

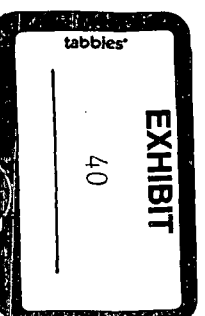
# Fruitland Coal Increased Density Pilot Project

## Increased Density Well Economics

- Gas Price
  - Average 12 Month NYMEX Strip Price as of 03/19/09 = \$5.00/MMBTU
  - San Juan Basin 2009 Basis Differential (estimate) = (\$1.00/MMBTU)
  - Net San Juan Basin Index Price = \$4.00/MMBTU
  - Residue Value (865 MMBTU/MCF after field & plant fuel + liquids shrink) = \$3.46/MCF
  - Gathering Fee = \$0.42/MCF
  - Processing Uplift = \$0.75/MCF
  - Net Price After Adjustments = \$3.79/MCF
- Gross Revenue for Incremental Reserves (@ 1,276 MMCF EUR)
  - \$4,836K
  - Less Royalty @ 18% (Before Gathering Fee) (\$870K)
  - Less Production and Ad Valorem Taxes @ 10% (After Royalty) (\$397K)
  - Less Operating Cost @ \$1.05/MCF (\$1,340K)
  - Less Drilling, Completion & Equipment Cost @ \$400K (\$400K)
- Net Revenue per Location (@ 1,276 MMCF EUR)
  - \$1,829K
- Economic Results
  - EUR = 1,276 MMCF: IRR = 20.1%, NPV10 = \$366K
  - EUR = 992 MMCF: IRR = 19.4%, NPV10 = \$296K
  - EUR = 894 MMCF: IRR = 19.0%, NPV10 = \$268K
  - EUR = 766 MMCF: IRR = 18.6%, NPV10 = \$235K

4/16/2009

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