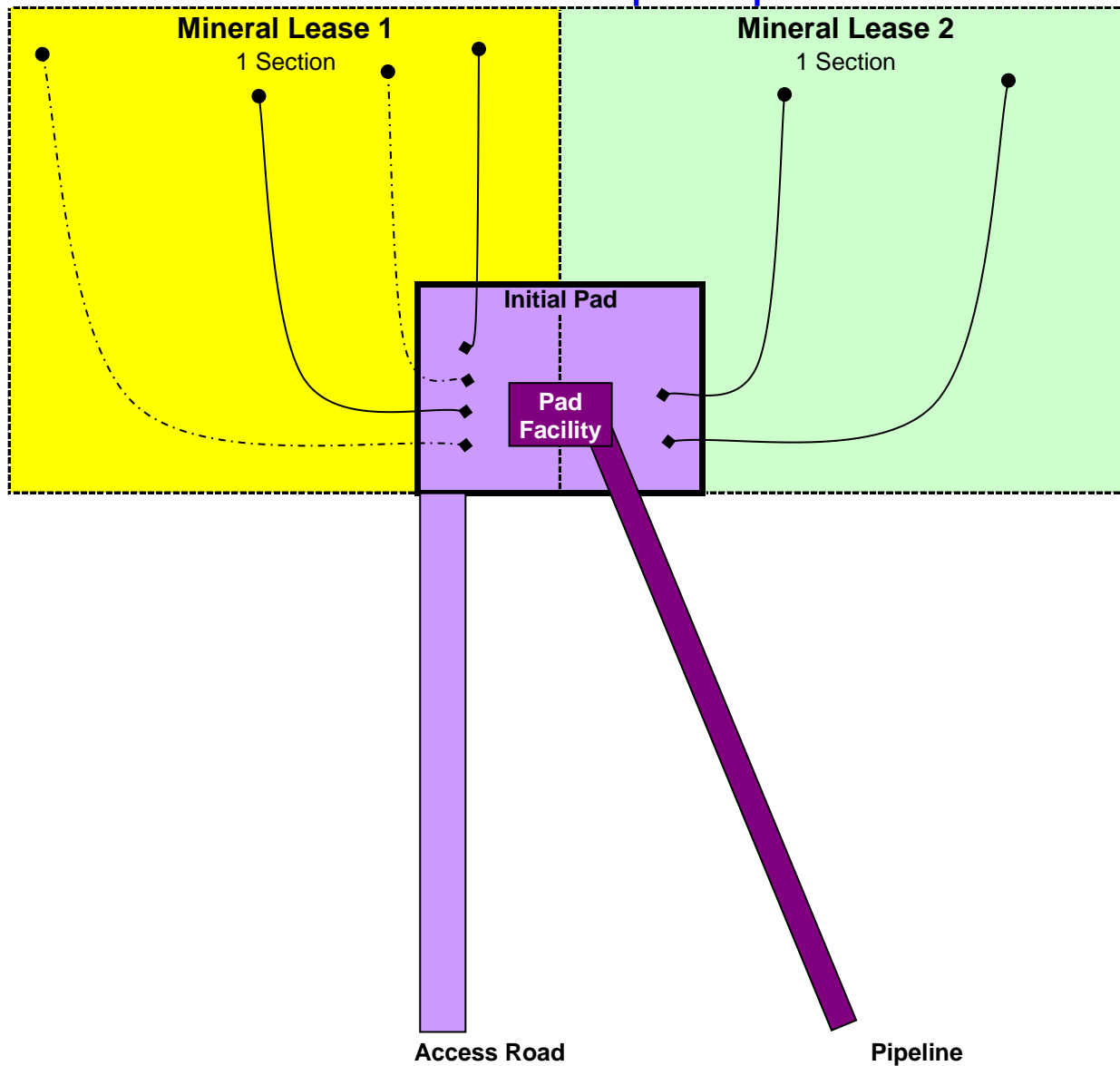


## Shared Pad Site Ownership Example - Year 2



### Year 2 Pad Site Ownership and Costs

Wells	Lease 1	Lease 2	Total
Year 2 Drilling	2	0	2
Previous Wells	2	2	4
<b>Cumulative Wells</b>	<b>4</b>	<b>2</b>	<b>6</b>
Pad Site Ownership	Lease 1	Lease 2	Total
	66.67%	33.33%	100.00%
Company A (Operator)	33.33%	25.00%	58.33%
Company B	33.33%	0.00%	33.33%
Company C	0.00%	8.33%	8.33%
<b>Total Pad Site Ownership</b>	<b>66.67%</b>	<b>33.33%</b>	<b>100.00%</b>

Notes:

Cumulative Well Count

Ownership based on Cumulative Well Count

**Revised Ownership based on Total Well Count**

Pad Site Cost Sharing	Lease 1	Lease 2	Total
Pad Site and Access Road	\$0.67	\$0.33	\$1.00
Shared Pipeline	\$0.67	\$0.33	\$1.00
Shared Pad Site Facility Costs	\$0.33	\$0.17	\$0.50
<b>Year 2 Pad Site Cost Sharing</b>	<b>\$1.67</b>	<b>\$0.83</b>	<b>\$2.50</b>
Company A (Operator)	\$0.83	\$0.63	\$1.46
Company B	\$0.83	\$0.00	\$0.83
Company C	\$0.00	\$0.21	\$0.21
Year 2 Pad Site Cost Sharing	\$1.67	\$0.83	\$2.50
Year 2 Pad Site Cost Sharing	66.67%	33.33%	100.00%

Costs shared on Cumulative Well Count

Costs shared on Well Count

Pad Site Equalization	Lease 1	Lease 2	Total
Year 2 Pad Site Cost Sharing	\$1.67	\$0.83	\$2.50
Year 1 Pad Site Cost Sharing	\$1.25	\$1.25	\$2.50
<b>Year 2 Pad Site Equalization</b>	<b>\$0.42</b>	<b>(\$0.42)</b>	<b>\$0.00</b>
Company A (Operator)	\$0.21	(\$0.31)	(\$0.10)
Company B	\$0.21	\$0.00	\$0.21
Company C	\$0.00	(\$0.10)	(\$0.10)
<b>Year 2 Pad Site Equalization</b>	<b>\$0.42</b>	<b>(\$0.42)</b>	<b>\$0.00</b>

Adjustment from Lease 1 to Lease 2 Owners

- Pad Site Equalizations to be done annually or at the end of the multi-year drilling program (or phase thereof)