

The subject well was completed in August 1981, therefore, oil production from both zones is considered newly discovered and will receive \$35.00/bbl.

The Lagrone No. 1 is currently producing approximately 8 BOPD from the Mississippian, therefore, production of over 8 BOPD will be allocated to the production from the Penn formation.

Enserch Exploration, Inc. is the operator of all offsetting production and has 100 percent Working Interest in the subject well.

The Mississippian and Pennsylvanian formations have a common royalty interest.