CALCULATION OF EFFECTIVE DRAINAGE AREA

| Property | Source |
|---|---|
| Avg. porosity = 10% | Logs, Peoples State 33-1, 32-1 |
| Avg. Net pay = 31 ft. | Avg. 33-1 & 32-1 wells |
| Avg. water sat. = 30% | Logs 33-1 & 32-1 wells |

$$OOIP = \frac{7{,}758 \; \phi \; Ah \; (1-Sw)}{Boi}$$

$$A = \frac{OOIP \; (Boi)}{7{,}758 \; \phi h \; (1-Sw)}$$

Using average OOIP from material balance

$$A = \frac{992{,}697 \; (1.519)}{7758 \; (.10) \; (31) \; (.70)}$$

$$A = 90 \text{ acres effectively in communication with the well}$$

EXHIBIT 4