ALLOWABLE REDUCTION FORMULA

FOR PROPOSED UNORTHODOX WELL

1. Acre-feet under N/2 Section 27   –   5714

2. Acre-feet under N/2 Section 26   –   295

Ratio of productive acre-feet   =   2./1.

   =   295/5714

   =   5.2%

Average daily rate, East Kemnitz Com No. 1 = 3,354 MCF/D
   (from 7-1-83 to 2-1-84)

Recommended allowable for Proposed
   Unorthodox well   =   0.052 (3354 MCF/D)

   =   174 MCF/D