

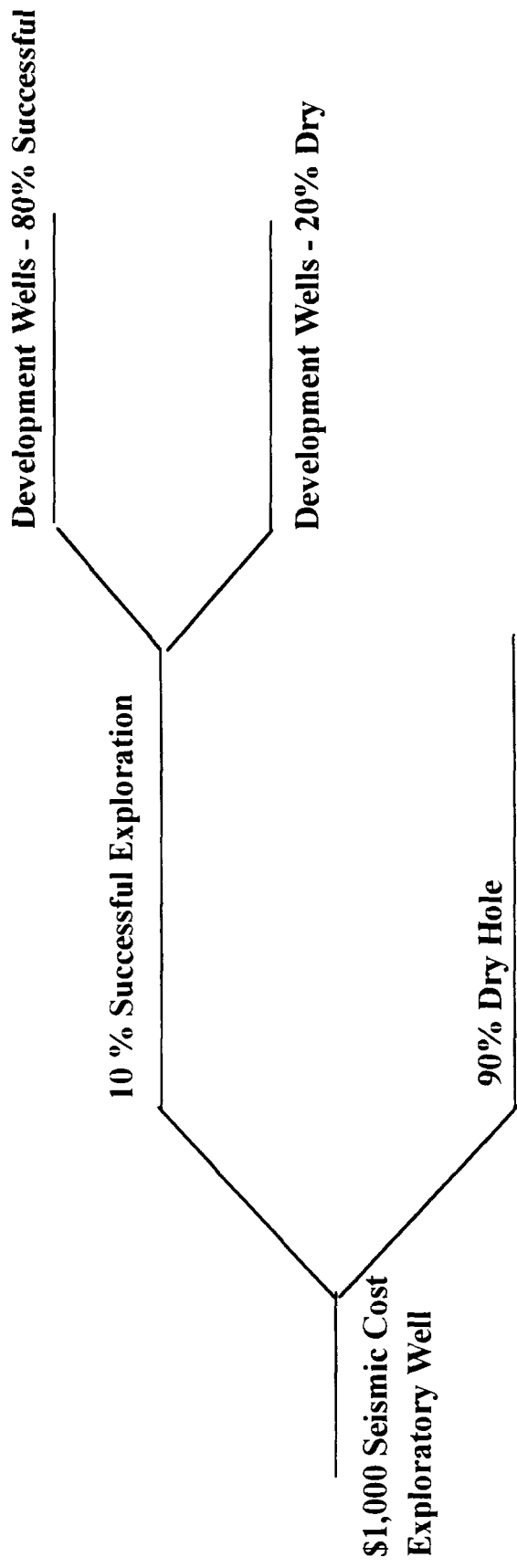
Exploration Economic Analysis

Exploration Case

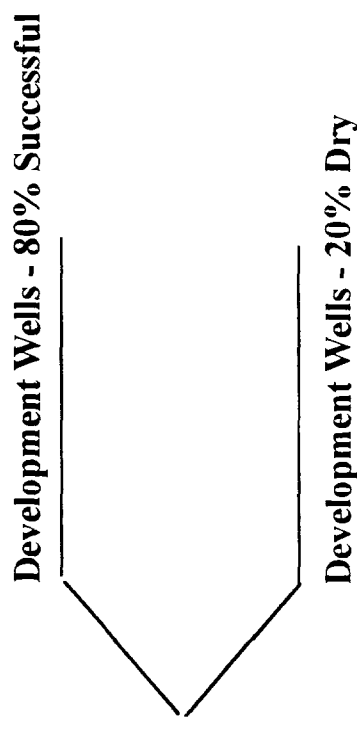
- \$1,000,000 Seismic Cost
- \$1,000,000 Completed Well Cost
- \$500,000 Dry Hole Cost
- Initial Rate - 5 MM/D
- EUR - 7 Bcf
- 10% Probability of Discovery
- 10 Development wells at 80%
Probability of Success

Exploratory Case

- Exploring Company pays for Seismic with Development Wells
- Offset Owners Have No Seismic Costs to Recover
- Offset Owners Do Not Have The Exploratory Risk of Discovery of The First Well

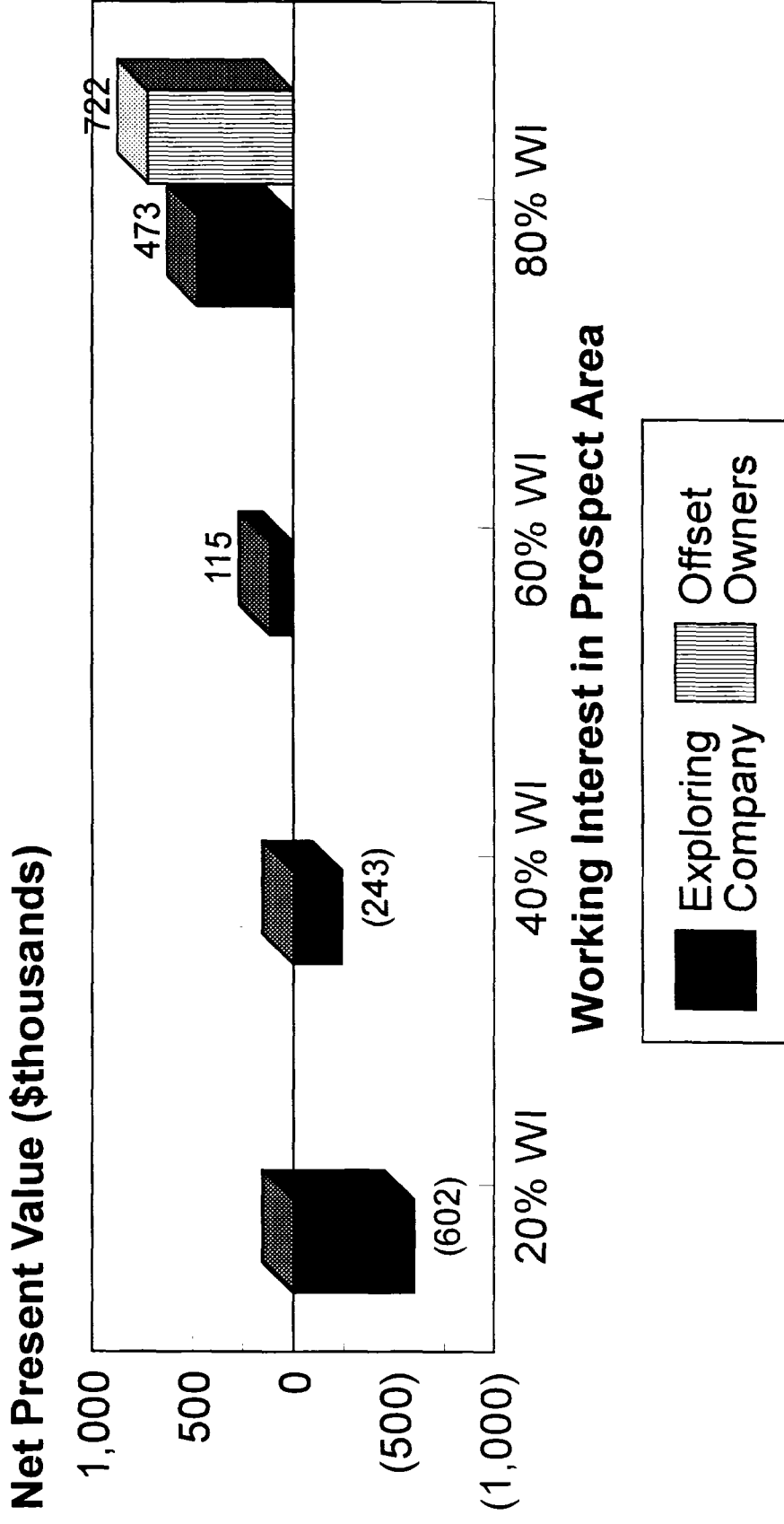


Exploring Company Economics



Offset Owner Economics

Exploratory Case



Offset owners has 80% Working interest and No Seismic Costs
Exploring Company has \$1,000 Seismic Cost to Recover