

Abandonment Rate Calculation Single Reese Mesa FTC Well

AVG. COST OF ENERGY

Average Monthly Total LOE, Last 12 Months

\$2,800

Gas Price -/mmbtu

\$ 4.50

Less Shrinkage (Adjusted for 5% CO2)

\$ 4.28

Less Royalty (12.5%)

0.050

\$ 3.74

Less Severance and Ad Valorem (8%)

0.125

\$ 3.44

Monthly Abandonment Rate (Mcf/mo)

814

Daily Abandonment Rate (Mcf/d)

27

Daily Fuel Rate Mcf/d (Arrow 6-46 Motor)

2.4

Total Abandonment Rate (Mcf/d)

29

break even

add 50%
add 50%
add 50%

Current Recovery, Reese Mesa 101 & 101S

Reese Mesa 101	38.7 MMcf
Reese Mesa 101S	36.9 MMcf
Total	<u>75.6 MMcf</u>

Volumetric Original Gas in Place, 320 Acre
Current Remaining Gas in Place, 320 Acre

Current Recovery Factor in Drill Block:

0.9%

1200 JMD
0.9%

Estimated Ultimate Recovery, Reese Mesa 101 & 101S

EUR, Reese Mesa 101	38.7 MMcf
EUR, Reese Mesa 101S	378.6 MMcf
EUR, 320 Acre Drill Block	<u>417.3 MMcf</u>

Volumetric Original Gas in Place, 320 Acre
End of Life Remaining Gas in Place, 320 Acre

Estimated Ultimate Recovery Factor

5.2%

5.2%
To 1.000
1200 JMD

Reese Mesa 101 Static BHP

*think
we had
2*

Date	BHP psig	Notes
11/22/1988	1711	Initial Pressure from BHP gauge, Tefteller, Inc.
11/12/2008	1604	Calculated from Fluid Level & WHP gauge

Reese Mesa 8, Pressure Observation Well BHP

Date	BHP psig	Notes
5/31/2008	1605	Pressure from BHP gauge