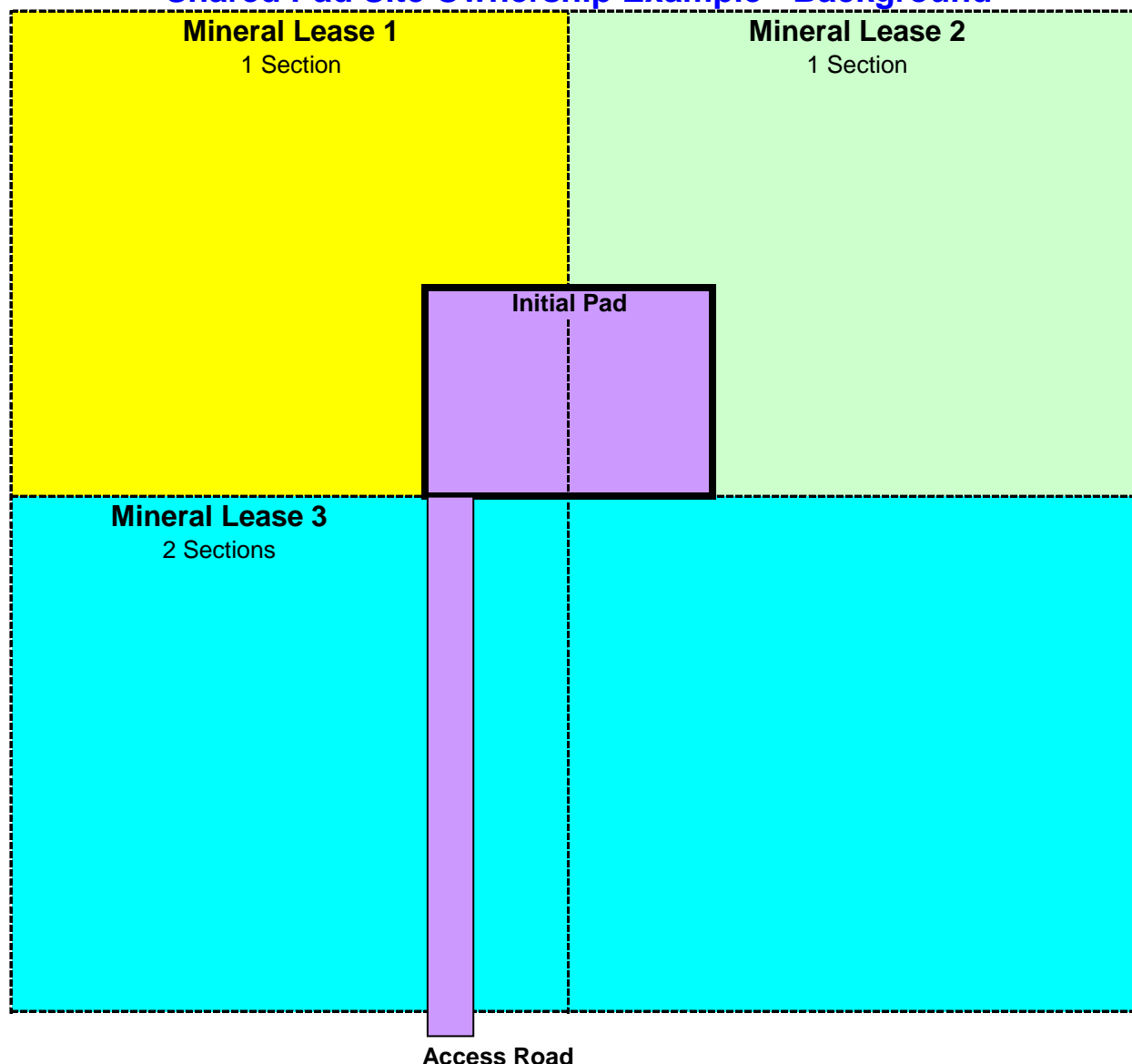


Shared Pad Site Ownership Example - Background



Shared Pad Site Notes and Assumptions:

- All horizontal wells drilled to same target formation in a multi-year drilling program;
- Pad Site construction and Pad Facility costs will be minor in relation to Drilling/Completion costs;
- Any Specific Wellsite Equipment will be installed and Owned by the Owners of each individual well;
- Similar production volumes, composition and drilling/completion costs anticipated for each well;
- As wells expected to be similar, Pad Site Costs are shared based on Well Count,
- Pad Site Equalizations to be done annually or at the end of the multi-year drilling program (or phase thereof) (i.e. Might not do a Year 2 capital adjustment in this example based on the anticipated Year 3 program); and
- Should Wells be drilled into different formations, Pad Sharing may be more complex due to variances in production rates, compositions and costs.

Ownership	Lease 1	Lease 2	Lease 3
Company A (Operator)	50%	75%	100%
Company B	50%		
Company C		25%	
Total	100%	100%	100%

Drilling Plan	Lease 1	Lease 2	Lease 3	Total
Year 1 Drilling	2	2		4
Year 2 Drilling	2			2
Year 3 Drilling		2		2
Year 4 Drilling			2	2
Total Pad Site Wells	4	4	2	10

Shared Pad Site Costs	Cost (\$MM)
Pad Site and Access Road	\$1.0
Shared Pipeline	\$1.0
Shared Pad Site Facility Costs	\$0.5
Total Pad Site Cost (\$MM)	\$2.5

Notes:

Pad Site Costs shared based on Well Count