

Conclusions

- 1- The Fruitland Coal is undersaturated in the Deep Lease and Deep Lease Extension due to outcrop leakage
- 2- The level of undersaturation decreases in proportion to distance from the outcrop (generally southwest to northeast)
- 3- The gas reserves in the Deep Lease and Deep Lease Extension are directly affected by the undersaturation
- 4- Bottom hole pressure in the S8 Fruitland Coal varies from 60 psi in the southwest DL to 300 psi in the northeast DLE
- 5- Gas reserves per 160 acre FC/PC well varies from near zero in the southwest to 558 MMCF on the west edge of DLE
- 6- The Deep Lease average volumetric reserves per 160-acre well are estimated to be 116 MMCF for 23 wells
- 7- The Deep Lease Extension average volumetric reserves per 160-acre well are estimated to be 287 MMCF for 32 wells
- 8- Based on \$ 3.20 per MCF gas price, the minimum commercial well is in the range of 100-200 MMCF.
This price is based on the BLM Amended Resource Management Plan.
- 9- This was one price sensitivity evaluated. Reserves will increase or decrease based on gas price.
- 10- Performance based reserves for 3 wells in Deep Lease indicate average reserves per well of 20 MMCF
Performance based reserves for 14 wells in Deep Lease Extension indicate average reserves per well of 116 MMCF

San Juan Coal Co. Exhibit No. 60
Before the Oil Conservation Commission
Hearing Dates: October 29-31, 2002