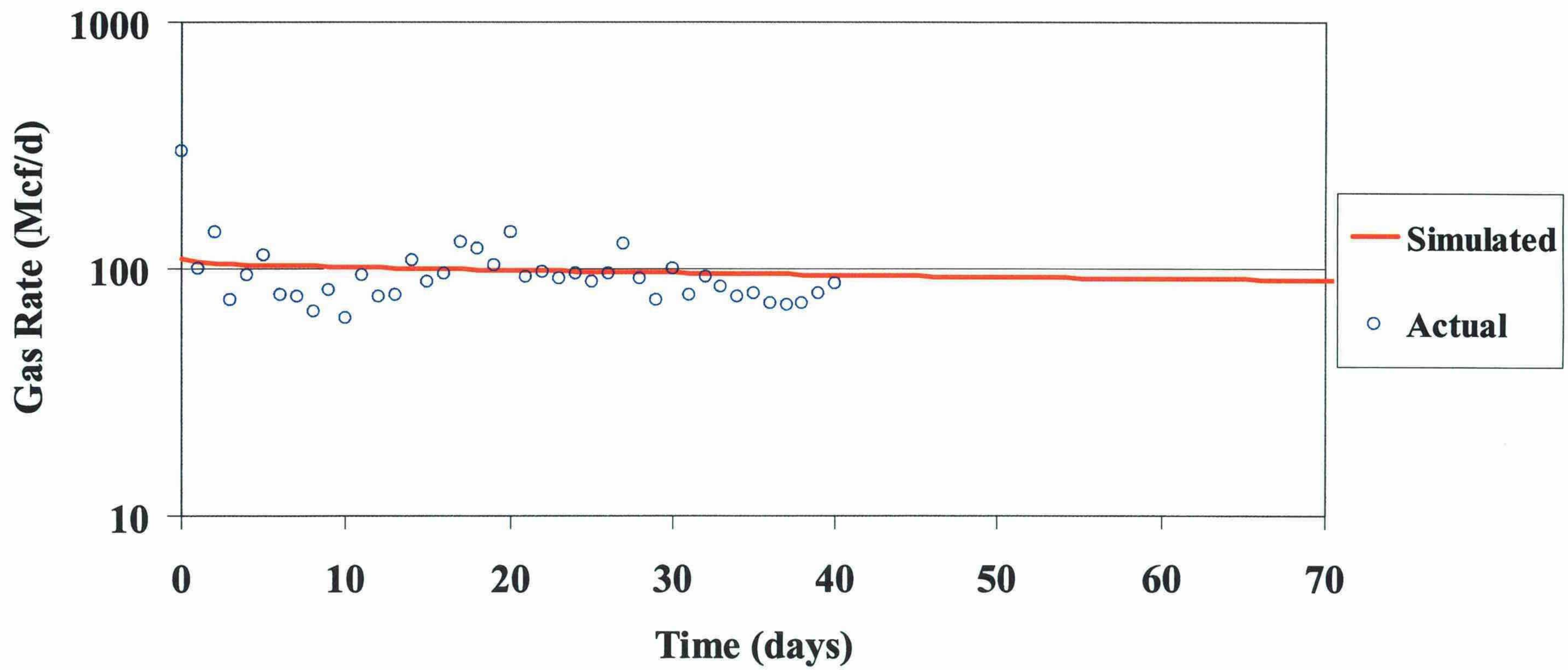
* Thickness At Infill Well   **Model Average per 320   *** Combined Bottom Two Layers

Offset Well Flowing Pressure Match



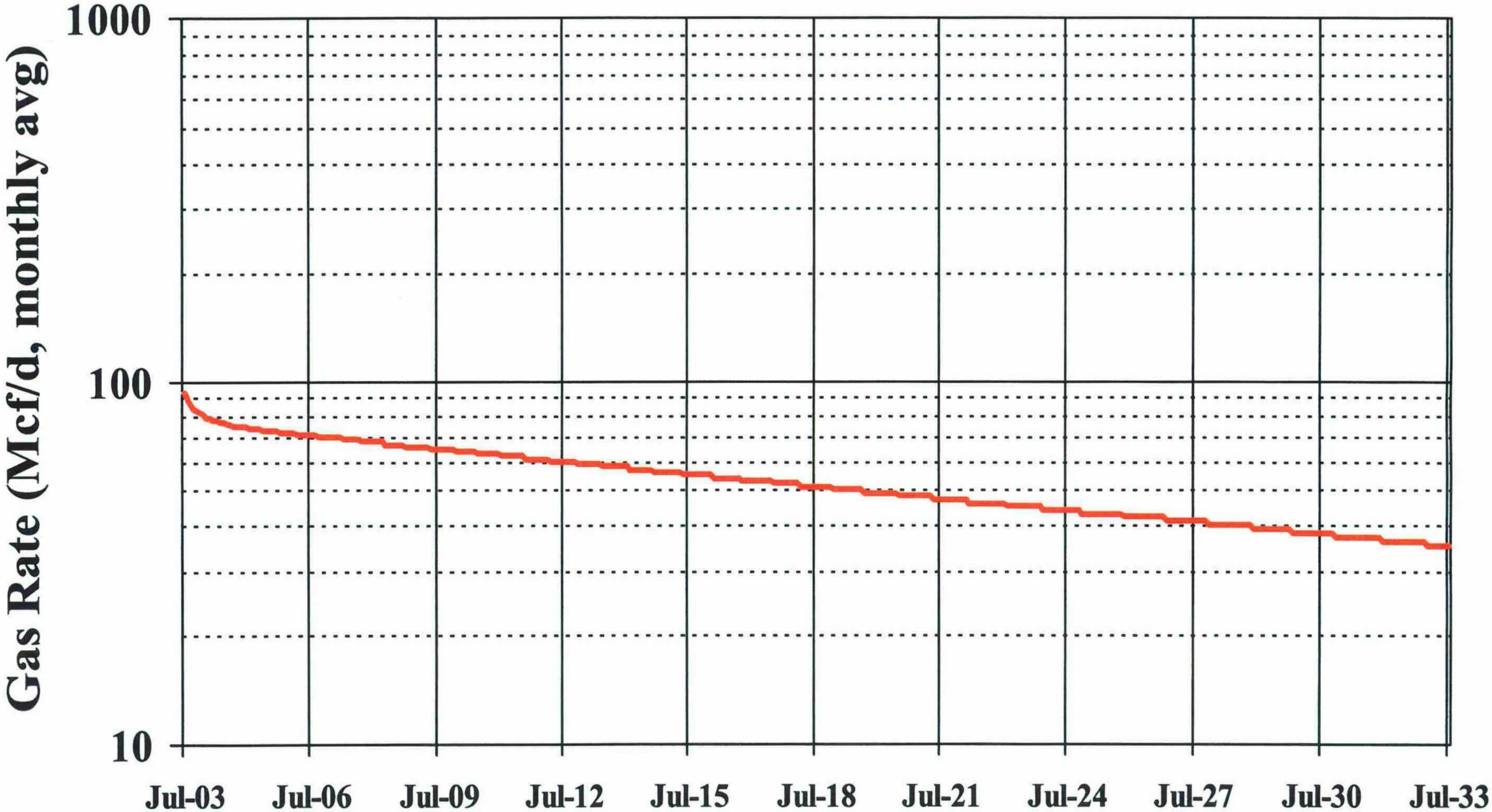
Infill Well Production Match

Davis #505S (Infill Well) Gas Production Rate

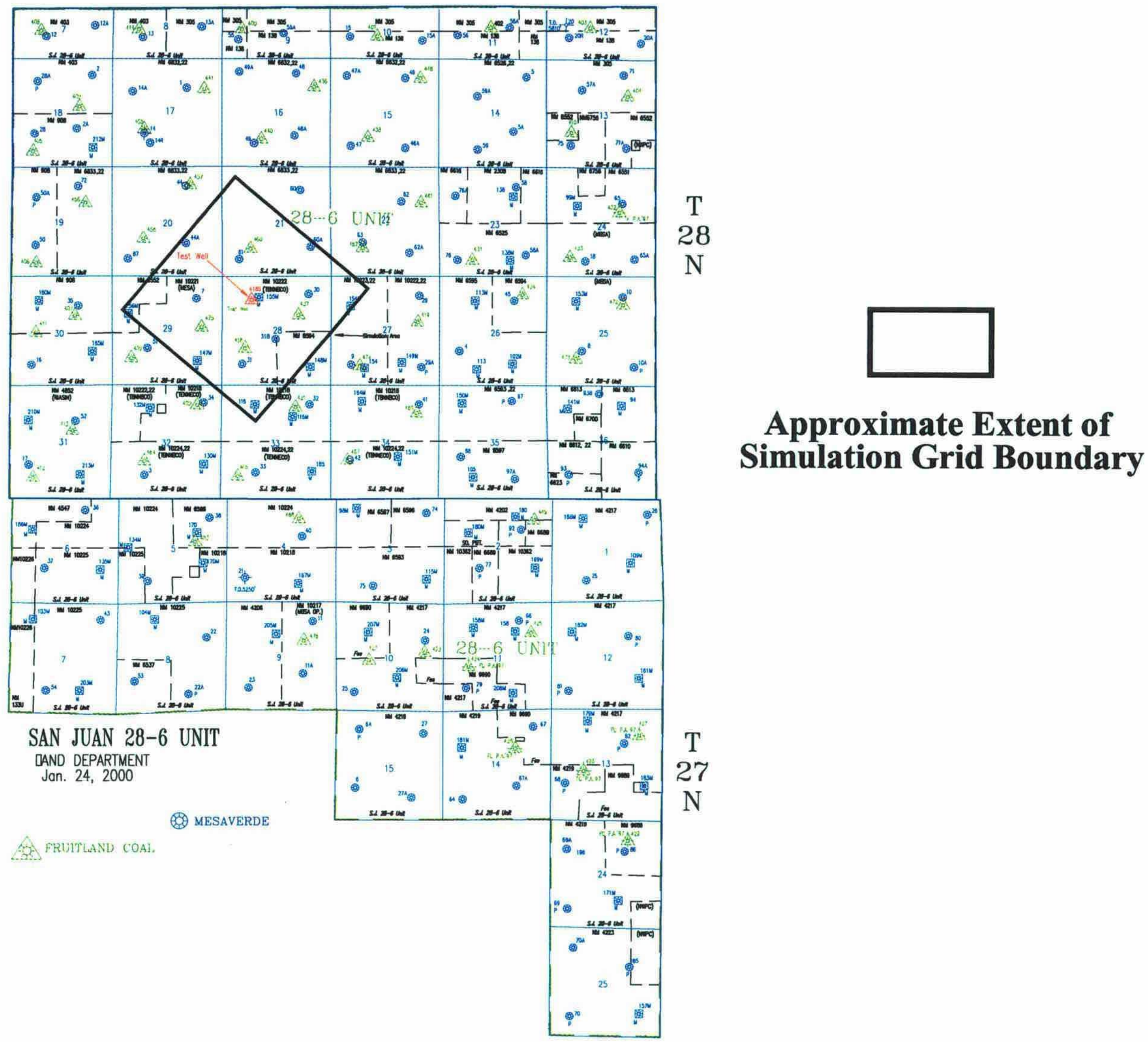


*Corrected to 24 hour flow rate

Davis Area Infill Well Projection



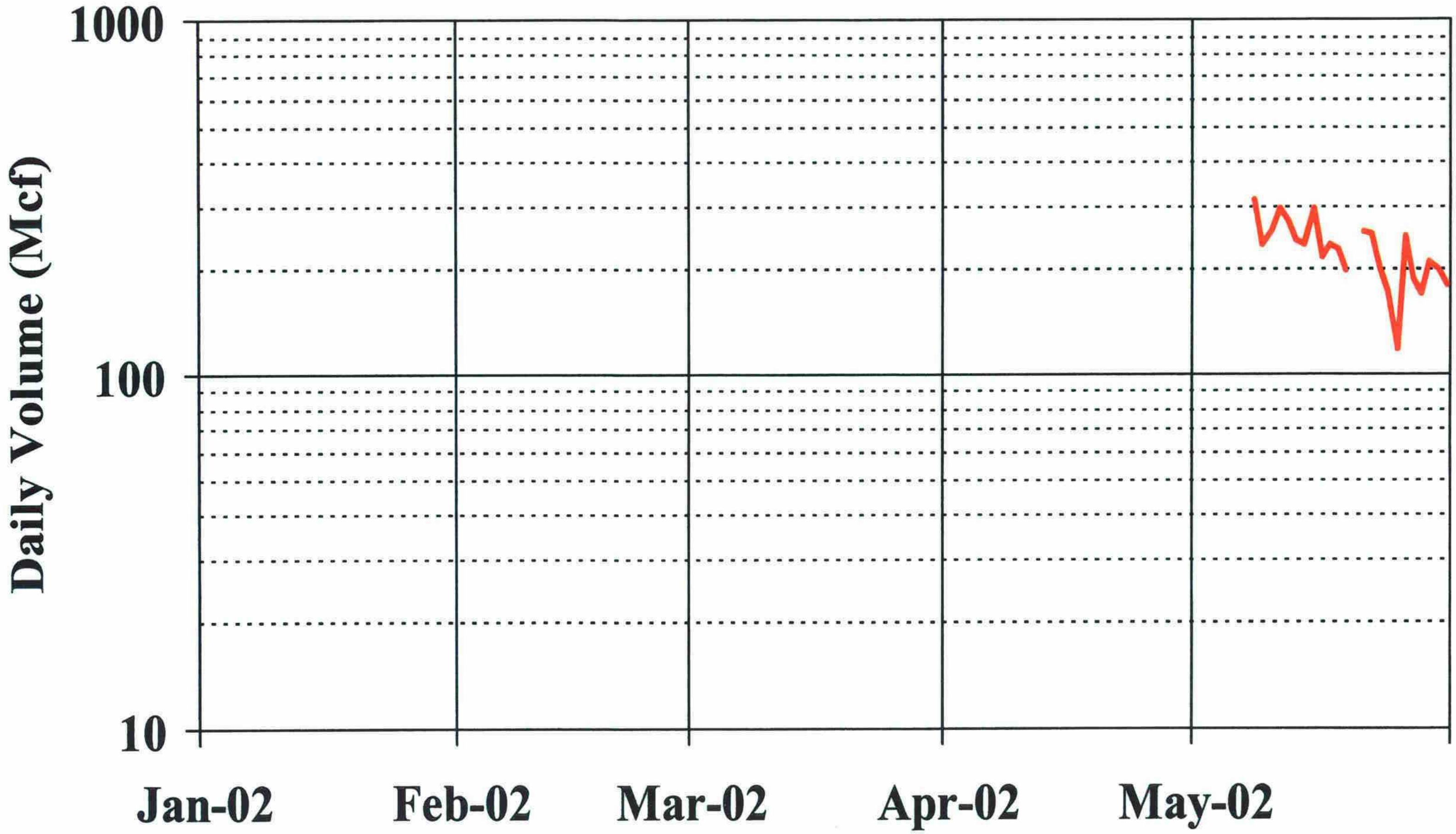
SJ 28-6 Unit #418S Pilot Area



Infill Recompletes Are Economic

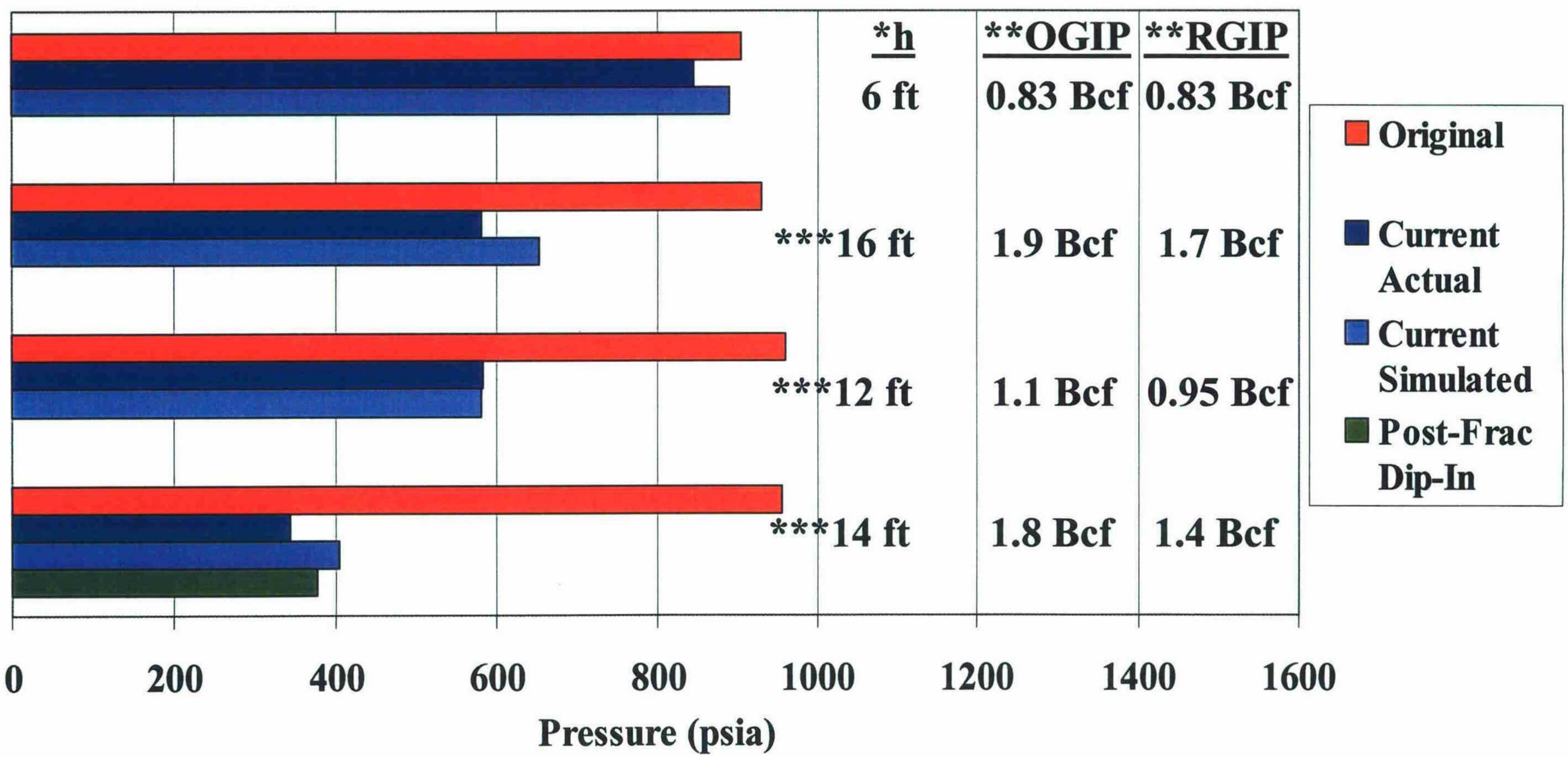
- After-tax Present Value = $43.0 M (Disc. @ 10%)
- Primary economic inputs/assumptions:
  - Incremental economics (160-acre case – 320-acre case)
  - Gas price = $3.25/mmbtu (NYMEX)
  - Operating costs = $1060/well/month
  - Capital costs = $200 M
  - GWI/NRI = 100/84

SJ 28-6 Unit #418S



Infill Well Layer Pressure Match

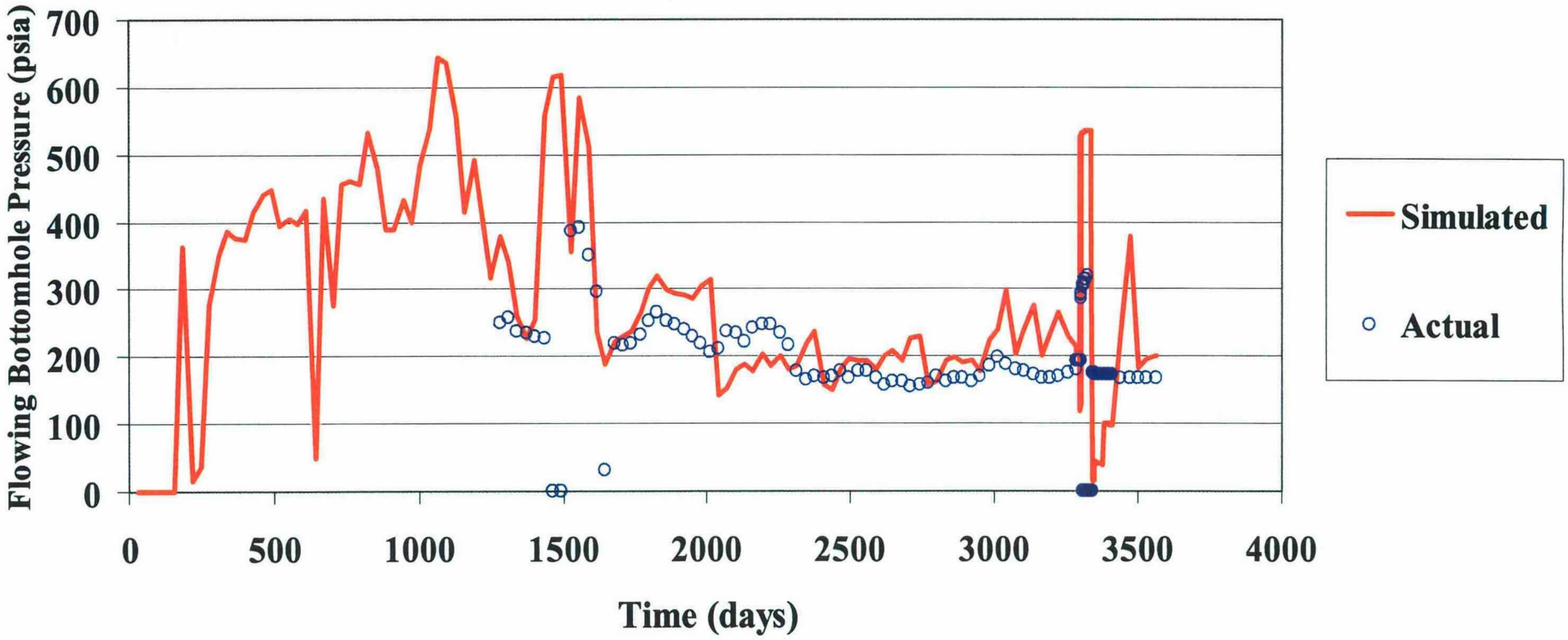
SJ 28-6 Unit #418S Layer Pressures



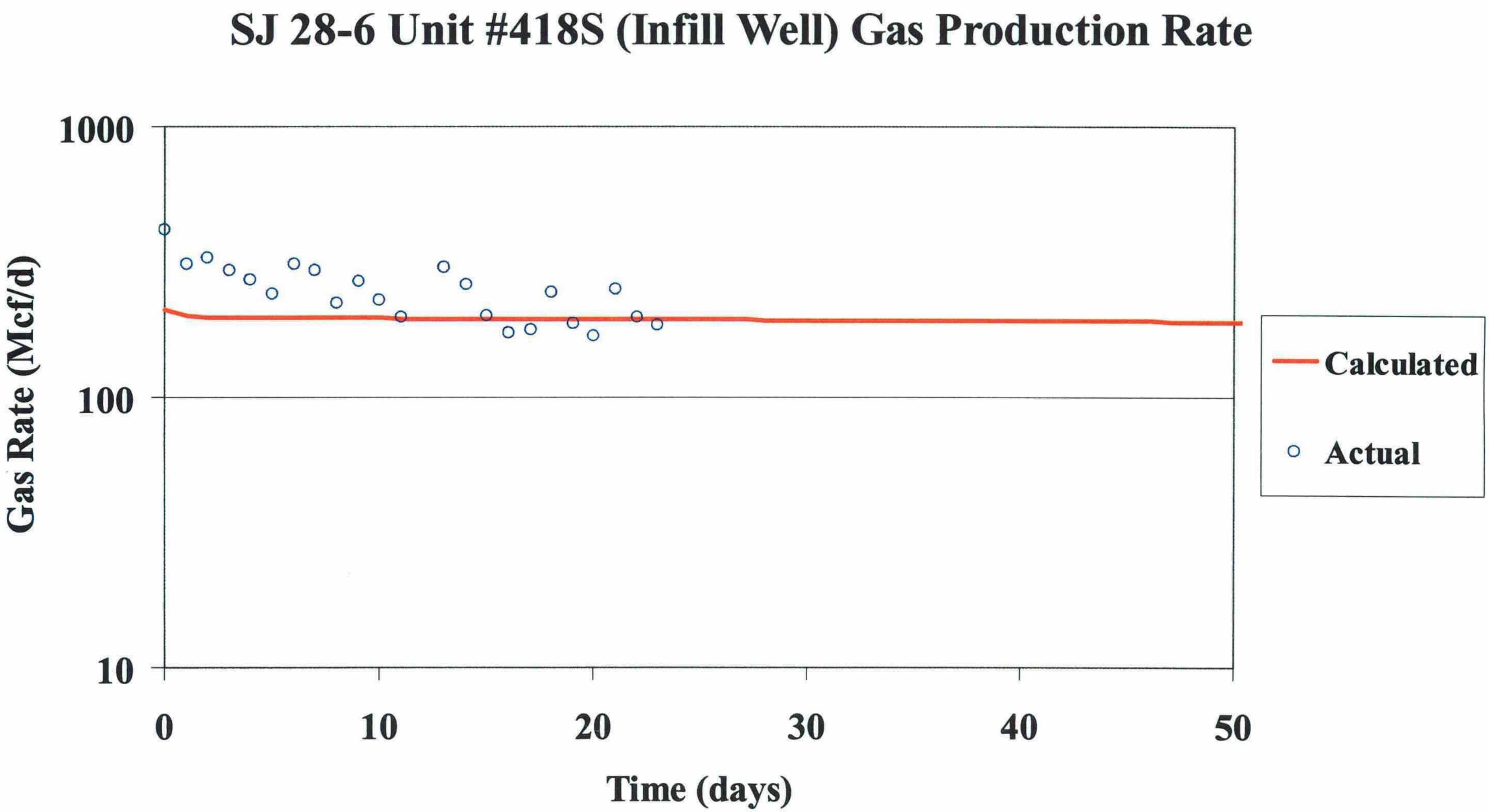
* Thickness At Infill Well   **Model Average per 320   *** Combined Four Layers

Offset Well Flowing Pressure Match

SJ 28-6 Unit #418

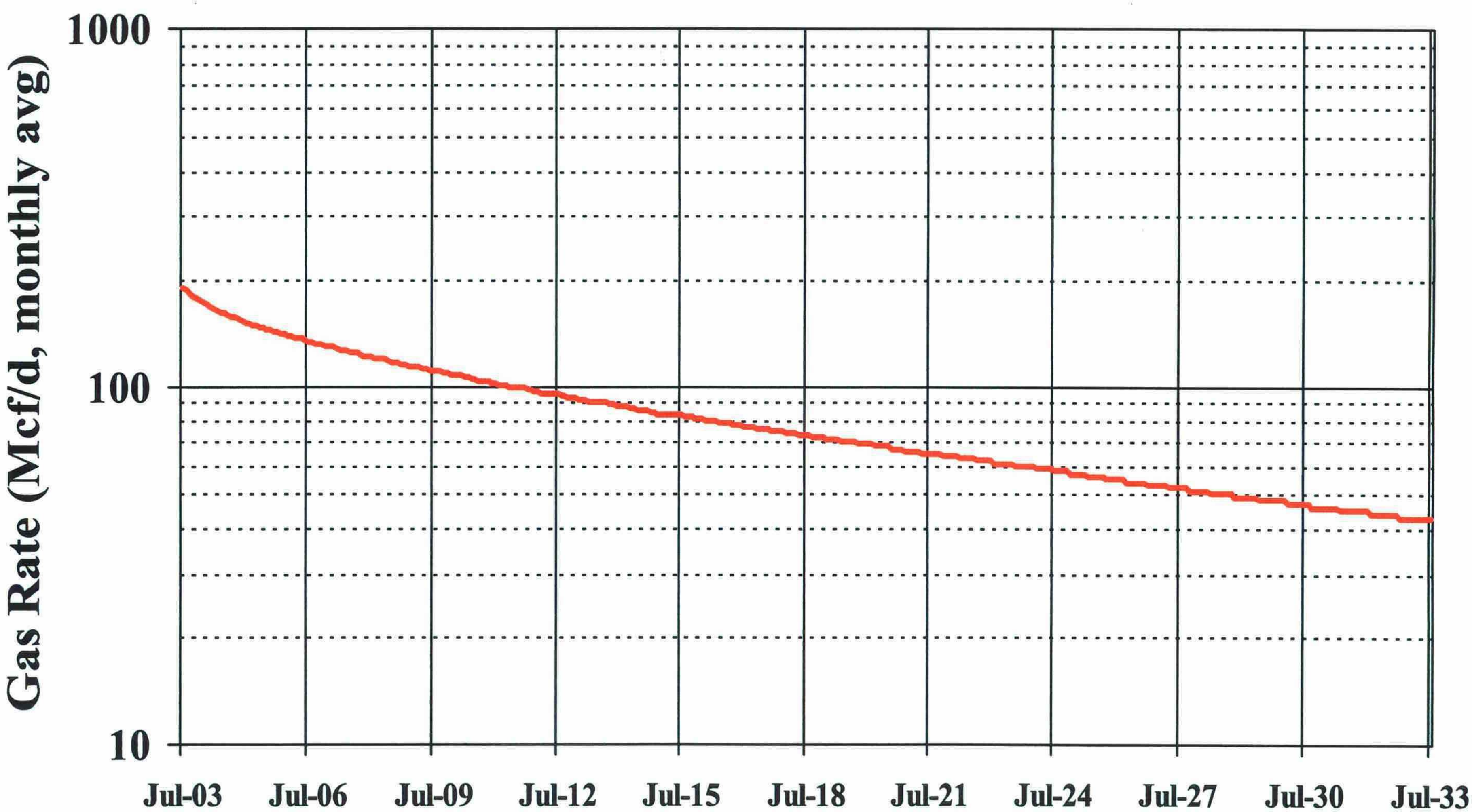


Infill Well Production Match



*Corrected to 24 hour flow rate

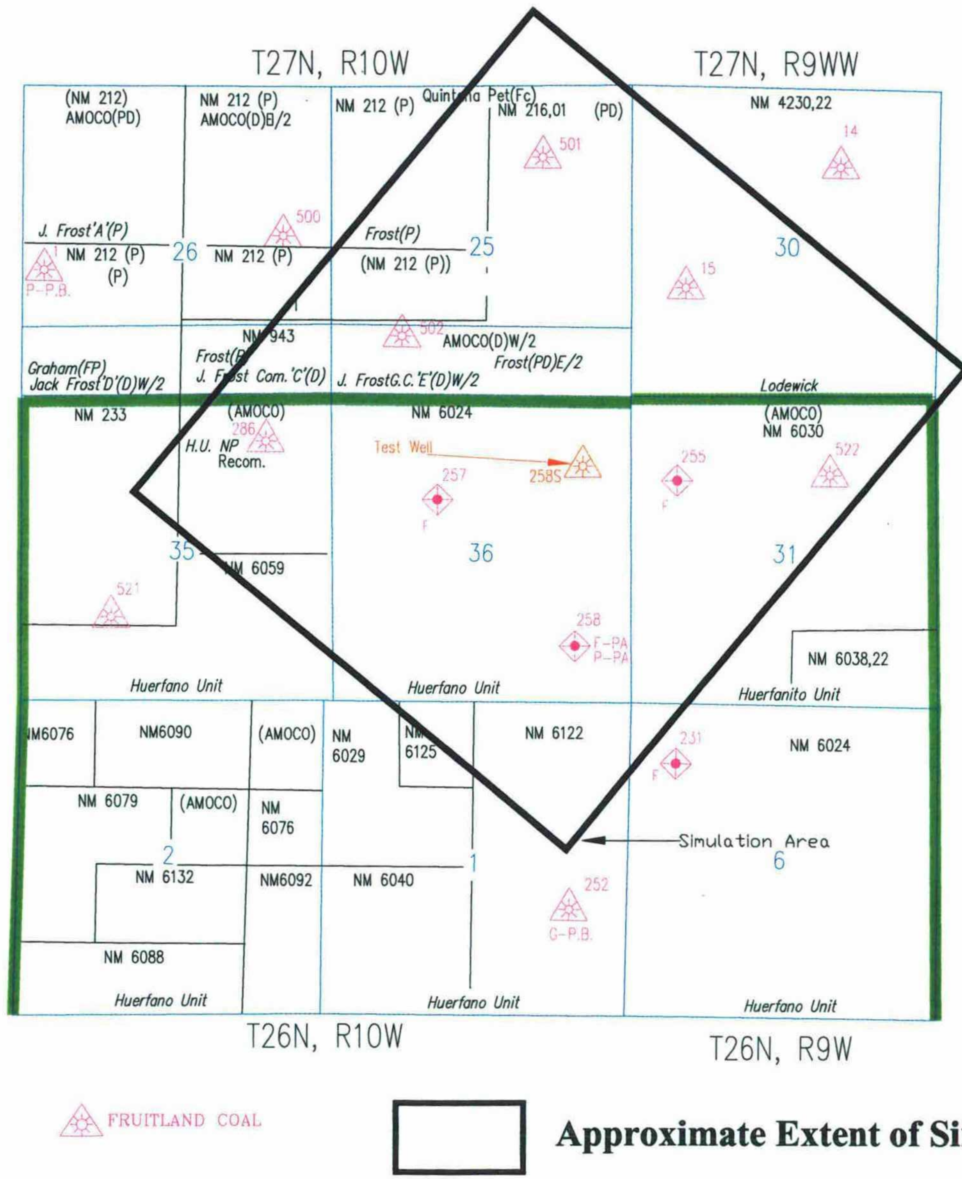
SJ 28-6 Area Infill Well Projection



Infill Recompletes Are Economic

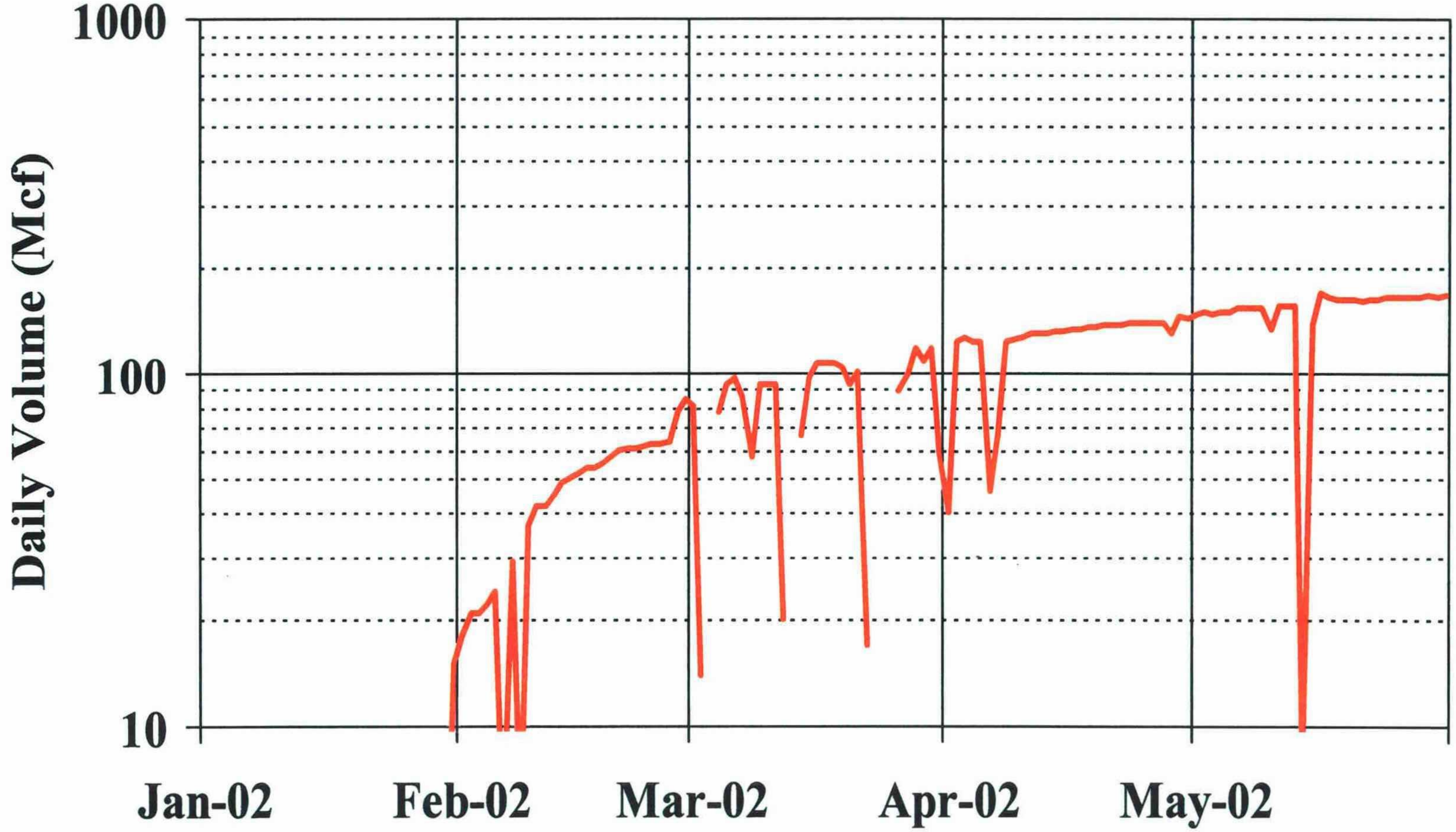
- After-tax Present Value = $173.7 M (Disc. @ 10%)
- Primary economic inputs/assumptions:
  - Incremental economics (160-acre case – 320-acre case)
  - Gas price = $3.25/mmbtu (NYMEX)
  - Operating costs = $1060/well/month
  - Capital costs = $200 M
  - GWI/NRI = 100/84

Huerfano Unit #258S Pilot Area



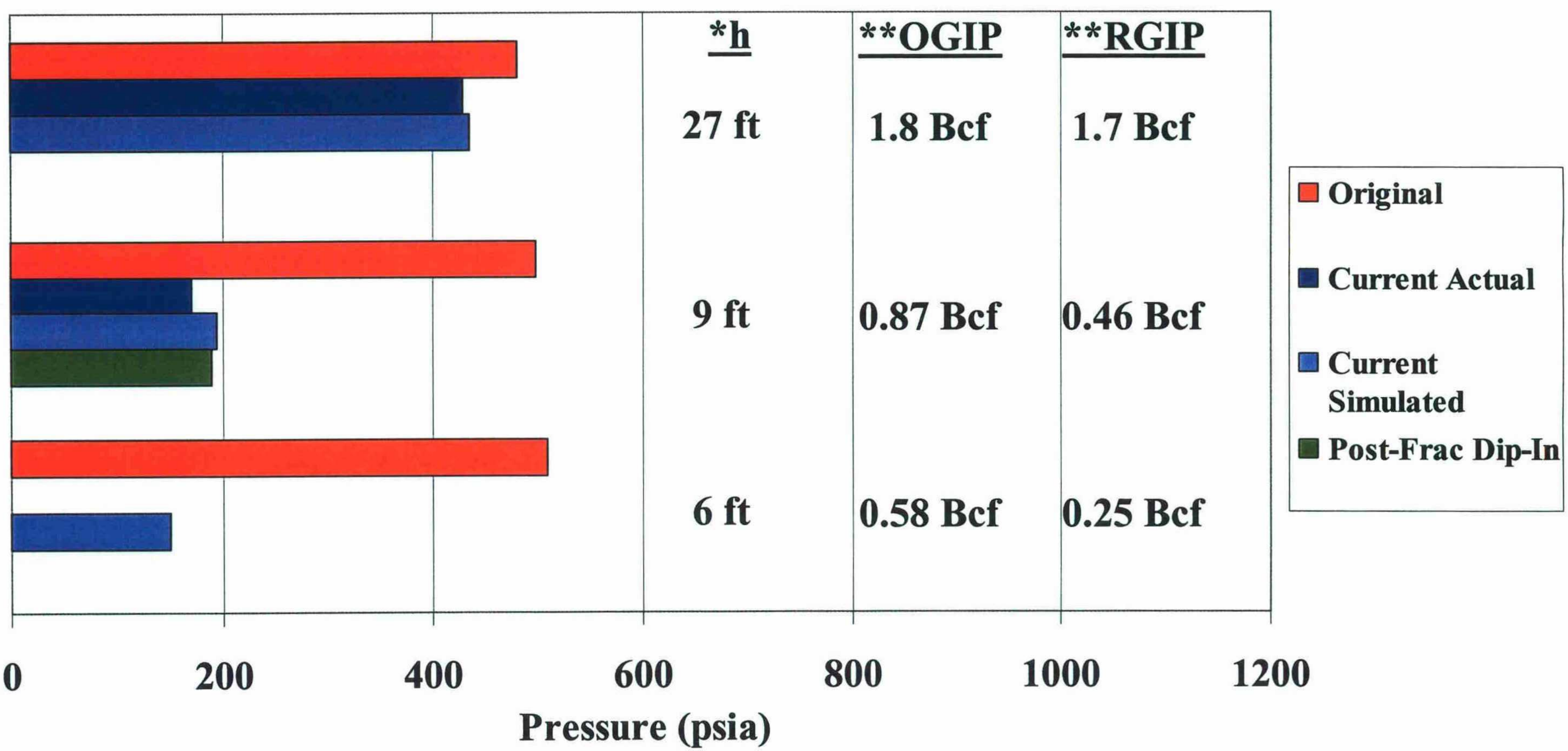
Approximate Extent of Simulation Grid Boundary

Huerfano Unit #258S



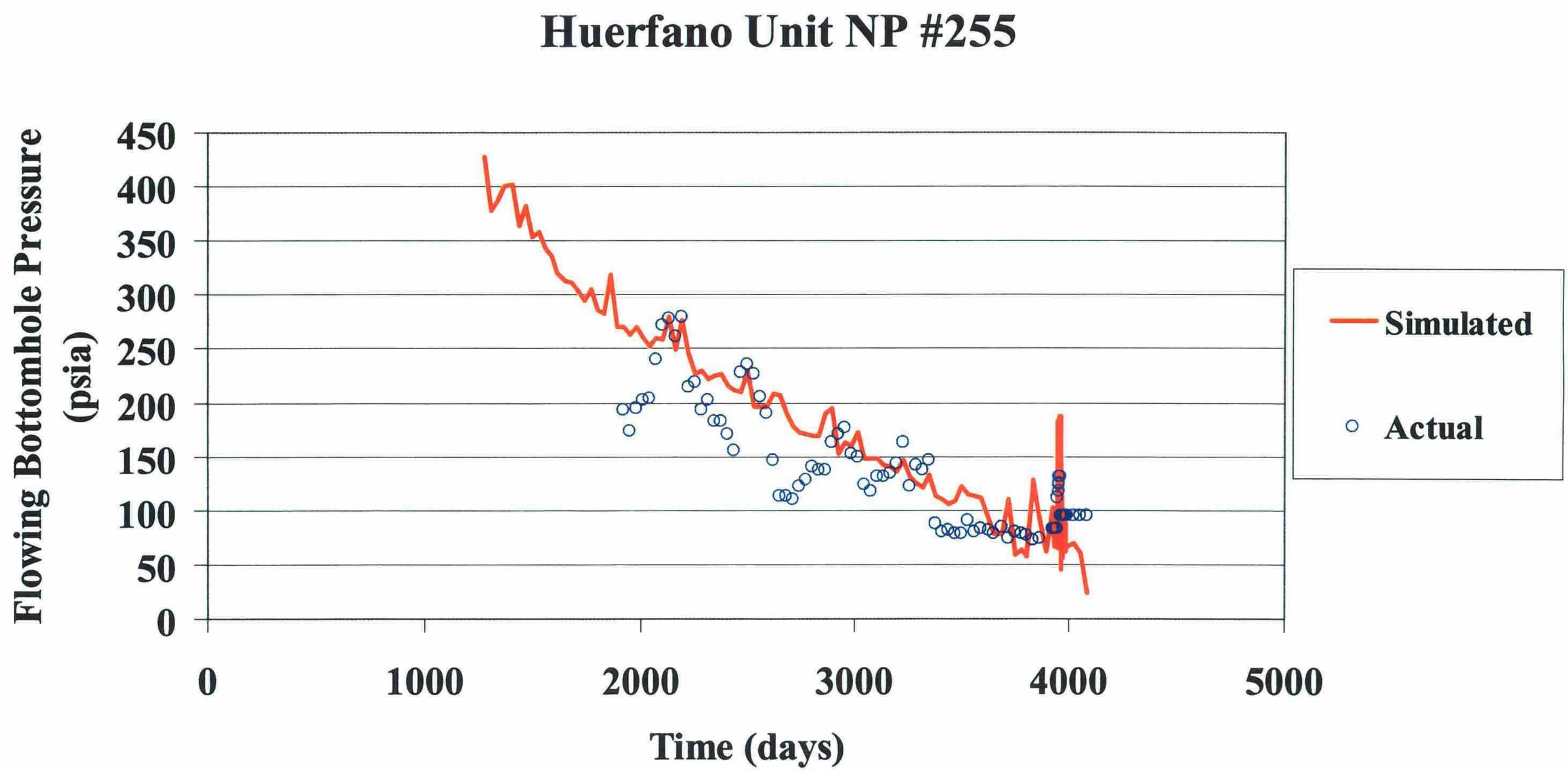
Infill Well Layer Pressure Match

Huerfano Unit #258S Layer Pressures

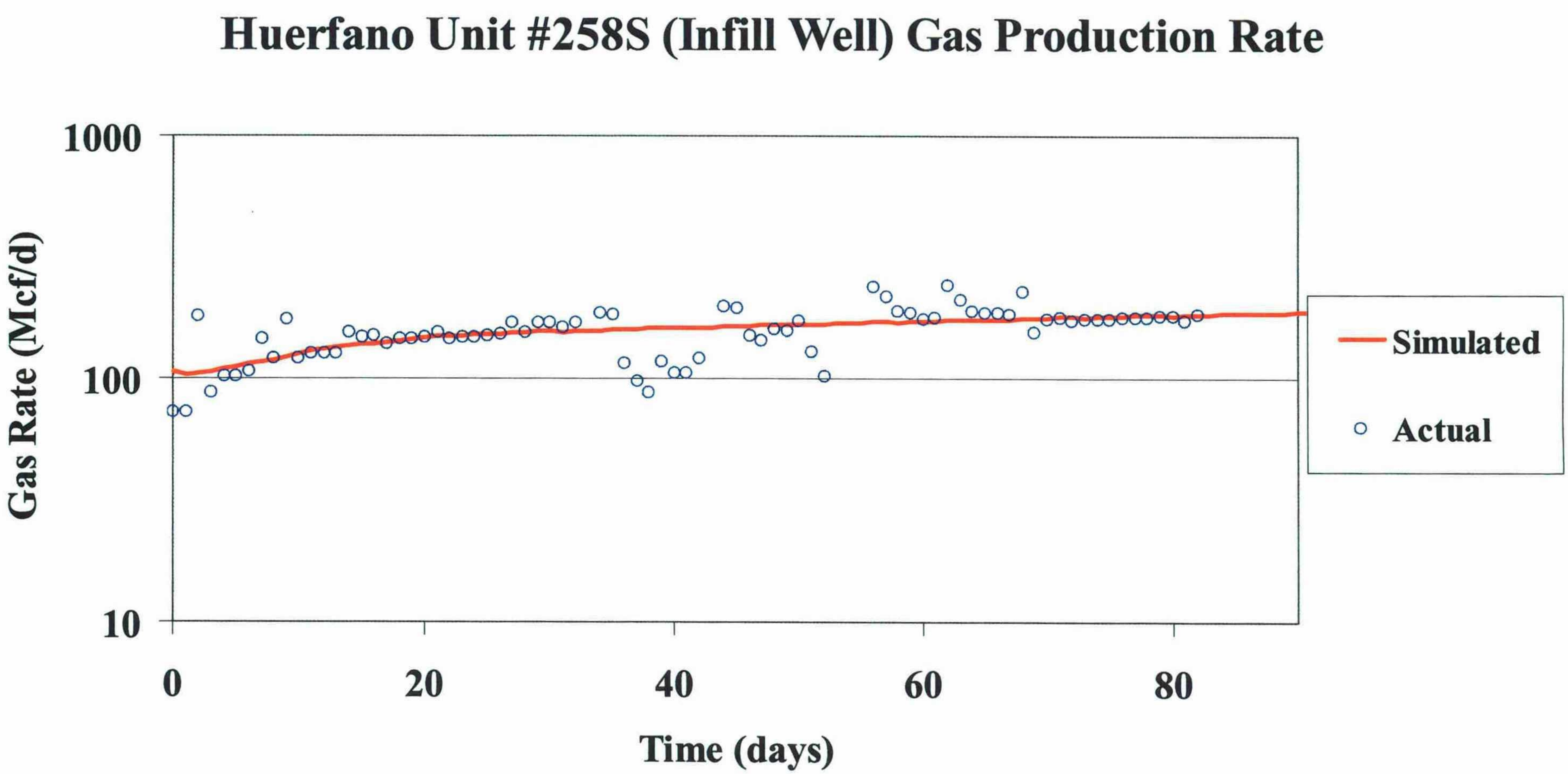


* Thickness At Infill Well **Model Average per 320

Offset Well Flowing Pressure Match

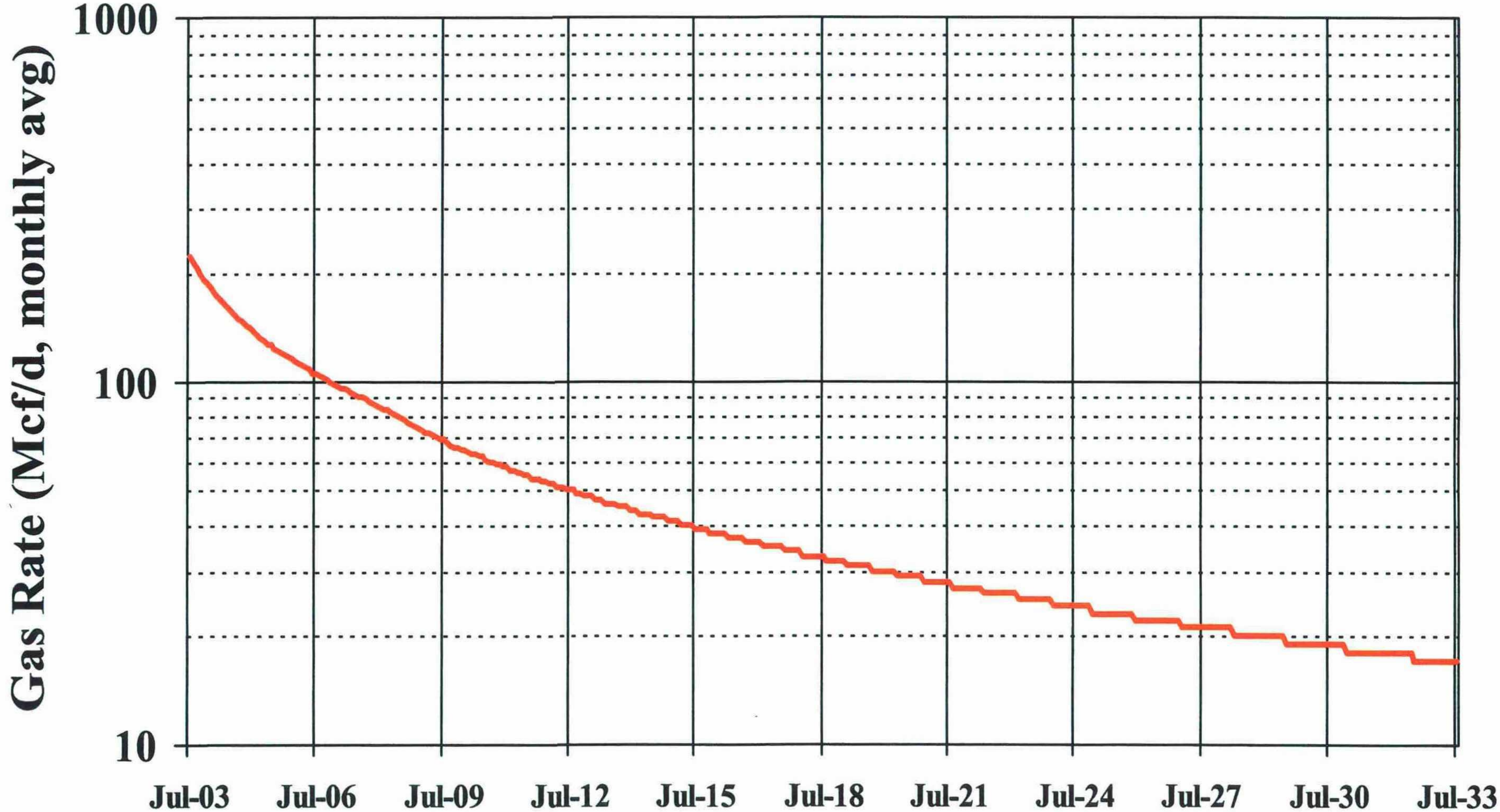


Infill Well Production Match



*Corrected to 24 hour flow rate

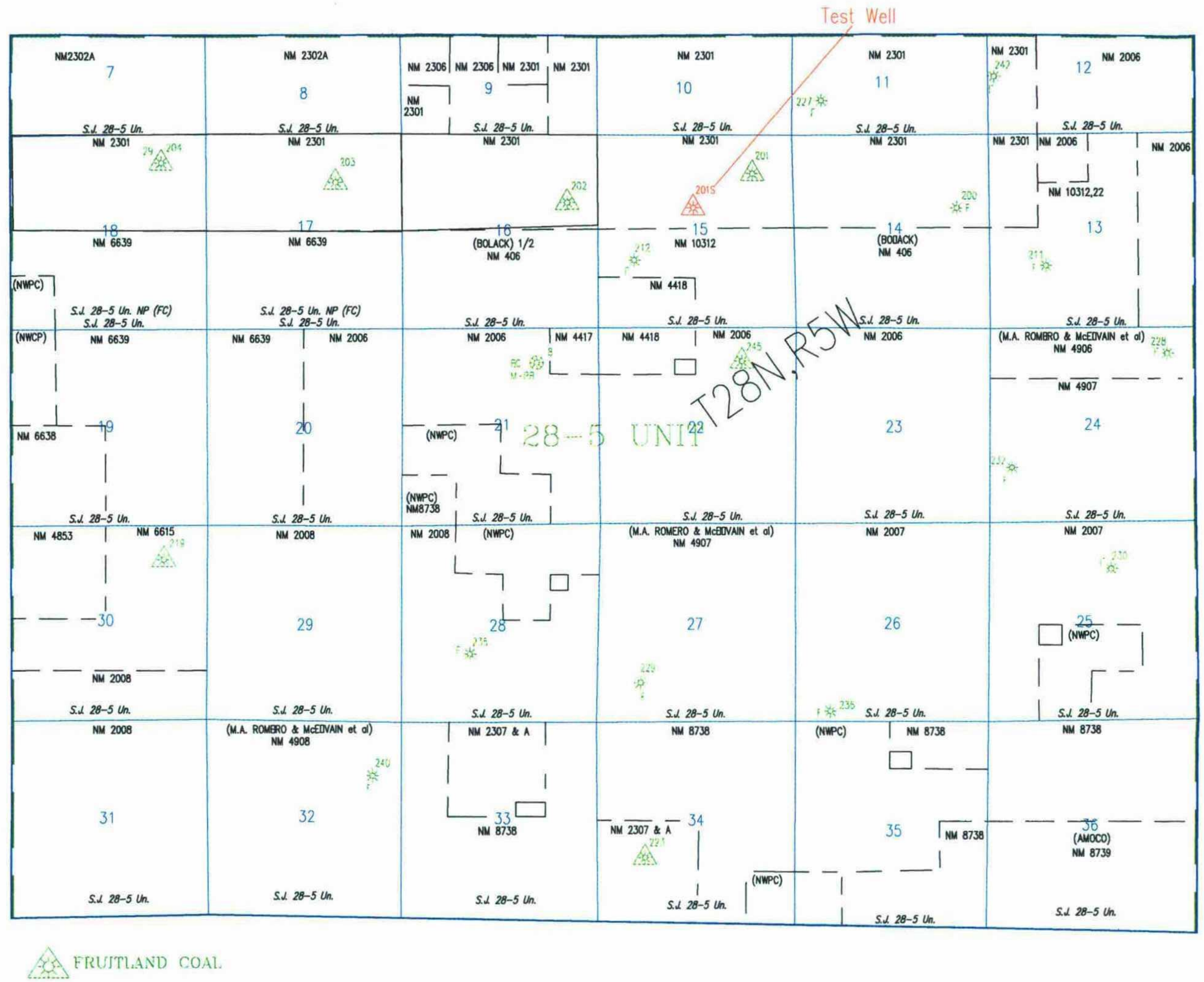
Huerfano Area Infill Well Projection



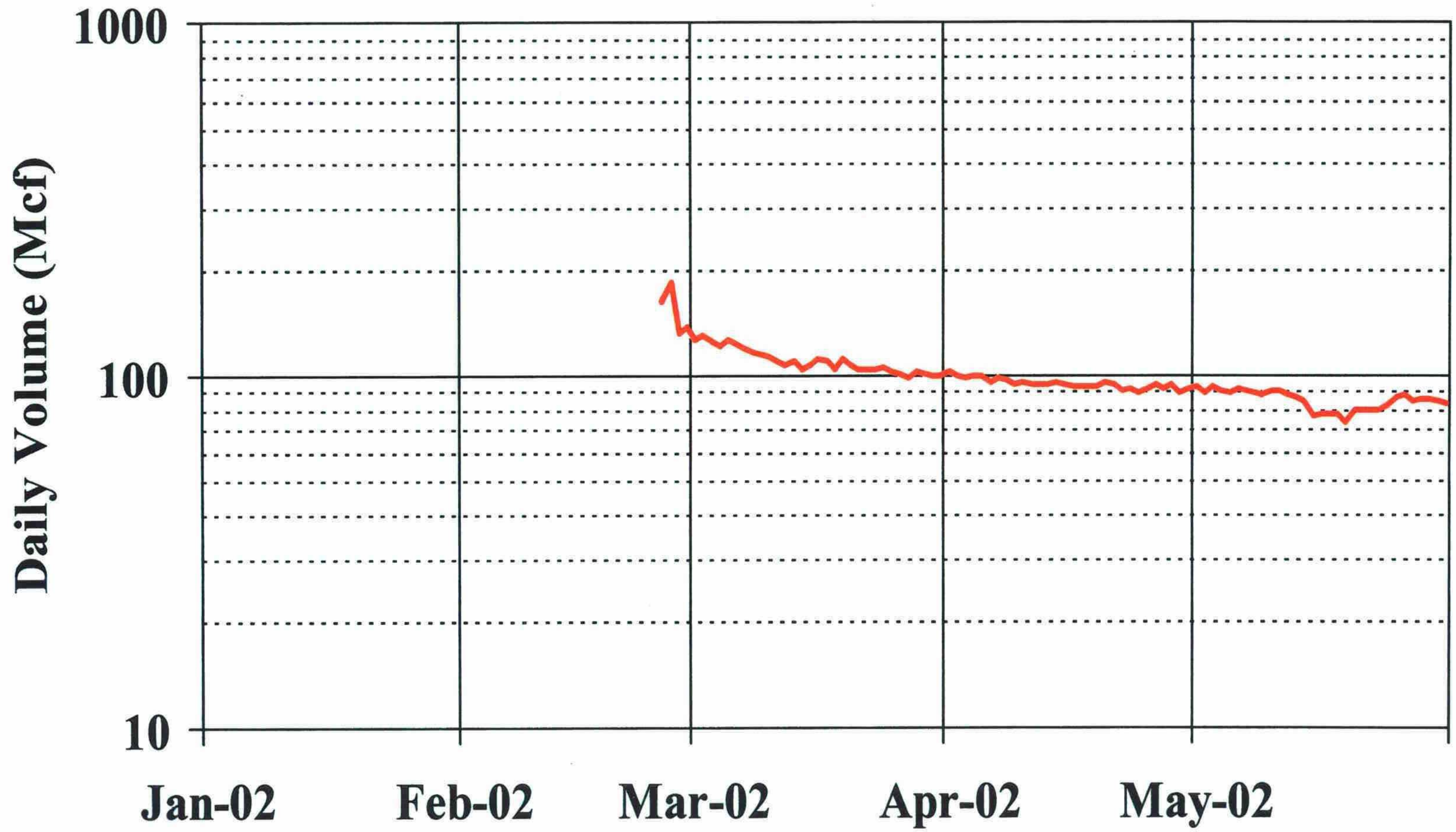
Infill Recompletes Are Economic

- After-tax Present Value = $13.0 M (Disc. @ 10%)
- Primary economic inputs/assumptions:
  - Incremental economics (160-acre case – 320-acre case)
  - Gas price = $3.25/mmbtu (NYMEX)
  - Operating costs = $1060/well/month
  - Capital costs = $200 M
  - GWI/NRI = 100/84

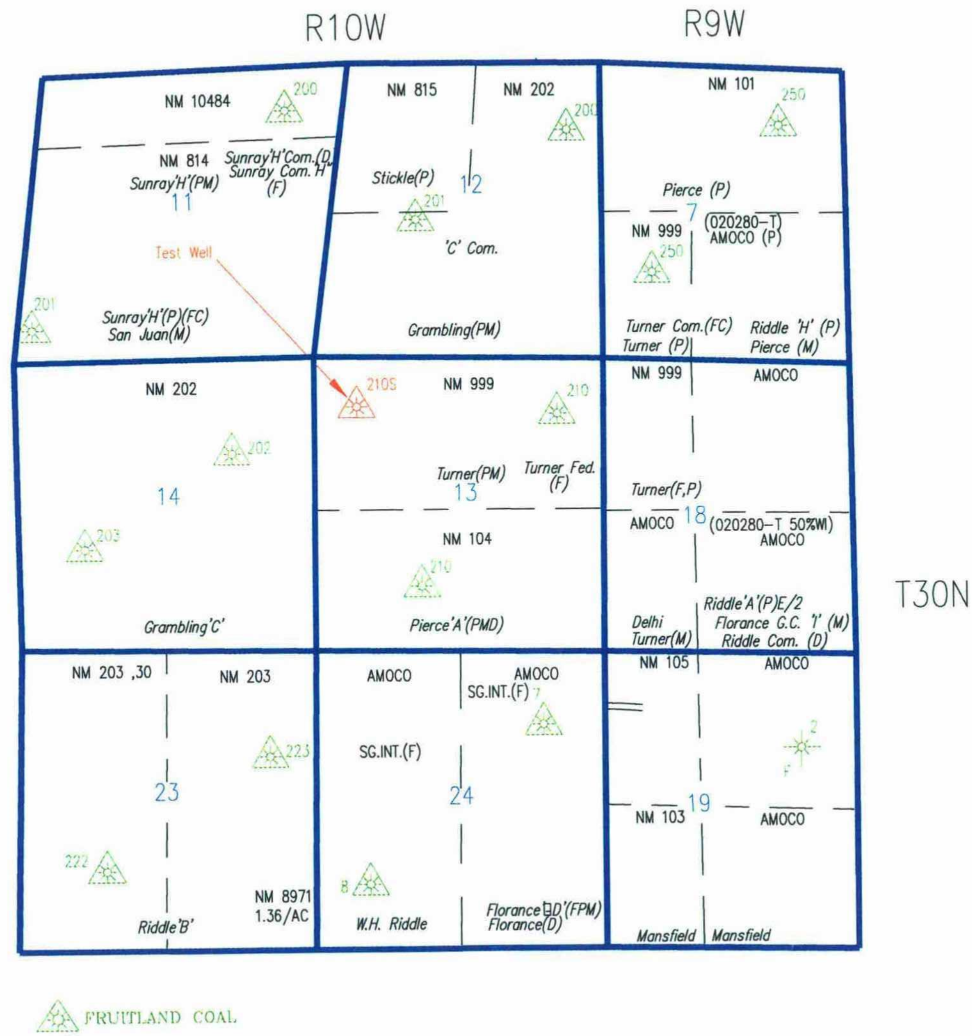
SJ 28-5 Unit #201S Pilot Area



SJ 28-5 Unit #201S



Turner Federal #210S Pilot Area



Turner Federal #210S