

Estimate of Damage to Morrow

Recoverable Gas in Well = 1.5 Bcf

Loss due to Blanco 0.75 to 1.5 Bcf

Value of ~~Minimum Loss~~ = \$2.25 per Mcf x 0.75 (10)<sup>6</sup> Mcf  
= \$1.69 million

~~Discounted at 13% per year  
over 8 years~~ \$1.2 million

|                           |               |
|---------------------------|---------------|
| BEFORE EXAMINER QUINTANA  |               |
| OIL CONSERVATION DIVISION |               |
| YATES                     | EXHIBIT NO. 3 |
| CASE NO.                  | 8323          |