

Rainier State #1 Reserve Calculations

1. Reserves are based on other wells in field or in immediate area.
2. Reserves are based on water-cut forecast. Other wells in field were basically deemed uneconomic once water-cut of 95% was surpassed.
3. Rainier State #1 reserves are estimated based on water-cut forecasted to 95%, thus yielding reserve estimate of 287 MBO (see graph).