

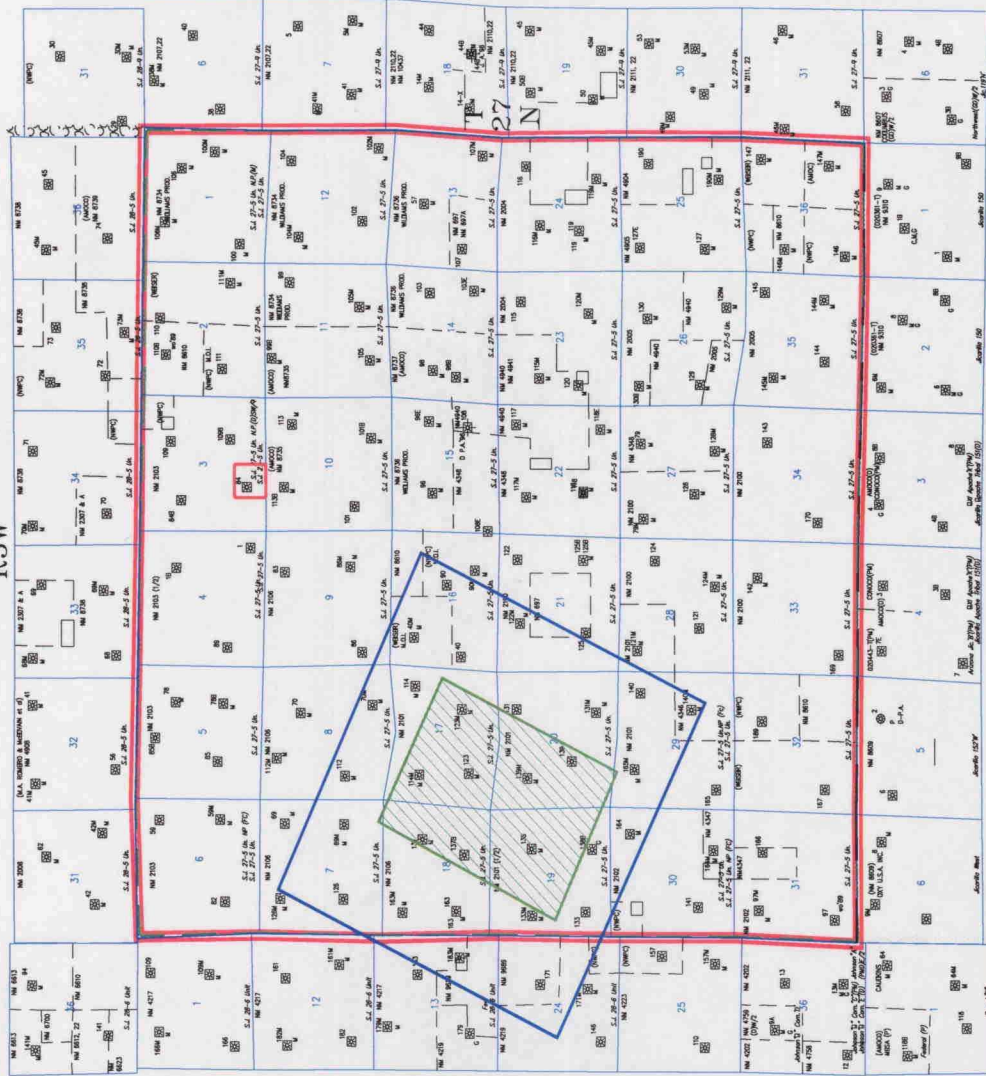
San Juan 27-5 Pilot Summary

- Adequate data was obtained
 - Layer pressure
 - Production rates
- Basin petrophysical model was calibrated
- Simulation model projections are more certain
- 80-Acre commingles are economically viable

San Juan 27-5 Pilot Reservoir Model

- 4 layer, dual porosity model
 - Two Wells, Paguate, Cubero, Lower Cubero
- History match and base projection
 - 51 x 51 x 4 grid
 - 4800 acres, 31 existing wells
- 3rd and 4th well per GPU
 - 1280 acres, 8 existing wells
 - 8 increased density wells

SIMULATION AREA SAN JUAN 27-5 UNIT R5W



- DAKOTA PARTICIPATING AREA
- 24th Expansion Effective 11/1/73
- SIMULATION AREA
- FOCUS AREA

Buffer Zone
BURLINGTON
RESOURCES
LAND DEPARTMENT

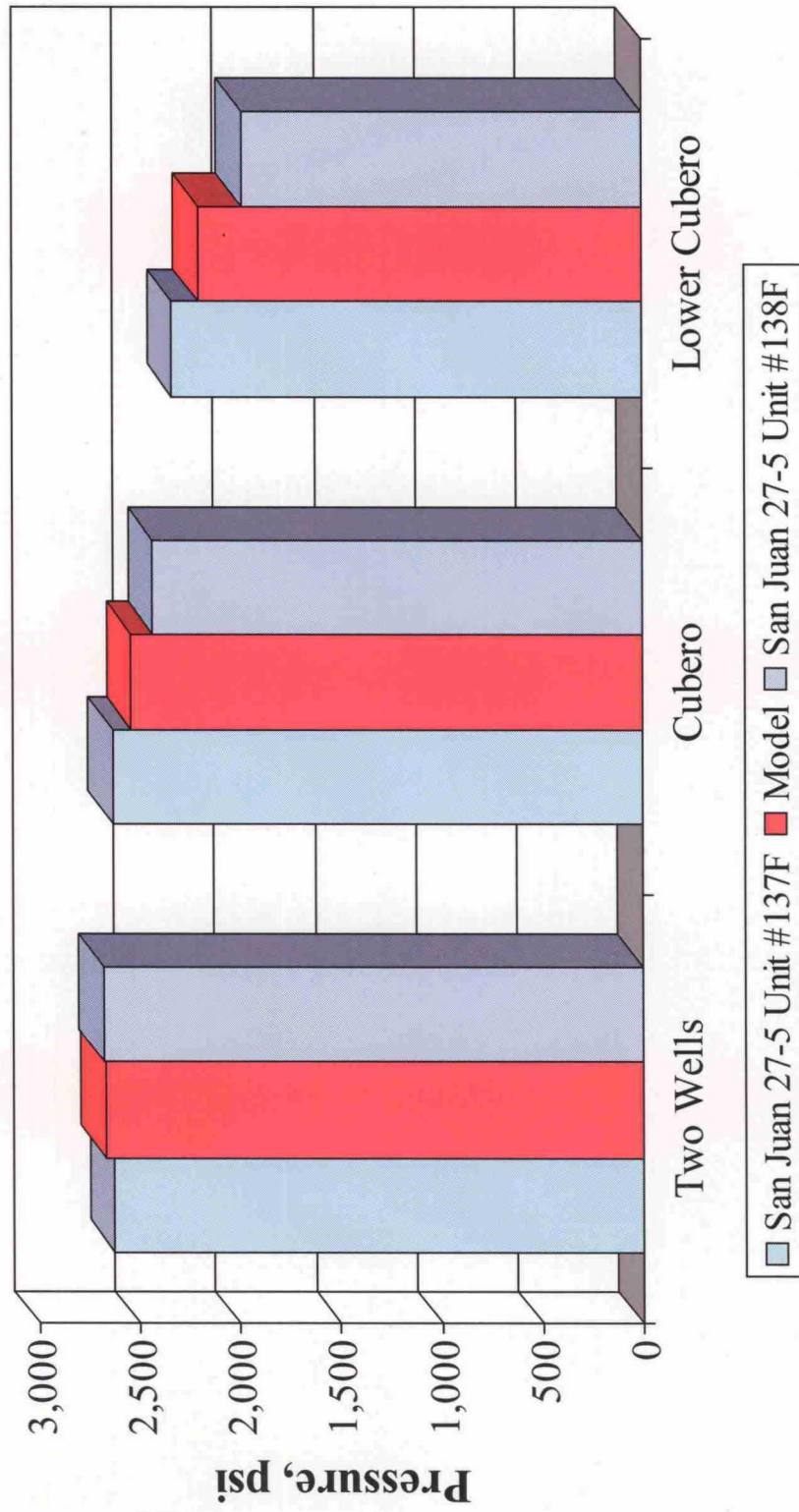
San Juan 27-5 Unit Pilot Pressure

Data for Simulation

- Data acquisition
 - Two successful multi-layer test
 - Two unsuccessful multi-layer tests
 - Four dip-ins
- Pressures matched in simulation
 - Two Wells
 - 2623 – 2675 psi
 - Cubero
 - 2429 – 2629 psi
 - Lower Cubero
 - 1984 - 2328 psi

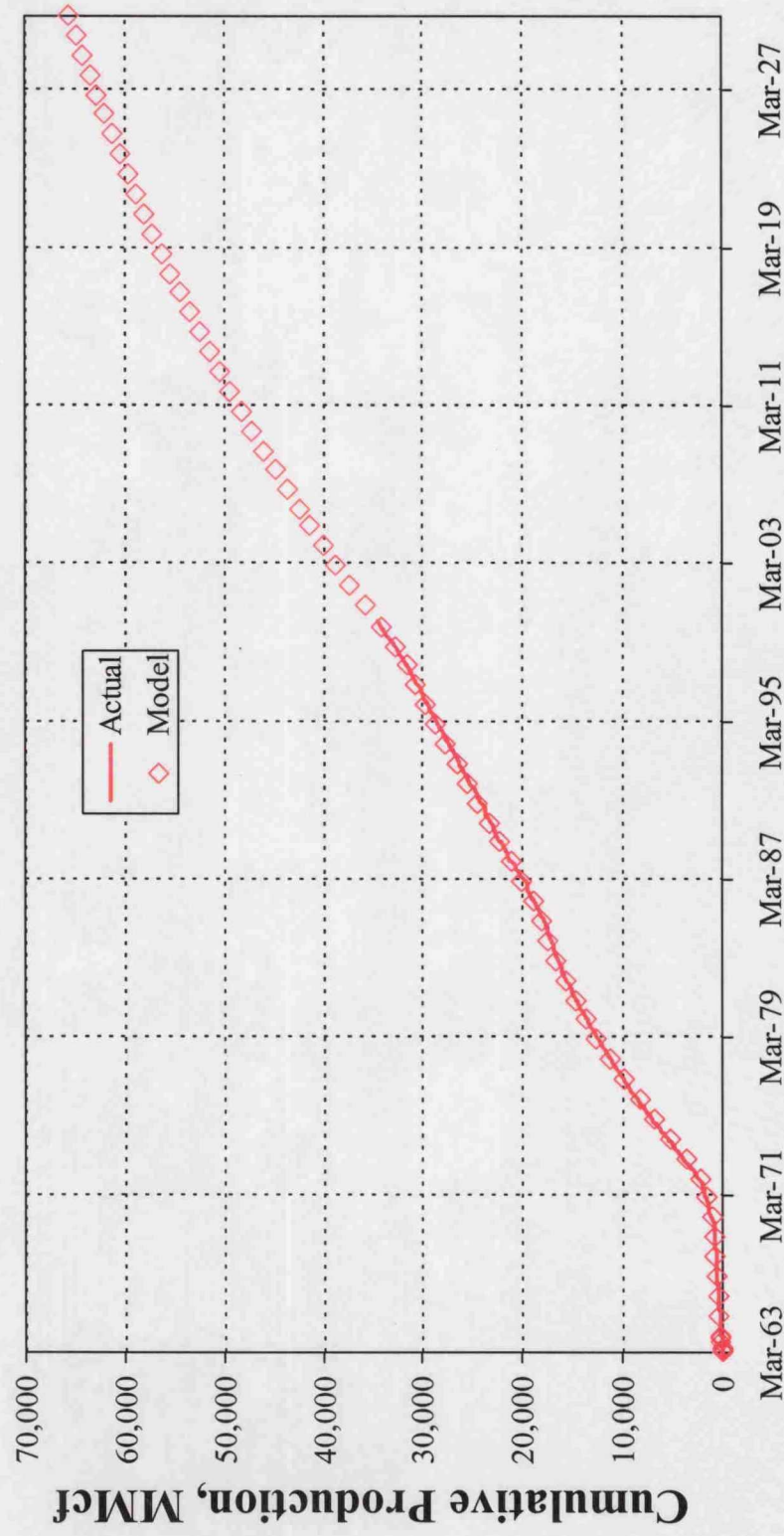
Handwritten notes:
2623
2675
2429
2629
1984
2328

San Juan 27-5 Pilot Pressure Match

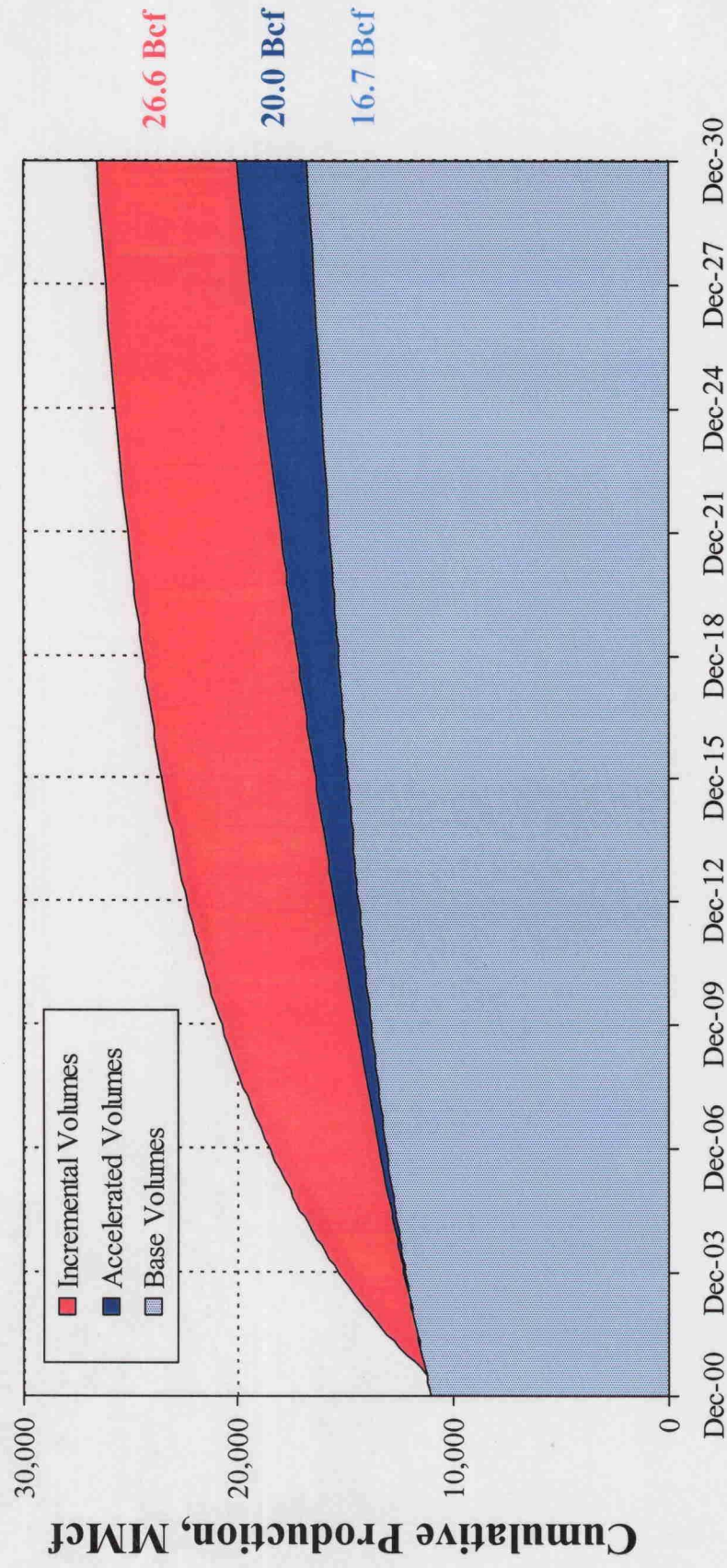


San Juan 27-5 Pilot History

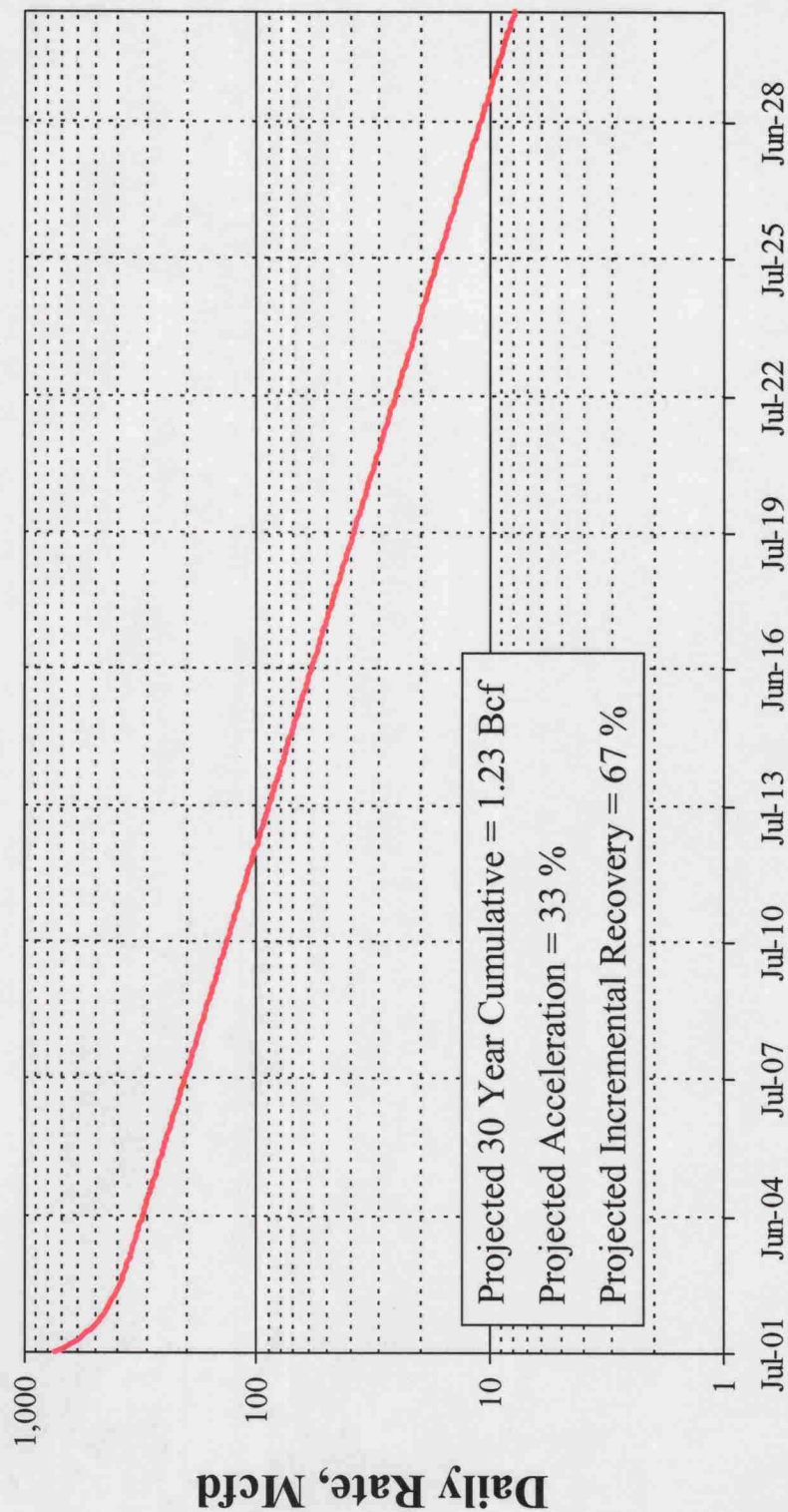
Match and Base Projection



San Juan 27-5 Pilot Increased Density Recovery Profile



San Juan 27-5 Pilot Individual Well Projection



San Juan 27-5 80-Acre Drilling is Economic

- **Base case NPV = \$3.4 MM**
 - 8 existing wells
 - No additional development
- **80-Acre case NPV = \$6.8 MM**
 - 8 existing wells
 - 8 80-acre tails
- **Primary Economic Inputs**
 - \$2.75/mmbtu gas price
 - \$190,000/well incremental capital for Dakota tail
 - \$400/well/month op costs

