



ORIGINAL

BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION  
AND ESTABLISHMENT OF FIELD RULES TO  
GOVERN OPERATIONS IN THE BRUSH  
CREEK FIELD, MESA COUNTY, COLORADO

CAUSE NO: 429  
ORDER NO:  
DOCKET NO: 0808-AW-24

RECEIVED  
AUG 28 2008  
COGCC

VERIFIED STATEMENT OF JOHN L. OBOURN, JR.  
CONTRACT LANDMAN

In support of the request for Director approval of the Verified Application of Plains Exploration & Production Company, on behalf of its affiliates and joint owners (collectively, "Applicant"), in Cause No. 429, Docket No. 0808-AW-24, pursuant to Rule 511.b., John L. Obourn, Jr., contract landman for Plains Exploration & Production Company, upon oath, deposes and states as follows:

I am currently employed as a contract landman for Plains Exploration & Production Company. I have been and am presently responsible for and have knowledge of land matters related to Township 9 South, Range 94 West, Section 15: NW/4, W/2NE/4, NW/4SE/4 and ~~Section 21 NE/4NW/4~~, Mesa County, Colorado ("Application Lands").

- (a) I have testified previously as an expert witness in petroleum land matters before the COGCC or before Hearing Officers of the COGCC. Attached is a copy of my resume prepared by me. Also attached are Exhibits L-1 and L-2, which were prepared by me or under my direction and control. I have reviewed the exhibits and to the best of my knowledge and belief, the exhibits are correct and accurate as of the date of this Verified Statement.
- (b) Exhibit L-1 is a General Location Map of Applicant's leased lands in Township 9S R94W surrounding and including the Application Lands. Exhibit No. L-1 highlights the Application Lands where Plains Exploration & Production Company proposes the drilling of Mesaverde Group (includes Mesa Verde and lles formations) wells on a 10-acre density pattern. Applicant owns or operates working interest/leasehold interests within and the lands depicted in yellow on the attached Exhibit No. 1.
- (c) At this time, Applicant proposes to directionally drill into the Application Lands from surface locations outside the Application Lands. At such time as Applicant determines that use of the surface within the Application Lands is necessary, Applicant will comply with all rules of the COGCC, including but not limited to Rules 305 and 306, and all other applicable rules and regulations relative to surface use and will provide the COGCC with any Surface Use Agreement or other agreement entered into with the surface owner governing operations on lands that would fall within the Application Lands.

- (d) Exhibit L-2 shows the aerial extent of prior COGCC-approved 10-acre density infill density orders [most recent Orders are Nos. 429-5, 429-6, and 429-8 (Order No. 429-7 was corrected), in the Brush Creek Field for the Mesaverde Group/Formation, that are adjacent to/in the vicinity of the Application Lands at issue in this docket.
- (c) I have not been advised of and am not aware of any protests to this current Verified Application.
- (e) The parties identified on the Exhibit A to the Verified Application are the parties entitled to notice under the rule of the COGCC.



***Exhibit to Cause No. 429  
Order No.  
Docket No. 0808-AW-24***

***August 13, 2008***

***RESUME OF JOHN L. OBOURN, JR.***

Having left management in the Banking Industry, I entered the Oil and Gas Industry in 1981 as an independent petroleum landman, primarily engaged in field work. From 1981 to present, I have worked continuously as an independent landman, representing many companies and individuals with field and in house projects in the regions listed below. Land related services that I have performed and continue to perform are more specifically set out below.

***EDUCATION***

1978 Graduate of Arizona State University  
Bachelor of Science Degree in Business Administration  
Major – Finance/Real Estate  
Minor - Mathematics

***REGIONS WORKED***

Rocky Mountain, Mid Continent

***RIGHT OF WAY SERVICES PERFORMED***

Due Diligence on Acquired Pipeline Systems ranging in size from \$100,000.00 to \$50,000,000.00;  
Negotiation and Acquisition of Rights of Way for Unregulated Gas Gathering and Regulated Transmission Lines;  
Preparation and filing of Federal, State, BIA and County Applications, Permits and Licenses;  
Attendance of “on-site” and pre-construction meetings;  
Presentations at City and County Public Hearings;  
Coordination of Right-of-Way Agreements and Contractual Obligations with General Contractor throughout construction phase;  
Provide Lead Contact in Landowner Relations.

***CONSULTING SERVICES PERFORMED***

Negotiation of Property Sales and Farmout Agreements;  
Attendance of Property Closings;  
Attendance of Unit Meetings;  
Review and Approval of AFE's and Joint Interest Billings;  
Preparation of Mineral Owner/Lessee Notification Lists for Real Estate and Alternative Energy Projects;  
Valuation of Producing and Non-producing Mineral/Leasehold Interests for IRS Purposes.

***LAND SERVICES PERFORMED***

Due Diligence for Acquisitions Ranging in Size From \$100,000.00 to \$900,000,000.00;  
Assistance with Data Room organization and supervision;  
Preparation of Title Chains and Cursory Abstracts for Opinion Preparation or Update Purposes;  
Examination of Fee, Federal and State Records;  
Preparation of Leasehold and Title Reports;  
Leasing, Payment of Drafts, Acquisition of Lease and Title Opinion Curative;  
Examination of Oil and Gas Commission Records for Spacing Requirements and Permits;  
Negotiation of Surface Use Agreements and Damage Settlements.

**RESUME OF JOHN L. OBOURN, JR.**

**Page 2.**

**EXHIBIT to Cause No. 429 (Continued)**

**ORGANIZATIONS/DESIGNATIONS**

Denver Association of Petroleum Landmen - Member since 1981  
American Association of Petroleum Landmen - Member since 1981  
Independent Petroleum Association of Mountain States - Member since 1997  
Western Slope Chapter of Colorado Oil & Gas Association – Member since 2001  
Certified Professional Landman No. 4031 - Exam passed in 1990 and renewed thereafter  
Licensed Colorado Real Estate Broker - Active Status as of 1978  
Licensed Wyoming Real Estate Broker - Active Status as of 2002  
Colorado Notary Public  
Guest Speaker at Denver Association Lease Title Analysts monthly luncheon - May 1997  
Topic: Leasing and Field Land Practices  
Guest Speaker at Denver Association Lease Title Analysts monthly luncheon - May 1998  
Topic: Adverse Possession  
Co-Chairman DAPL Ski Day 1995-2007

**PRIOR EXPERT WITNESS TESTIMONY TO COGCC**

SWD LLC - July 2002  
Plains Exploration & Production Company – January 2008, Cause No. 429-7

**REFERENCES**

Mr. M. Randolph Pharo  
Sr. Vice President, General Counsel  
St. Mary Land & Exploration, Inc.

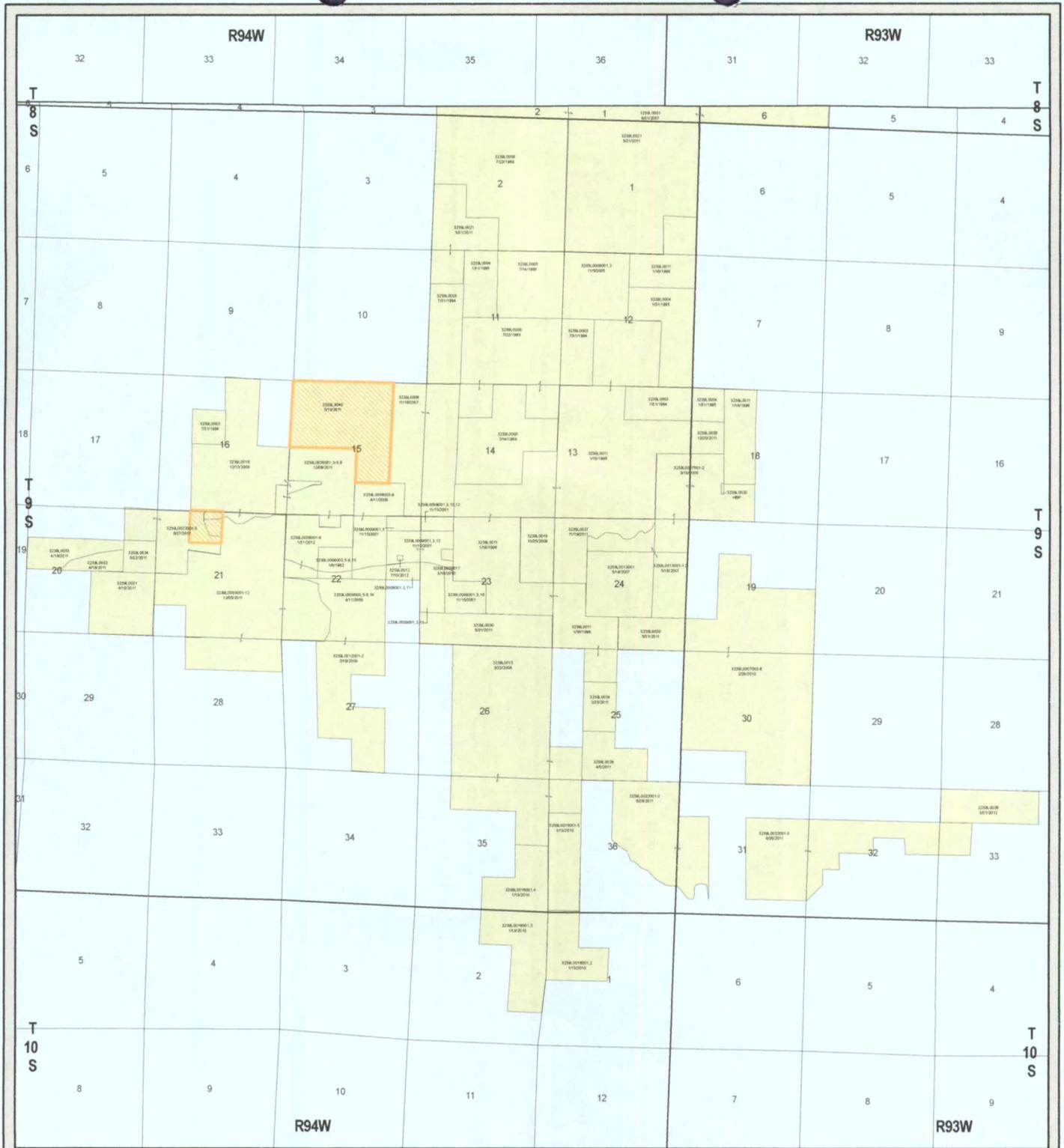
Mr. Gregory R. Danielson  
Attorney at Law  
Davis Graham & Stubbs LLP

Mr. Peter J. Bjork  
Attorney at Law  
Bjork Lindley Little P.C.

Mr. James H. Peay  
Vice President Land  
MAK-J Energy Operating Co. LLC  
Past President Denver Association of Petroleum Landmen

Mr. Raymond J. Singleton, Jr.  
President, Basic Earth Science Systems, Inc.  
Past President Independent Petroleum Association of Mountain States

Additional references available upon request.



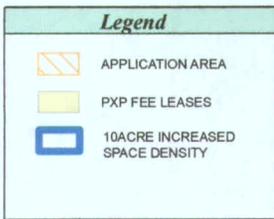
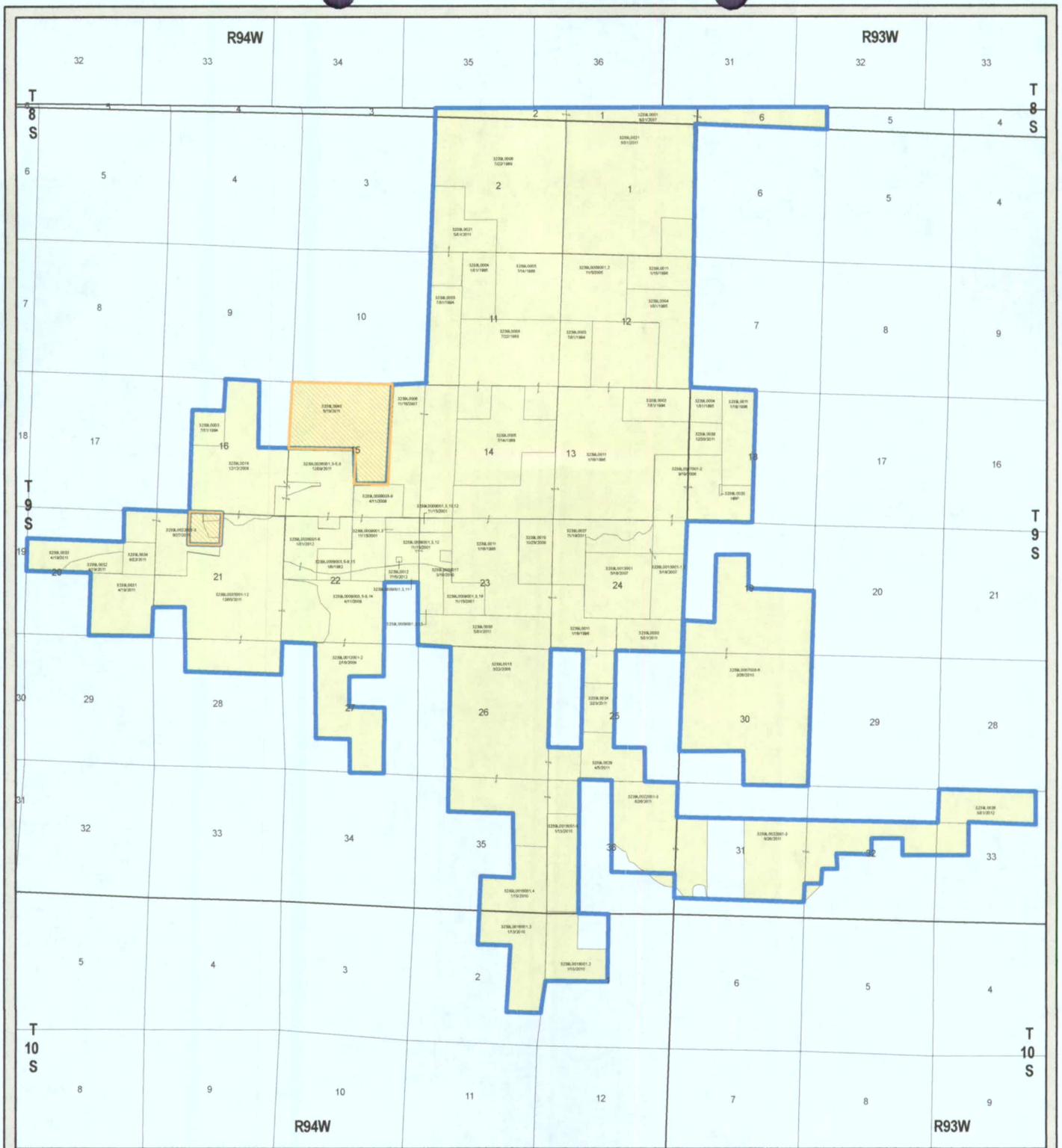


Exhibit L-2 Cause No. 429  
Order No.  
Docket No. 0808-AW-24

**PXP**  
Plains Exploration & Production Company

**BRUSH CREEK FIELD**  
Mesa County, Colorado  
Land Map - Application Area

Author: J. O'BURN	Date: August 14, 2007
Drawn by:	Revised by:
Reviewed by: S. Gylbekk	BrushCreek_PXP_Application_Area.mxd

I:\Drafting\Mapping\Sublet\Colorado

ORIGINAL

BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION  
AND ESTABLISHMENT OF FIELD RULES TO  
GOVERN OPERATIONS IN THE BRUSH  
CREEK FIELD, MESA COUNTY, COLORADO

CAUSE NO: 429  
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**RECEIVED**  
AUG 28 2008  
**COGCC**

**VERIFIED STATEMENT OF RICHARD A. LANG, GEOLOGIST**

In support of the request for Director approval of the Verified Application of Plains Exploration & Production Company in Cause No. 429 , Docket No. 0808-AW-24, pursuant to Rule 511.b., Richard A. Lang, Geologist of Plains Exploration & Production Company, upon oath, deposes and states as follows:

I am currently employed as a Geologist with Plains Exploration & Production Company. I will testify about the geology aspects of the Application. I have been and am presently responsible for and have knowledge of the geology related to the Piceance Basin.

- a. I have testified previously, via a verified statement, as an expert witness in petroleum geology matters before the COGCC or before Hearing Officers of the COGCC. Attached is a copy of my resume prepared by me. Also attached are Exhibits 1, 2, 3, 4, 5 and 6 which were prepared by me or under my direction and control. I have reviewed the exhibits and to the best of my knowledge and belief, the exhibits are correct and accurate as of the date of this Verified Statement.
- b. Exhibit No. 1 is a lease map showing currently leased acreage by Plains Exploration & Production Company and the application area outlined in orange.
- c. Exhibit No. 2 shows the Top Rollins structure map with contour interval of 250 feet. This is a regional marker and represents the stratigraphic boundary between the older marine (Corcoran, Cozzette, and Rollins) and the younger non-marine (Cameo and Williams Fork) members of the Mesaverde Group. The structure appears to be gently dipping from SW to NE towards the location of the basin depocenter.
- d. Exhibit No. 3 is a net sand isopach map of the Williams Fork Gas System (sometimes referred to as the "Continuous Gas Zone") with contour interval of 100 feet. The interval mapped comprises multiple vertically stacked, laterally discontinuous fluvial sand bodies, interpreted to be point bars or splay deposits inter-bedded with shale. The sands in this interval, saturated with natural gas, constitute the main target of Plains Exploration & Production Co. in the Piceance Basin.

- e. Exhibit No. 4 is a net sand isopach map of the Cozzette, with contour interval of 10 feet. The Cozzette sands along with the Rollins and the Corcoran are part of the Iles Formation and are interpreted to be regressive marine deposits. The Cozzette constitutes another target for Plains Exploration & Production Co. in the Piceance Basin.
- f. Exhibit No. 5 is a net sand isopach map of the Corcoran with contour interval of 10 feet. The Corcoran is interpreted to be also a regressive marine deposit. The Corcoran constitutes another target Plains Exploration & Production Co. in the Piceance Basin.
- g. Exhibit No. 6 is a stratigraphic cross section (A-A') hung on the Williams Fork Top of continuous Gas zone (namely TGas WF) through the Currey 21-2, Currey 16-14, Currey 16-11, the Woods-Spangler 15-12, the McDaniel 15-1, and the McDaniel 14-4 wells across the application area as shown by the A-A' trace in the index map. From top to bottom, the cross section shows vertical stacking and lateral discontinuity of the fluvial sands within the Williams Fork. In this interval sand bodies can be rarely correlated from well to well, while in most cases they pinch out laterally at some distance from the well. This layout of the Williams Fork fluvial sands is typical throughout the Piceance Basin and is compatible with the model of multiple, vertically-stacked, laterally-migrating meander belts. The bottom part of the Williams Fork (from top CAMEO to top ROLLINS) is characterized by stacked laterally-continuous coal seams. These coals, deposited in paleo marshes indicate the uplift and emersion of the area during the Cretaceous and constitute excellent markers, and most likely are the source of the gas in the Williams Fork. The top Rollins marks the transition to the older marine deposits of the Iles Formation. Notice that the Rollins, Cozzette, and Corcoran members display coarsening upward log patterns typical of regressive para-sequences.



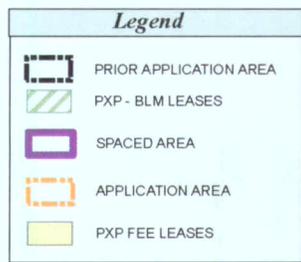
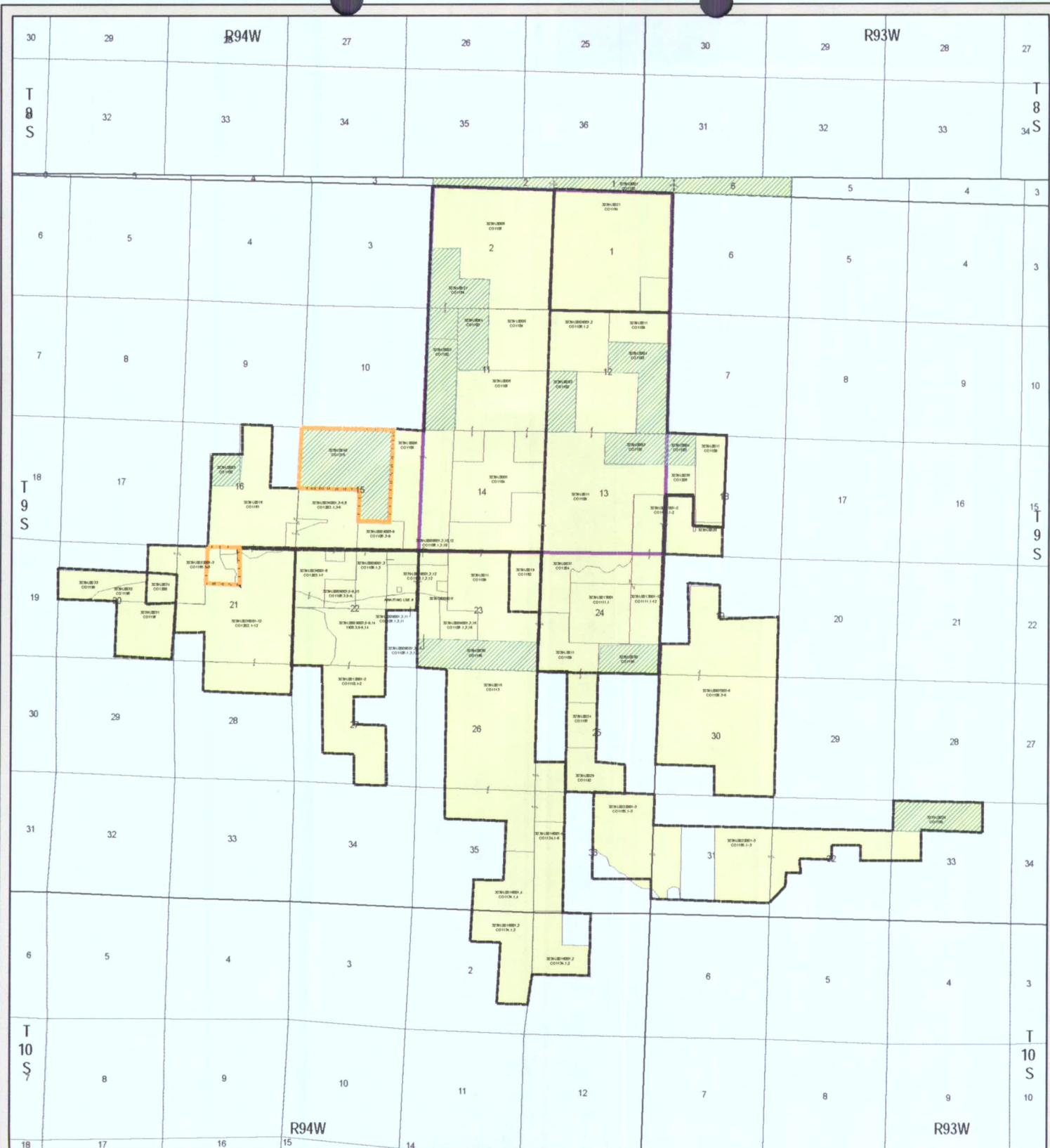
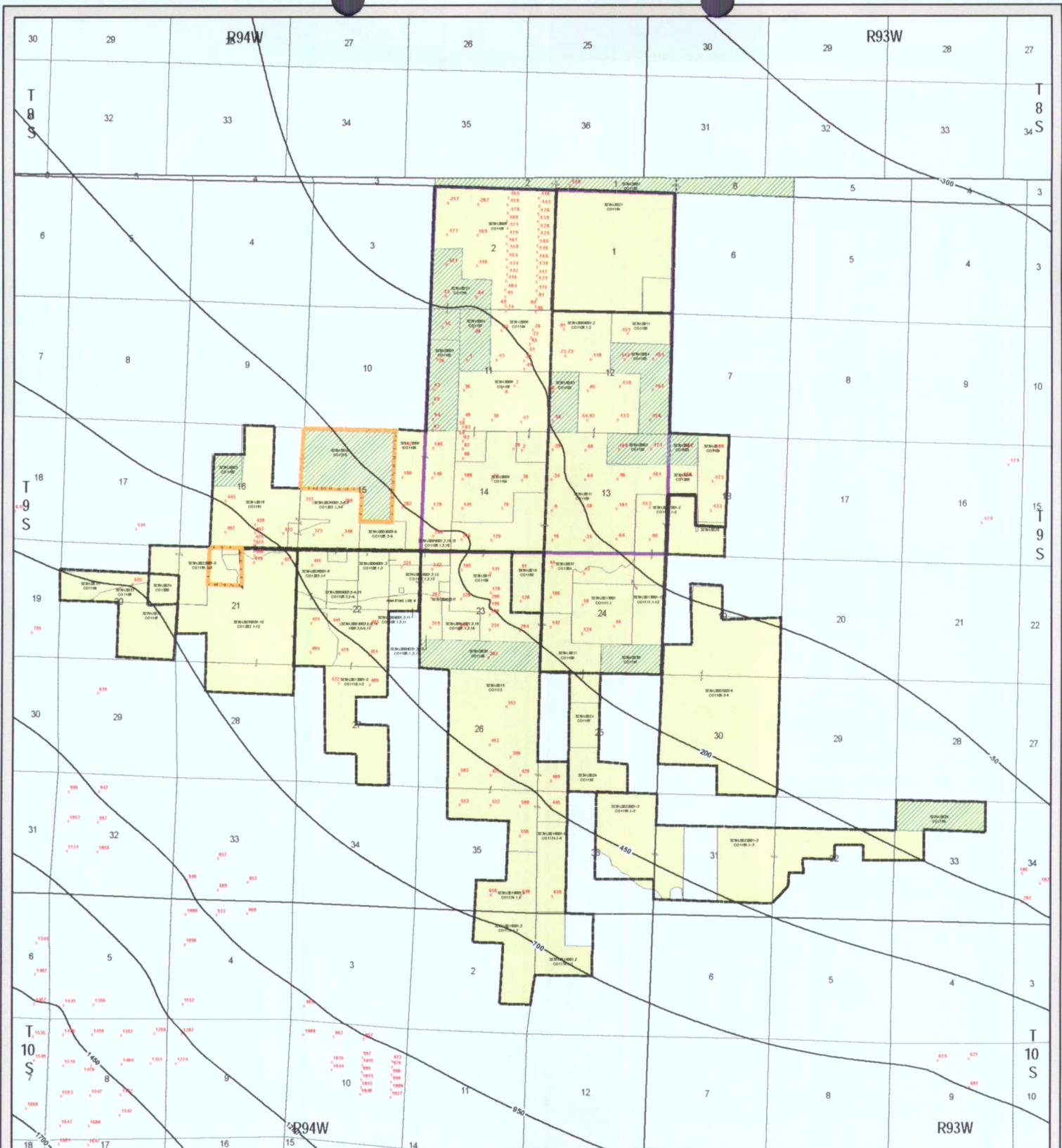


Exhibit No.1	Cause No. 429 Docket No. 0808-AW-24 Order No.
<p><b>PXP</b> Philo Exploration &amp; Production Company</p> <p><b>BRUSH CREEK FIELD</b> Mesa County, Colorado</p> <p><i><b>PXP Leases and Application Area</b></i></p>	
Author: R Lang	Date: October 18, 2007
Drawn By:	Rev. Date:
Revised By: T Henderson	BrushCreek Lease Doc 0808-AW-24.mxd



**Legend**

- PRIOR APPLICATION AREA
- PXP - BLM LEASES
- SPACED AREA
- APPLICATION AREA
- PXP FEE LEASES

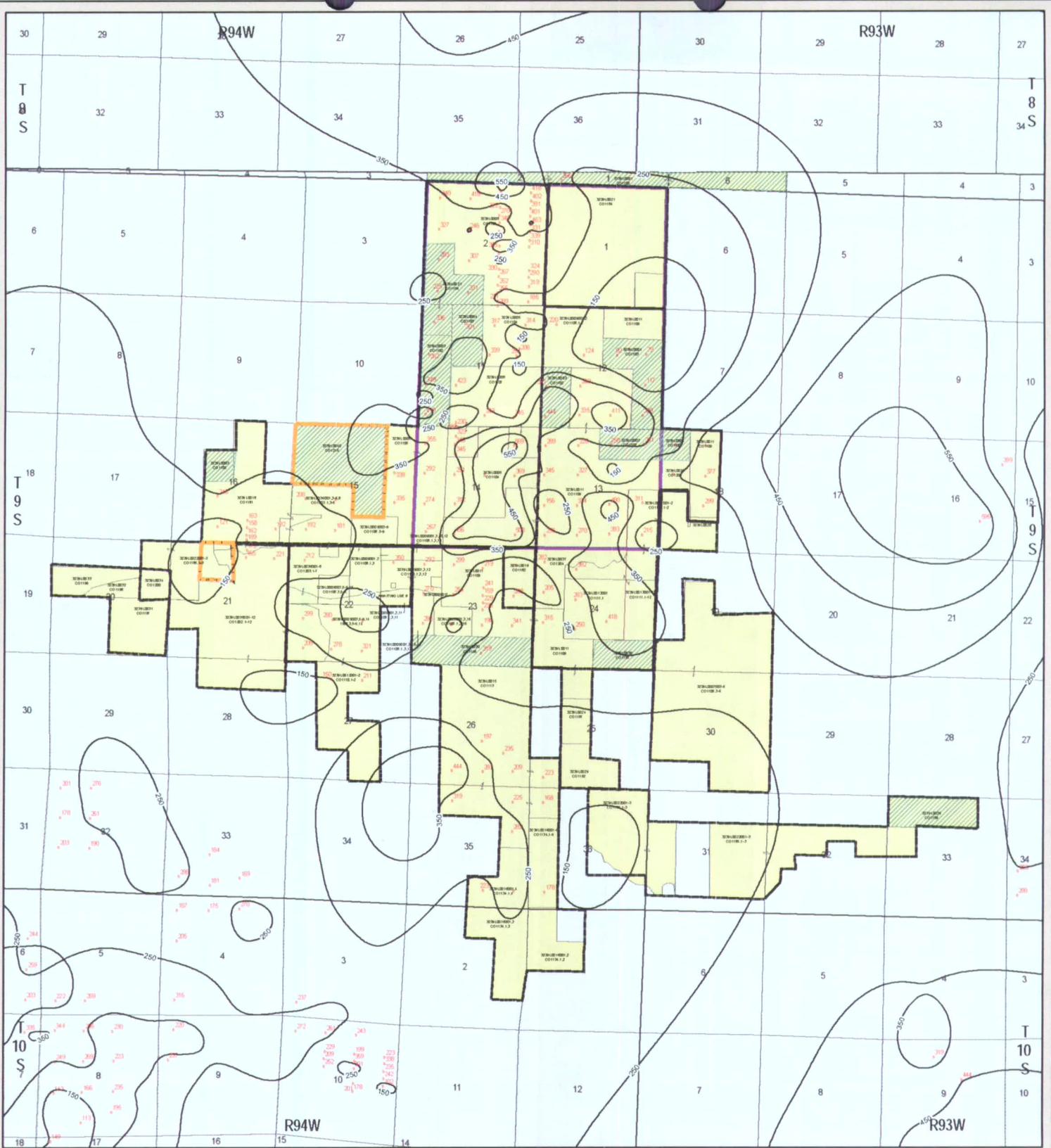


Exhibit No.2 Cause No. 429  
Docket No. 0808-AW-24  
Order No.

**PXP**  
Petro Exploration & Production Company

**BRUSH CREEK FIELD**  
Mesa County, Colorado  
**Top Rollins Fm.**  
**Structure**  
C.I. 2507

Author: R. Lang Date: August 12, 2008  
Drawn By: No. 0808-AW-24.mxd  
Checked By: T. Henderson



**Legend**

-  PRIOR APPLICATION AREA
-  PXP - BLM LEASES
-  SPACED AREA
-  APPLICATION AREA
-  PXP FEE LEASES

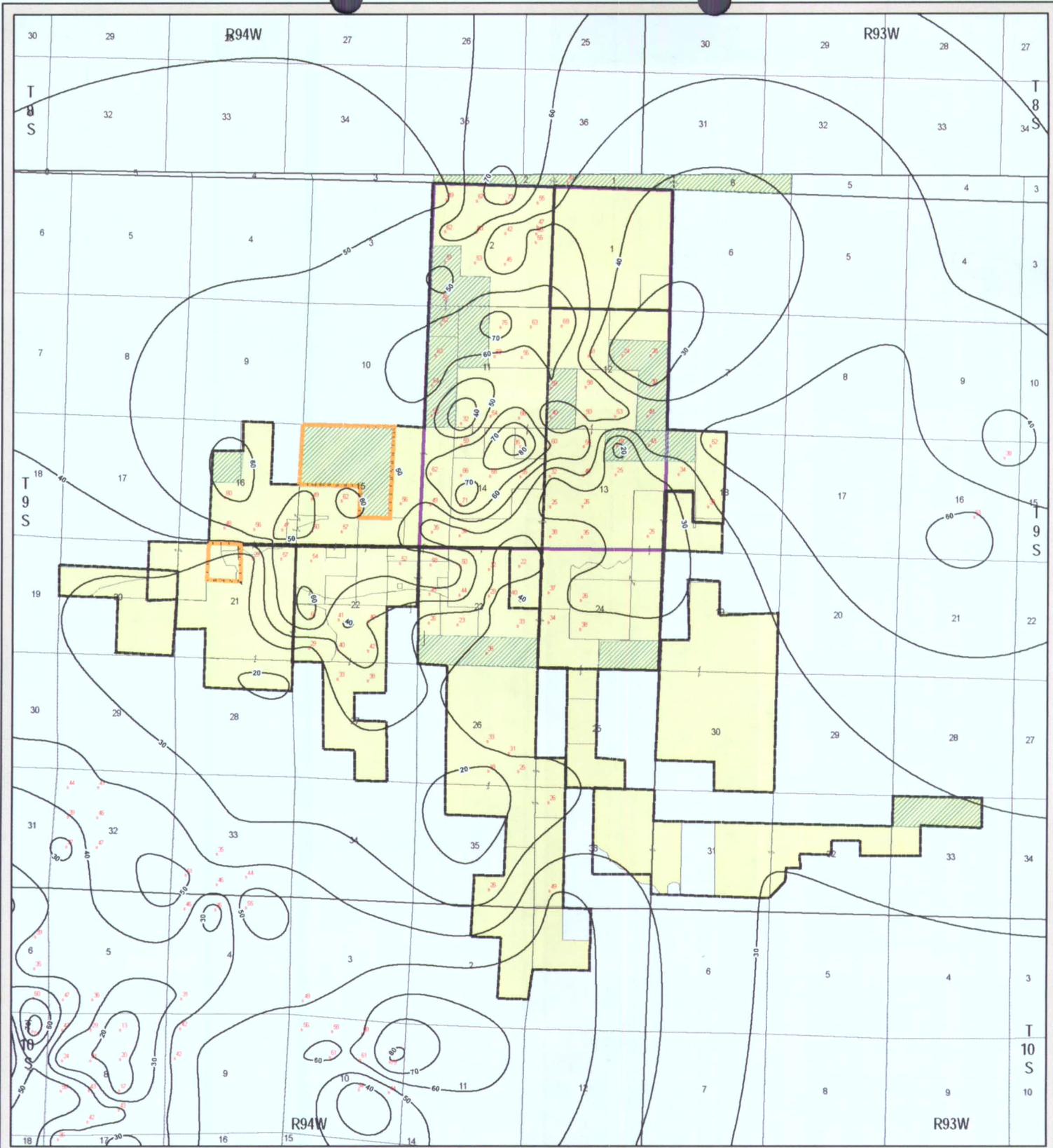


Exhibit No.3 Cause No. 429  
 Docket No. 0808-AW-24  
 Order No.

**PXP**  
 Plains Exploration & Production Company

**BRUSH CREEK FIELD**  
 Mesa County, Colorado  
**Williams Fork Fm.**  
**Basin Centered Gas System: Isopach**  
 6% Density Porosity C.I. 1007

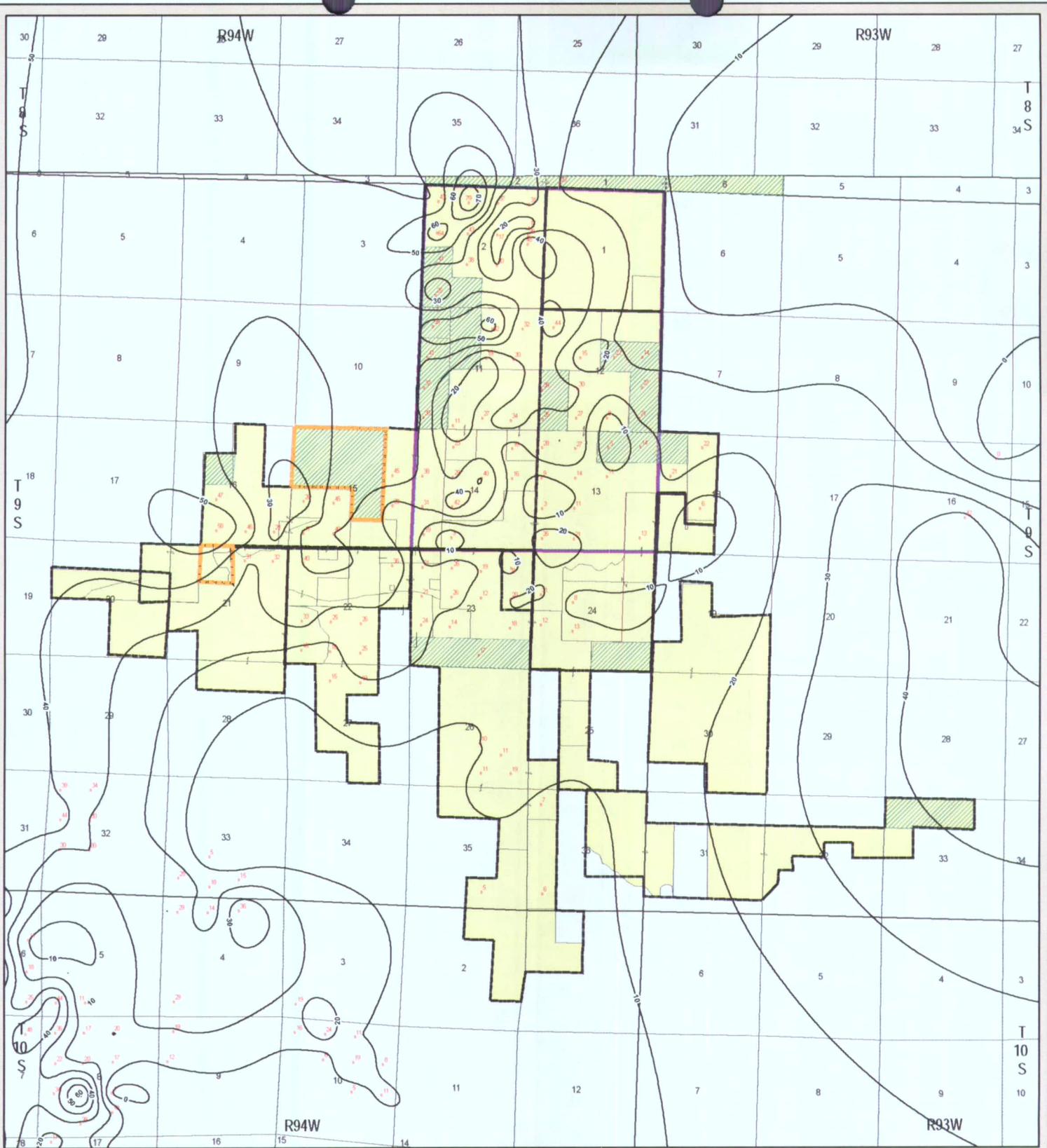
Author: R. Lang	Date: August 12, 2008
Drawn By:	Rev. Date:
Checked By: T. Henderson	BrushCreek_Williams_Fork_0808-AW-24.mxd



Legend	
	PRIOR APPLICATION AREA
	PXP - BLM LEASES
	SPACED AREA
	APPLICATION AREA
	PXP FEE LEASES



Exhibit No.4	Cause No. 429 Docket No. 0808-AW-24 Order No.
 <b>PXP</b> Plains Exploration & Production Company	
<b>BRUSH CREEK FIELD</b> Mesa County, Colorado <b>Cozette</b> <b>Net Sand Isopach</b> 6% Density Porosity C.I. 10'	
Author: R. Lang	Date: August 12, 2008
Drawn By:	Rev. Date:
Revised By: T. Henderson	BrushCrk_Cozette_0808_AW-24.mxd



Legend	
	PRIOR APPLICATION AREA
	PXP - BLM LEASES
	SPACED AREA
	APPLICATION AREA
	PXP FEE LEASES

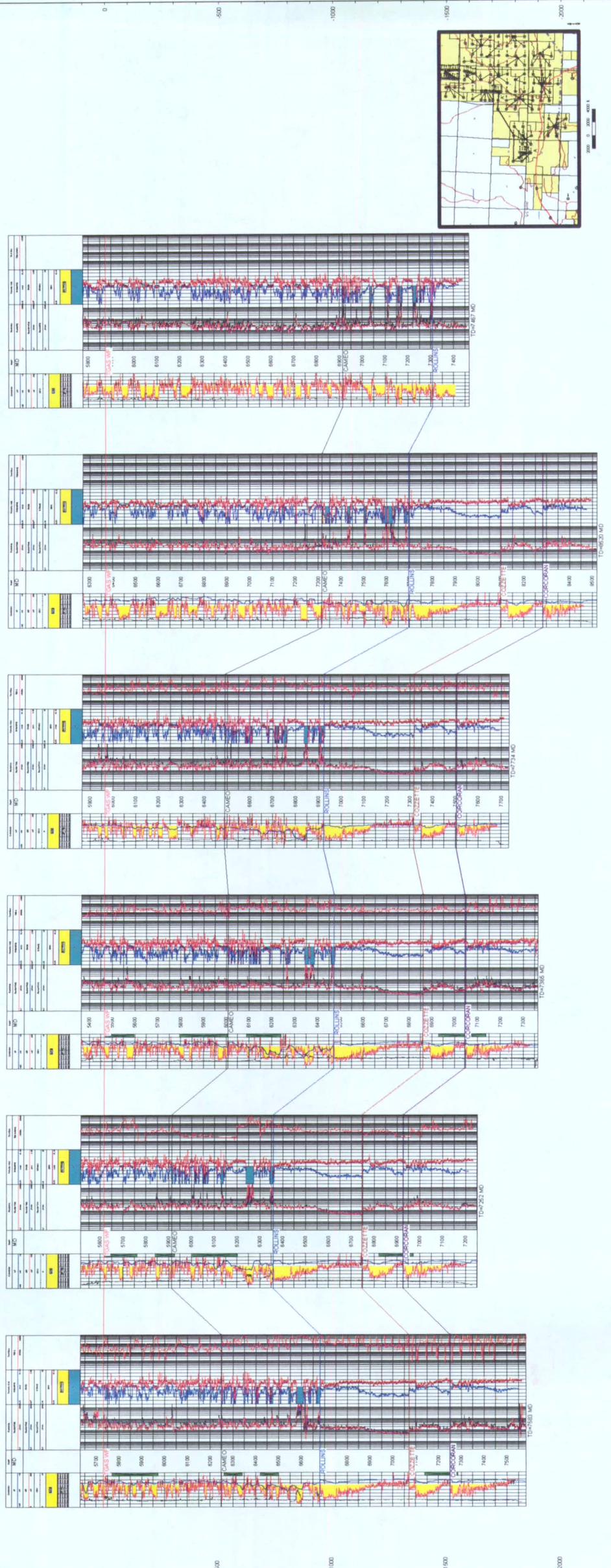


Exhibit No.5	Cause No. 429 Docket No. 0808-AW-24 Order No.
 <b>PXP</b> Plains Exploration & Production Company	
<b>BRUSH CREEK FIELD</b> Mesa County, Colorado <b>Corcoran</b> <b>Net Sand Isopach</b> 6% Density Porosity C.1. 10'	
Author: R. Lang	Date: August 12, 2008
Drawn By:	Rev. Date:
Checked By: T. Henderson	BrushCrk_Corcoran_0808-AW-24.mxd

EXHIBIT No. 6



0507791150000  
 LARAMIE ENERGY LLC  
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BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

ORIGINAL

IN THE MATTER OF THE VERIFIED APPLICATION OF PLAINS EXPLORATION AND PRODUCTION COMPANY FOR AN ORDER ESTABLISHING WELL LOCATION AND SETBACK RULES FOR THE DRILLING OF MESAVERDE FORMATION (INCLUDING THE COZZETTE-CORCORAN SANDSTONES) WELLS UNDERLYING CERTAIN LANDS IN THE BRUSH CREEK FIELD AREA, MESA COUNTY, COLORADO

CAUSE NO: 429

ORDER NO:

DOCKET NO: 0808-AW-24

**RECEIVED**

AUG 28 2008

**COGCC**

**VERIFIED STATEMENT OF DALE S. JANIK**  
**RESERVOIR ENGINEER**

In support of the request for Director approval of the Verified Application of Plains Exploration and Production Company in Cause No. 429, Docket No. 0808-AW-24, pursuant to Rule 511.b., Dale S. Janik, Sr. Reservoir Engineer of Plains Exploration and Production Company, upon oath, deposes and states as follows:

I am currently employed as a Sr. Reservoir Engineer with Plains Exploration and Production Company. I will testify about the petroleum engineering aspects of the Application and as to conclusions as to the appropriate well density for development of the resource. I have knowledge of the reservoir characteristics of the Mesaverde Formation (including the Cozzette-Corcoran Sandstones) (hereinafter "Mesaverde Formation") underlying the Application Lands.

- a. I have testified previously as an expert witness in petroleum engineering before the COGCC or before Hearing Officers of the COGCC. Also attached are Exhibits E-1 through E-10 which were prepared by me or under my direction and control. I have reviewed the exhibits and to the best of my knowledge and belief, the exhibits are correct and accurate as of the date of this Verified Statement. These exhibits and the written testimony are submitted to illustrate that the appropriate density to avoid leaving recoverable reserves behind in Township 9S R94W Section 15 (NW  $\frac{1}{4}$ , W  $\frac{1}{2}$ , NE  $\frac{1}{4}$ , NW $\frac{1}{4}$ , SE  $\frac{1}{4}$ ) is four wells per 40 acres.
- b. Exhibit E-1 Table of Contents: List of exhibits.
- c. Exhibit E-2 Log Analysis Assumptions: This exhibit declares the Pay Cut-Offs used for log evaluations to calculate net pay, average porosity and average water saturations to be used in the volumetric calculations.
- d. Exhibit E-3 Log Analysis Results: This is a table summary of average net pay, porosity, and water saturation calculated for completed zones in New Wells (wells drilled since January 2006) owned by PXP (formerly Laramie Energy,

LLC). This is used for the volumetric calculations of Original Gas In Place (OGIP) presented in Exhibit E-5.

- e. Exhibit E-4 Volumetric Assumptions: This data is used for the volumetric calculations of OGIP presented in Exhibit E-5.
- f. Exhibit E-5 Volumetric Results: Data from the previous exhibits used to calculate OGIP for this Field. The OGIP volume is tabulated for 10, 20, 40, 160, and 640 acres. When compared to the average well performance represented by the Type Curve in Exhibit E-6 a 10 acre drainage area is indicated.
- g. Exhibit E-6 Brush Creek Type Curve: This is the Type Curve for Brush Creek. It depicts performance on New Wells in Brush Creek owned by PXP. The Type Curve results show an EUR of 0.736 Bcf.
- h. Exhibit E-7 EUR's and % Recoveries: This exhibit was prepared with the EUR from the Type Curve in Exhibit E-6 for the New Wells. The Old Wells drilled in 2004 and 2005 are unchanged. Results indicate 40 and 20-acre density drilling leave significant recoverable reserves behind and that 10-acre density drilling maximizes recovery and minimizes waste.
- i. Exhibit E-8 Increased Density Impact: This exhibit was updated prepared with the EUR from the Type Curve presented in Exhibit E-6 for New Wells. This Type Curve analysis achieves an EUR equal to 80% OGIP for 10 acre density. The proposed 10 acre density recovery is approximately 2.2 Bcf more than a 40 acre density or an increased recovery of 60% of OGIP. This 10 acre development density is economic as shown in Exhibit E-10. Therefore the proposed 10 acre increased density wells will increase recovery efficiency.
- j. Exhibit E-9 Economic Assumptions: This exhibit provides the latest economic assumptions for a well in Brush Creek.
- k. Exhibit E-10 Economic Results: This exhibit shows the economic results for a Brush Creek well using the EUR from the Type Curve in Exhibit E-6. A well requires a capital outlay of 1,735 M\$ to drill, complete and hookup. It will generate 2,894 M\$ in sales revenue using the latest Nymex Strip price. After an estimated total expense of 380 M\$, it will provide 2,514 M\$ of positive cash flow. Therefore this well does payout. The well generates a ROR greater than 10%.

STATE OF TEXAS

COUNTY OF Harris

)  
) ss.  
)

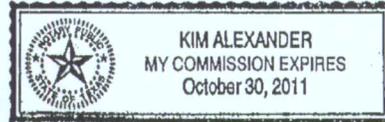
By: Dale S. Janik  
Dale S. Janik

Subscribed and sworn to before me this 14th day of August, 2008 by Dale S. Janik, Reservoir Engineer of Plains Exploration and Production Company.

Witness my hand and official seal.

My commission expires: 10/30/11

Kim Alexander  
Notary Public



# Brush Creek Field - Engineering Exhibits

- E-1 Table of Contents
- E-2 Log Analysis Assumptions
- E-3 Log Analysis Results
- E-4 Volumetric Assumptions
- E-5 Volumetric Results
- E-6 Type Curve
- E-7 EUR's & % Recoveries
- E-8 Increased Density Impact
- E-9 Economic Assumptions
- E-10 Economic Results

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Exhibit E-1

# Brush Creek Log Analysis Assumptions

## Pay Cut-Offs

<b>Zone</b>	<b>Gamma Ray</b>	<b>Porosity</b>	<b>Water Saturation</b>
William's Fork	$\leq 75$	$\geq 6\%$	N/A
Rollins	$\leq 75$	$\geq 6\%$	$\leq 65\%$
Cozzette	$\leq 75$	$\geq 6\%$	$\leq 65\%$
Corcoran	$\leq 75$	$\geq 6\%$	$\leq 65\%$

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Exhibit E-2

# Brush Creek Log Analysis Results

Brush Creek Field - Mesa County, Colorado  
 Laramie Energy, LLC. - Log Analysis - Completed Zones Only

#	Well Name	Williams Fork			Rollins			Cozette			Corcoran			All Zones Combined		
		Net Pay	Avg Phi (Pay)	Avg Sw (Pay)	Net Pay	Avg Phi (Pay)	Avg Sw (Pay)	Net Pay	Avg Phi (Pay)	Avg Sw (Pay)	Net Pay	Avg Phi (Pay)	Avg Sw (Pay)	Net Pay	Avg Phi (Pay)	Avg Sw (Pay)
	Old Well Averages	173.8	0.091	0.579	0.9	0.094	0.620	6.2	0.086	0.521	21.9	0.085	0.496	202.7	0.091	0.569
	New Well Average	254.6	0.088	0.568	1.7	0.101	0.565	2.6	0.084	0.513	24.8	0.083	0.481	280.6	0.087	0.561

↑  
Used for recovery calculations to follow.

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Exhibit E-3

# Brush Creek Volumetric - Assumptions

- Gas Gravity: 0.64
- Average Condensate Yield: 1.2 bbls/MMcf
- Mesaverde Average Reservoir Pressure:
  - William's Fork            3169 psig            8.8 ppg
  - Rollins                      3964 psig            9.8 ppg
  - Cozzette                    4232 psig            10.0 ppg
  - Corcoran                   4746 psig            11.0 ppg
- Average Porosity: 8.7%
- Average Water Saturation: 56.1%

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Exhibit E-4

# Brush Creek Volumetric - Results

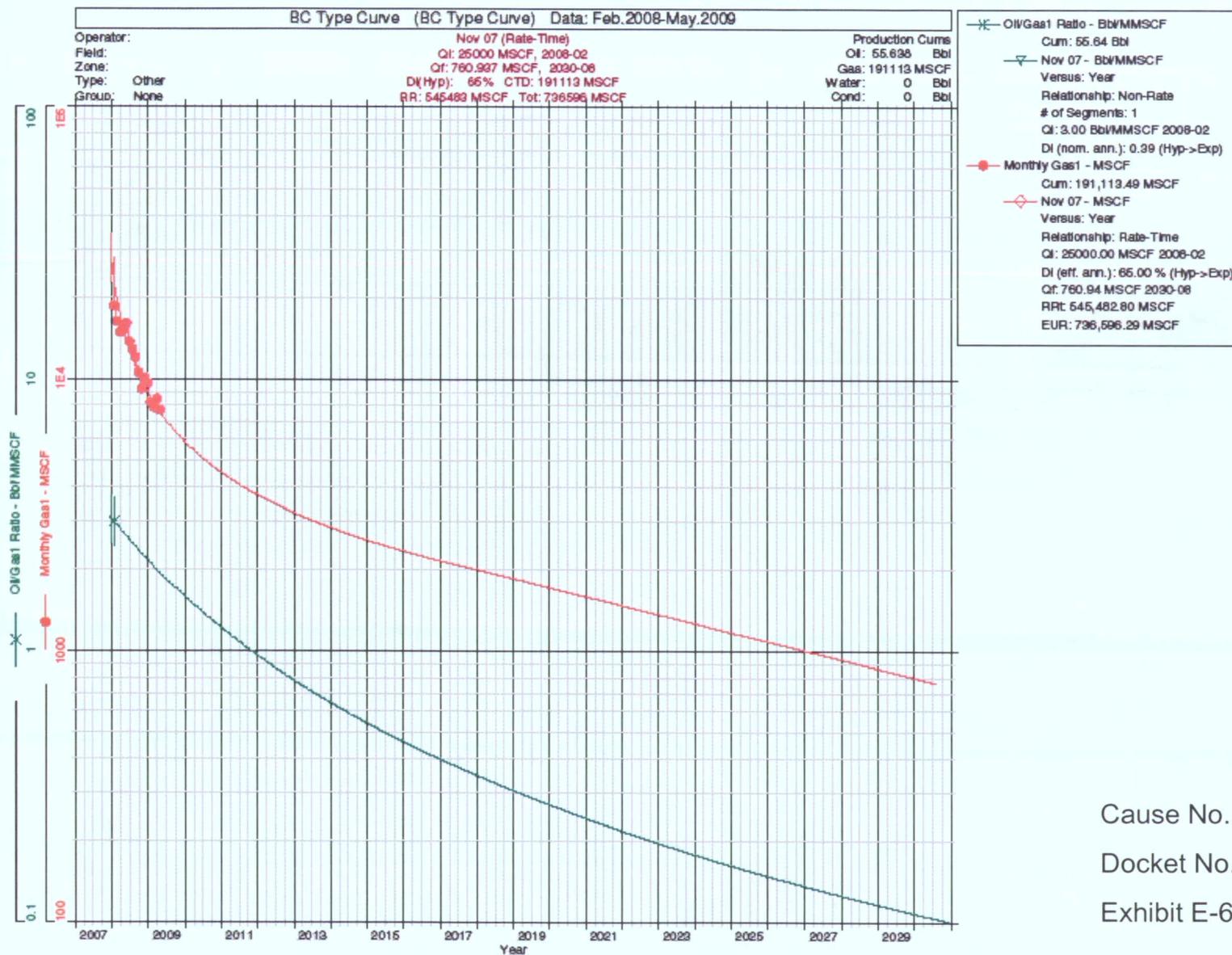
- Original Gas In Place:
  - 331 Mcf/ac-ft
  - 59.4 Bcf / Section
  - 14.9 Bcf / Quarter Section
  - 3.7 Bcf / 40 Acres
  - 1.9 Bcf / 20 Acres
  - 0.9 Bcf / 10 Acres

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Exhibit E-5

# Brush Creek Type Curve



Cause No. 429

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Exhibit E-6

# Brush Creek EUR's & % Recoveries

EUR's & % Recoveries  
 Brush Creek Field  
 Laramie Energy, LLC.

#	Well Name	EUR/Well (Bcf)	OGIP/40 Acres (Bcf)	Expected Ultimate Recovery (% of OGIP)		
				40 Acre Density (1 Well)	20 Acre Density (2 Wells)	10 Acre Density (4 Wells)
	Old Well Average	0.4	3.7	10%	21%	42%
	New Well Average	0.7	3.7	20%	40%	79%

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Exhibit E-7

# Brush Creek Increased Density Impact

	<u>Recoverable Gas</u>		<u>40 Acre Density</u>		<u>20 Acre Density</u>		<b>10 Acre Density</b>	
	(Bcf)	(%)	<u>Reserves</u> Recovered (Bcf)	<u>Reserves</u> Left Behind (Bcf)	<u>Reserves</u> Recovered (Bcf)	<u>Reserves</u> Left Behind (Bcf)	<u>Reserves</u> Recovered (Bcf)	<u>Reserves</u> Left Behind (Bcf)
<b>OGIP</b>								
<i>Per 40 Acres</i>								
3.7	3.0	80%	0.7	2.2	1.5	1.5	2.9	0.02
<i>Per Section</i>								
59	47	80%	12	36	24	24	47	0.3
640								

\* 80% recovery efficiency corresponds to 0.1 psi/ft abandonment pressure.

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Exhibit E-8

# Brush Creek Well Economics - Assumptions

## Assumptions:

- Working Interest: 50%
- Net Revenue Interest: 42%
- Total Well Cost: \$1,735,000
- Reserves: 0.736 Bcf Gross
- Initial Rate: 25,000 Mcf/mo w/ Hyp. Decline
- Pricing: Nymex Strip
- Price Differential, \$/Mcf: 1.15 (08), 1.00 (09+)
- Operating Costs: \$250/well/month  
+0.30/Mcf Processing
- Production Taxes: 5.65%
- Transportation Fees: \$0.76/Mcf

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Exhibit E-9

# Brush Creek Well Economics - Results

## Results:

- Net Sales (Revenue): \$2,894,000
- Expenses: \$ 380,000
- Revenue less Expense: \$2,514,000
- Well Cost: \$1,735,000
- Payout: Yes
- Well Life: 23 Years
- ROR: >10%

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Exhibit E-10