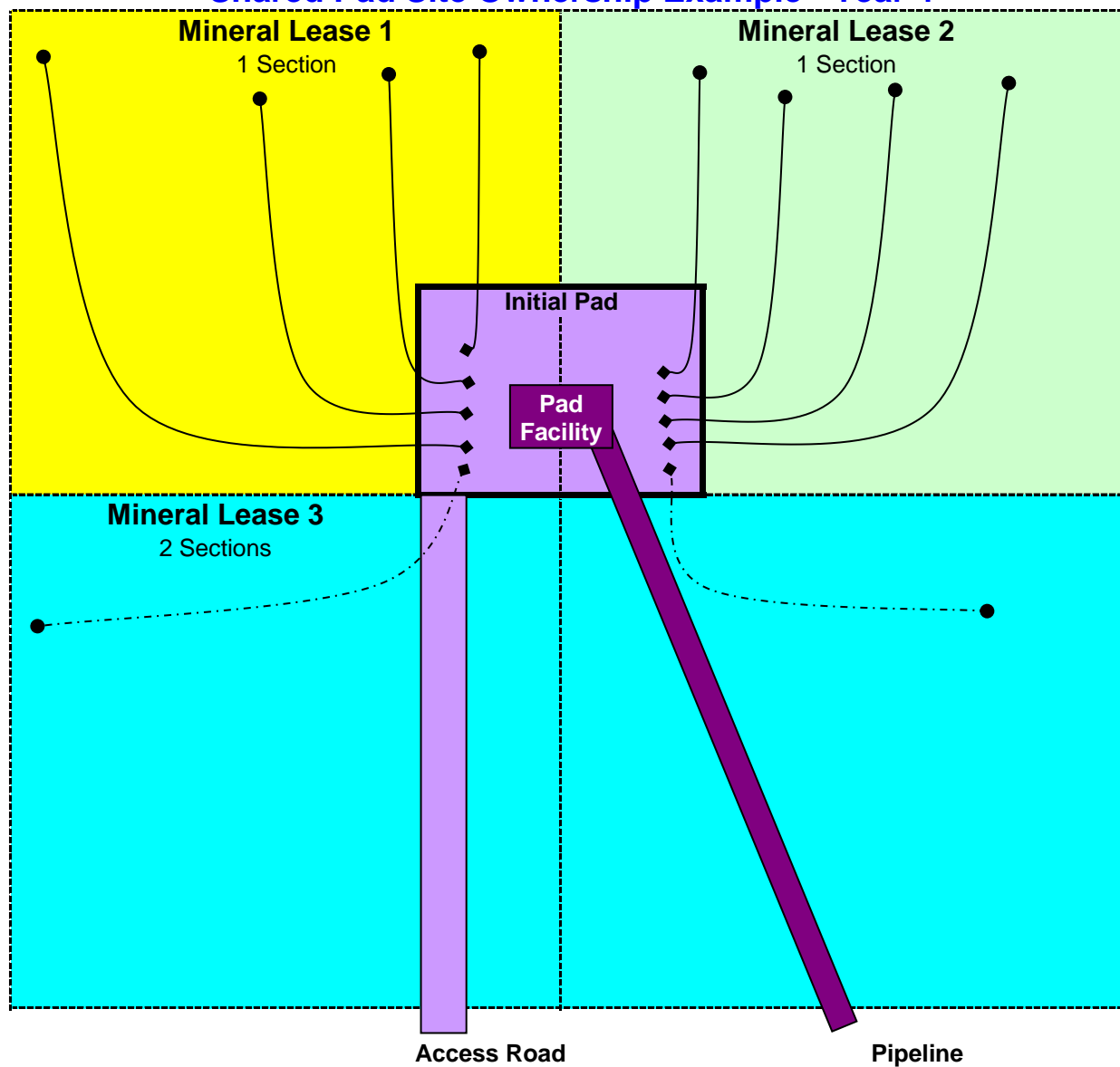


Shared Pad Site Ownership Example - Year 4



Year 4 Pad Site Ownership and Costs

Wells	Lease 1	Lease 2	Lease 3	Total
Year 4 Drilling	0	0	2	2
Previous Wells	4	4	0	8
Cumulative Wells	4	4	2	10
Pad Site Ownership	Lease 1	Lease 2	Lease 3	Total
	40.00%	40.00%	20.00%	100.00%
Company A (Operator)	20.00%	30.00%	20.00%	70.00%
Company B	20.00%	0.00%	0.00%	20.00%
Company C	0.00%	10.00%	0.00%	10.00%
Total Pad Site Ownership	40.00%	40.00%	20.00%	100.00%

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	Lease 3	Total
Pad Site and Access Road	\$0.40	\$0.40	\$0.20	\$1.00
Shared Pipeline	\$0.40	\$0.40	\$0.20	\$1.00
Shared Pad Site Facility Costs	\$0.20	\$0.20	\$0.10	\$0.50
Year 4 Pad Site Cost Sharing	\$1.00	\$1.00	\$0.50	\$2.50
Company A (Operator)	\$0.50	\$0.75	\$0.50	\$1.75
Company B	\$0.50	\$0.00	\$0.00	\$0.50
Company C	\$0.00	\$0.25	\$0.00	\$0.25
Year 4 Pad Site Cost Sharing	\$1.00	\$1.00	\$0.50	\$2.50
Year 4 Pad Site Cost Sharing	40.00%	40.00%	20.00%	100.00%

Costs shared on Cumulative Well Count

Costs shared on Well Count

Pad Site Equalization	Lease 1	Lease 2	Lease 3	Total
Year 4 Pad Site Cost Sharing	\$1.00	\$1.00	\$0.50	\$2.50
Year 3 Pad Site Cost Sharing	\$1.25	\$1.25	\$0.00	\$2.50
Year 4 Pad Site Equalization	(\$0.25)	(\$0.25)	\$0.50	\$0.00
Company A (Operator)	(\$0.13)	(\$0.19)	\$0.50	\$0.19
Company B	(\$0.13)	\$0.00	\$0.00	(\$0.13)
Company C	\$0.00	(\$0.06)	\$0.00	(\$0.06)
Year 4 Pad Site Equalization	(\$0.25)	(\$0.25)	\$0.50	\$0.00

Adjustment from Lease 3 to Lease 1 & 2 Owners

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