

Fruitland Coal Increased Density Pilot Project

EUR Methodology

- Calculation of EUR's for parent and increased density wells is problematic
- One parent well, BR's Hamner 9, and seven increased density wells reflect inclining production volumes
- The majority wells have current nominal declines of less than 3%
- Three separate forecasts of gross remaining reserves were prepared
 - Lowside: current trend honored for 2 years, then 3% for 2 years followed by 5% for 3 years and 10% thereafter to economic limit of 450 MCF/mo.
 - Most Likely: Same as Lowside with 7.5% decline instead of 10%
 - Highside: Decline capped at 5%
- The Most Likely assessment is used in Recovery Factor calculations
- Most Likely forecast results in R/P ratio of around 15
 - Consistent with industry reserve lives in Rocky Mountain region
 - An R/P ratio of 15 years represents an actual reserve life of 35 – 45 years
- The Most Likely EUR results are now added to the Original Gas-in-Place table first for parent wells and then for increased density wells

4/16/2009

NMOCD Presentation

EXHIBIT

33