

Danny D. Simmons

Danny Simmons has been with Netherland, Sewell & Associates, Inc. (NSAI) since 1976 and has over 35 years of petroleum engineering and consulting experience. Danny is Manager of the NSAI Houston Office and became President and Chief Operating Officer in January 2008. Prior to NSAI, Danny worked as a reservoir engineer, drilling engineer, and subsurface engineer with Exxon in New Orleans. His work at NSAI includes oil and gas property evaluations, acquisition evaluations, divestment reports, expert testimony, and preparing Securities and Exchange Commission reserves reports. Danny holds a Bachelor of Science with honors in Mechanical Engineering from the University of Tennessee. He is a member of the SPE and SPEE, and is a Registered Professional Engineer in the State of Texas.

Netherland, Sewell & Associates, Inc. (NSAI)

Netherland, Sewell & Associates, Inc. (NSAI), founded in 1961, is a worldwide leader of petroleum property analysis to industry and financial organizations and government agencies. With offices in Dallas and Houston, NSAI delivers high quality, fully integrated engineering, operational, geologic, geophysical, petrophysical, and economic solutions for all facets of the upstream energy industry.

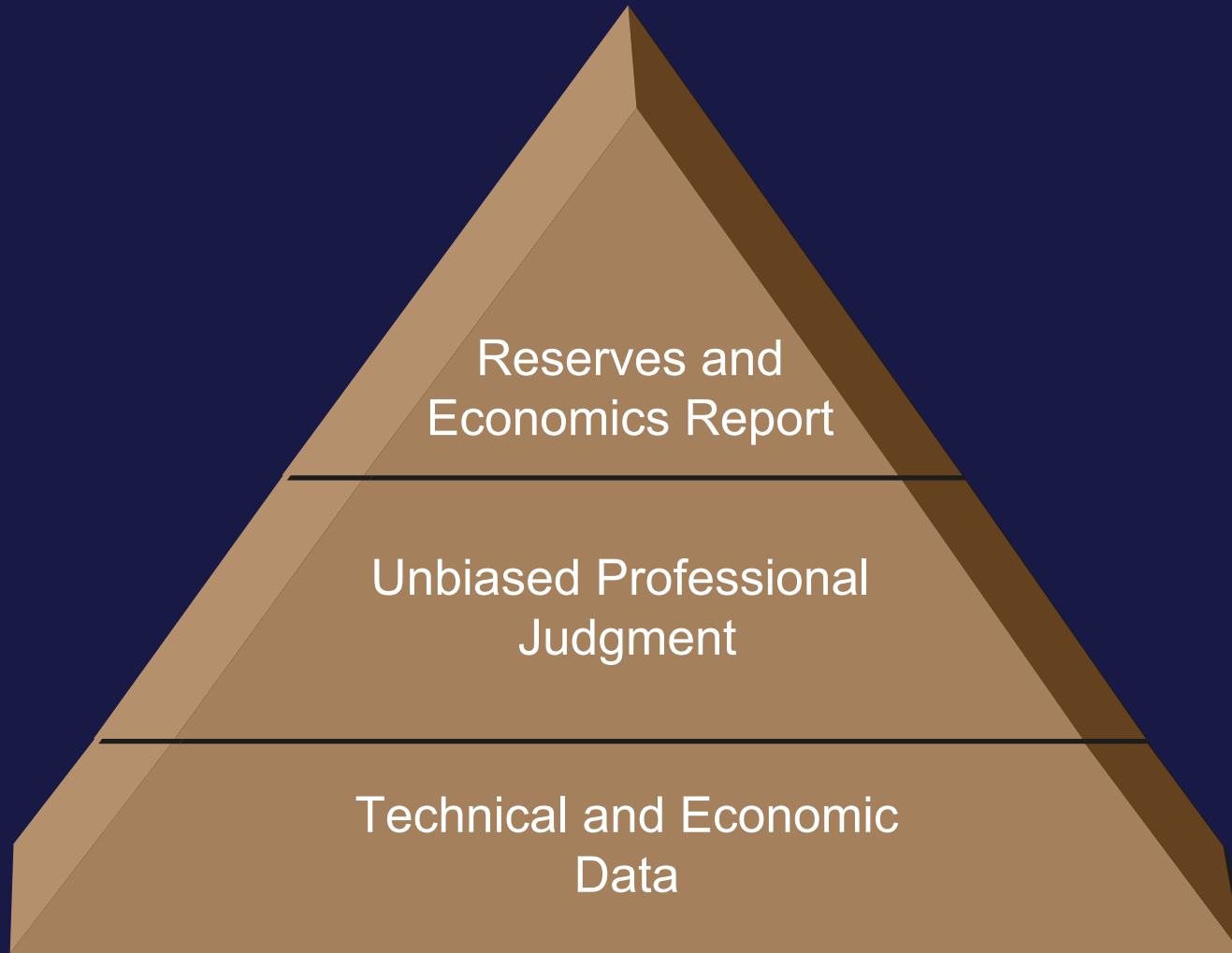


Reserves Report

Danny D Simmons

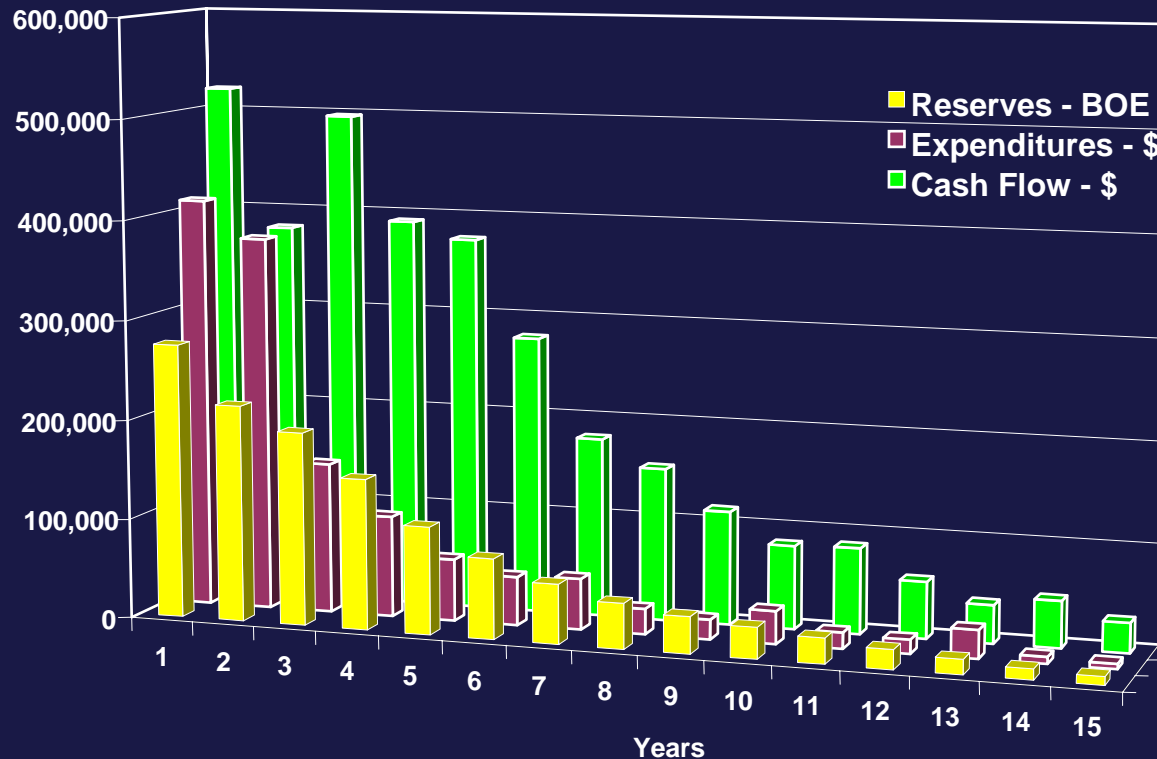
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Reserves Report Fundamentals



What is a Reserves Report?

- An inventory of oil and gas reserves classified by risk level (reserves category)
- A forecast of future expenditures required to develop and produce the reserves
- A projection of cash flows generated from the sale of oil and gas reserves



Why Are Reserves Reports Prepared?

- External

- Security filings (SEC, Stock Exchanges - London, Toronto, Hong Kong)
- Public disclosure (press releases, annual reports)
- External financing/joint ventures/privatization
- Property sales/acquisitions
- Property trades
- Unitizations/equity determinations
- Reports for governmental agencies (foreign and domestic)

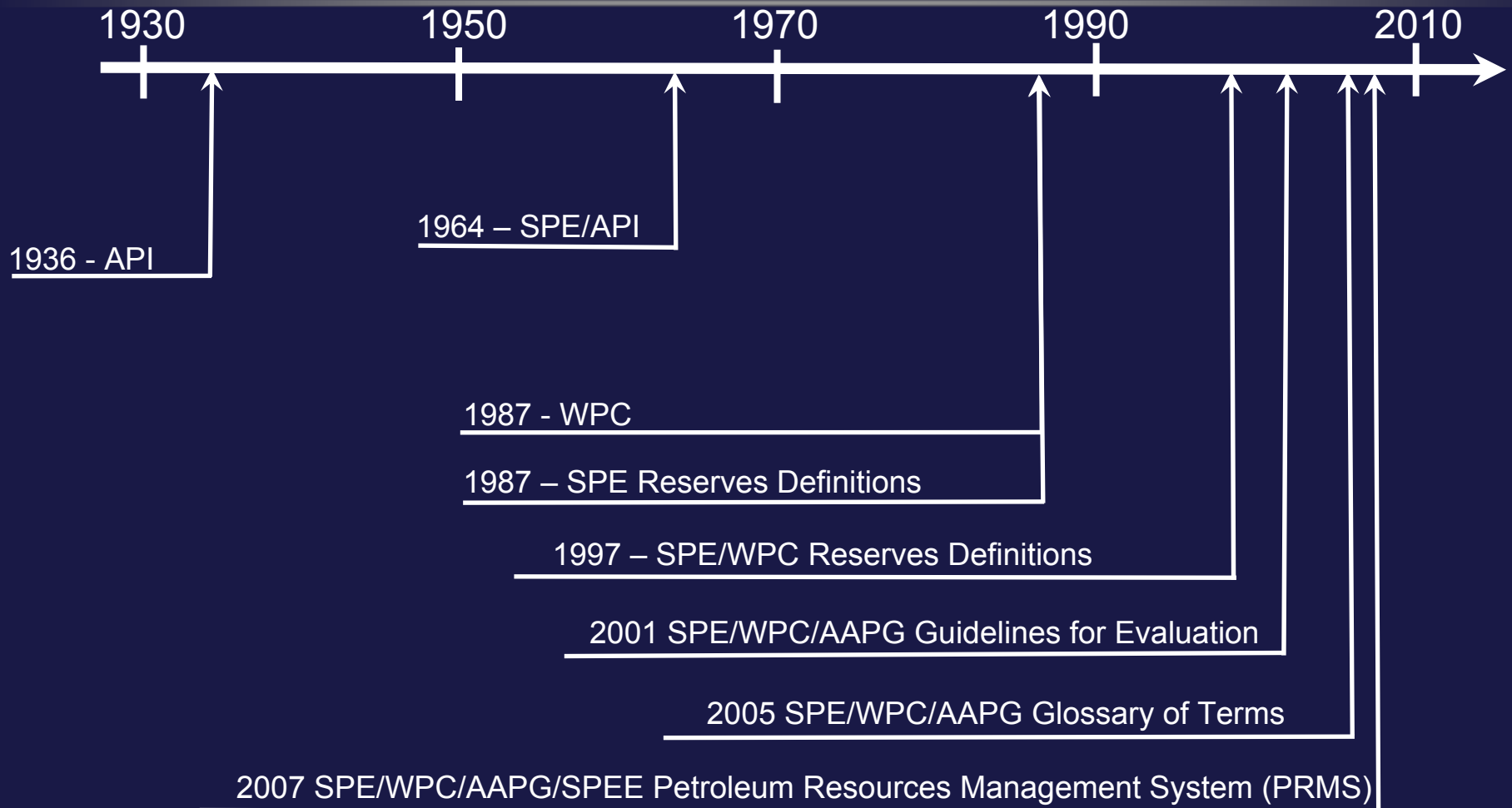
- Internal

- Corporate planning and financial decisions
- Accounting requirements such as depletion calculations, etc.
- Monitoring success of exploration and acquisition programs

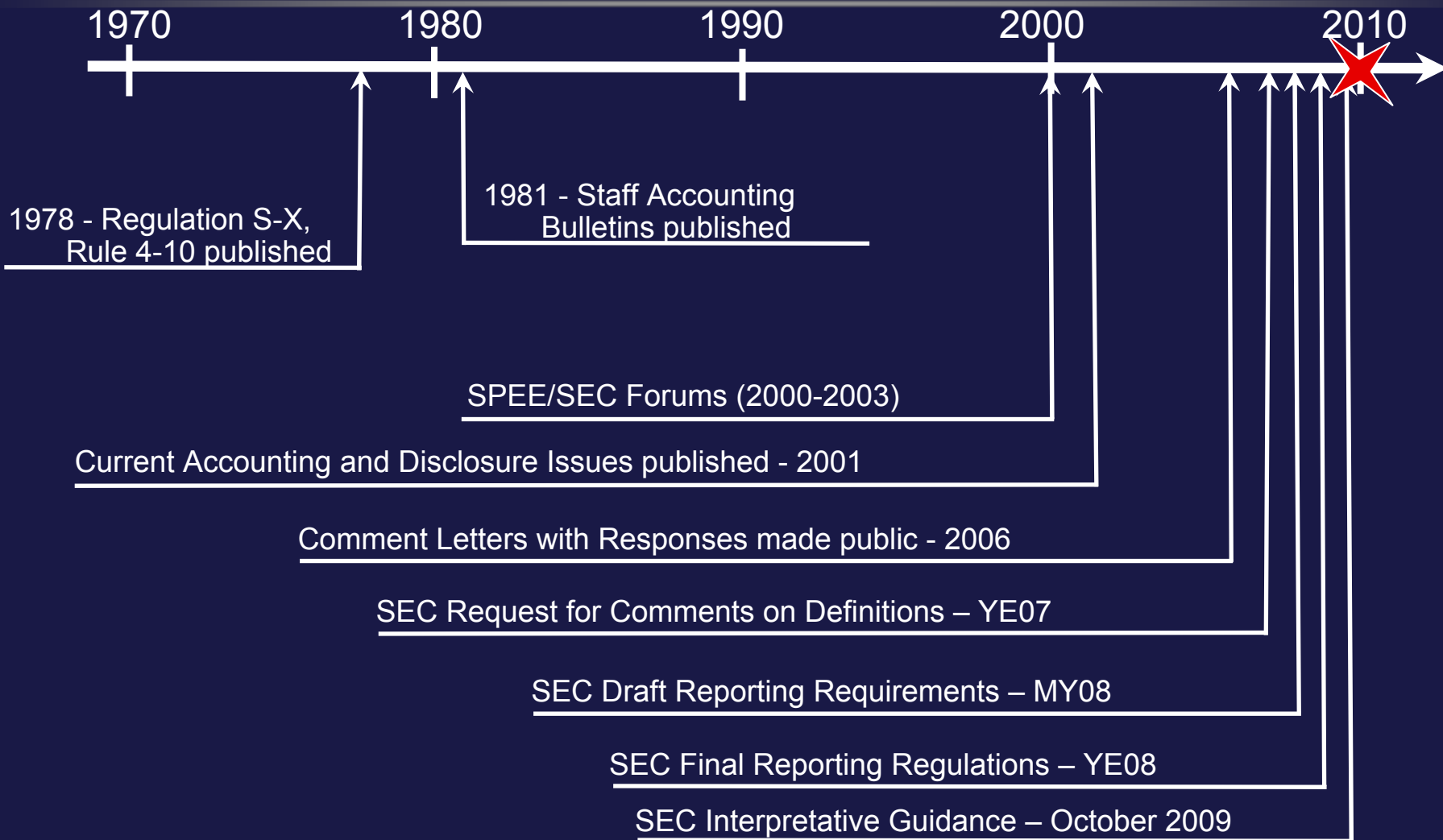
Authorities in Reserves/Resources Categorization

- Securities and Exchange Commission (SEC)
- Society of Petroleum Engineers (SPE)
- Society of Petroleum Evaluation Engineers (SPEE)
- World Petroleum Council (WPC)
- Canadian Institute of Mining, Metallurgy, and Petroleum (CIM)
- American Association of Petroleum Geologists (AAPG)
- Various foreign governments, professional societies, and financial markets

History of Industry Definitions



History of SEC Reserves Guideline



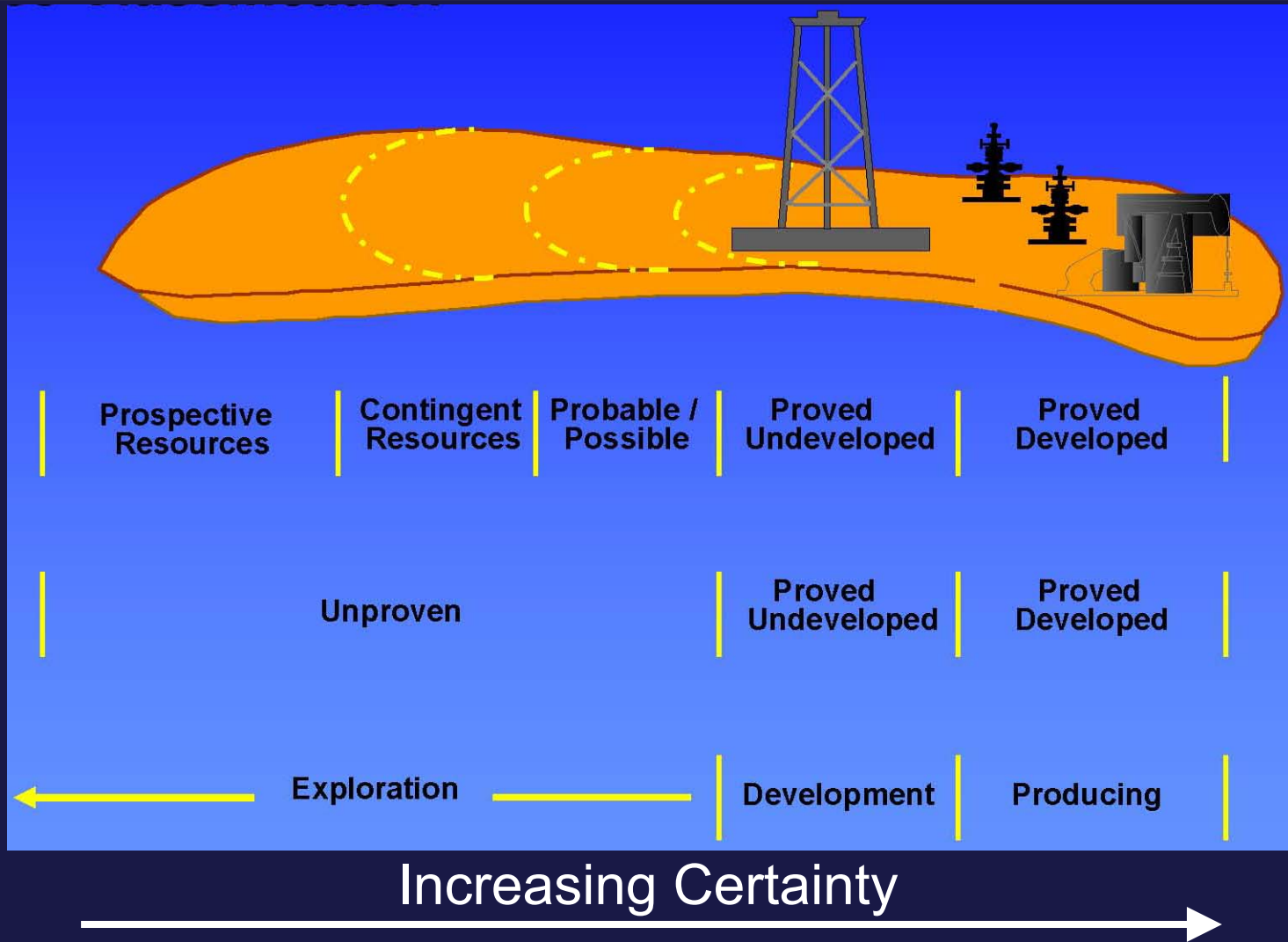
SEC Final Adoption – December 29, 2008

Alignment with Industry Definitions

New definitions in close alignment with industry standard SPE PRMS (Petroleum Resources Management System)

- Reasonable Certainty defined as "high degree of confidence" and "much more likely to be achieved than not".
- Allows PUDs beyond 1 offset by removing "certainty of production" wording.
- Reliable technology can be used to establish reasonable certainty for proved reserves (LKH, etc.).
- Sets out 5 years as reasonable time frame of development.
- Improved recovery projects - removed the wording that analogs must be "within the immediate area".

Resources Definitions during Development



Source: SPE Reserves ATW

Reserves Categorization



Proved

- Lowest risk classification, reasonable certainty of recovery under current economic conditions (SEC defined reasonable certainty as "much more likely to be achieved than not")

Probable

- More likely to be recovered than not

Possible

- More speculative, low degree of certainty

Reserves Report Standards

- Standards for estimating and auditing reserves have been published by the SPE, a professional society, but do not have the force of the law
- The level of independent third-party involvement is determined by the individual company
 - Reserves Evaluation/Certification
 - Reserves Audit
 - Reserves Review
 - Procedural Review
 - No Independent Work
- Depth of investigation and application of reserves definitions (SEC, SPE, and WPC) are applied based on judgment of the reserves estimator
- Professional qualifications for reserves estimators have been published by the SPE, but like the standards have no force of law
- There is no "FASB" equivalent for reserves reports

Depth of Investigation NSAI Standards



NSAI Full Evaluations/Certifications

Procedure

- Gather technical and economic data
- Perform independent evaluation
- Publish report with NSAI estimates

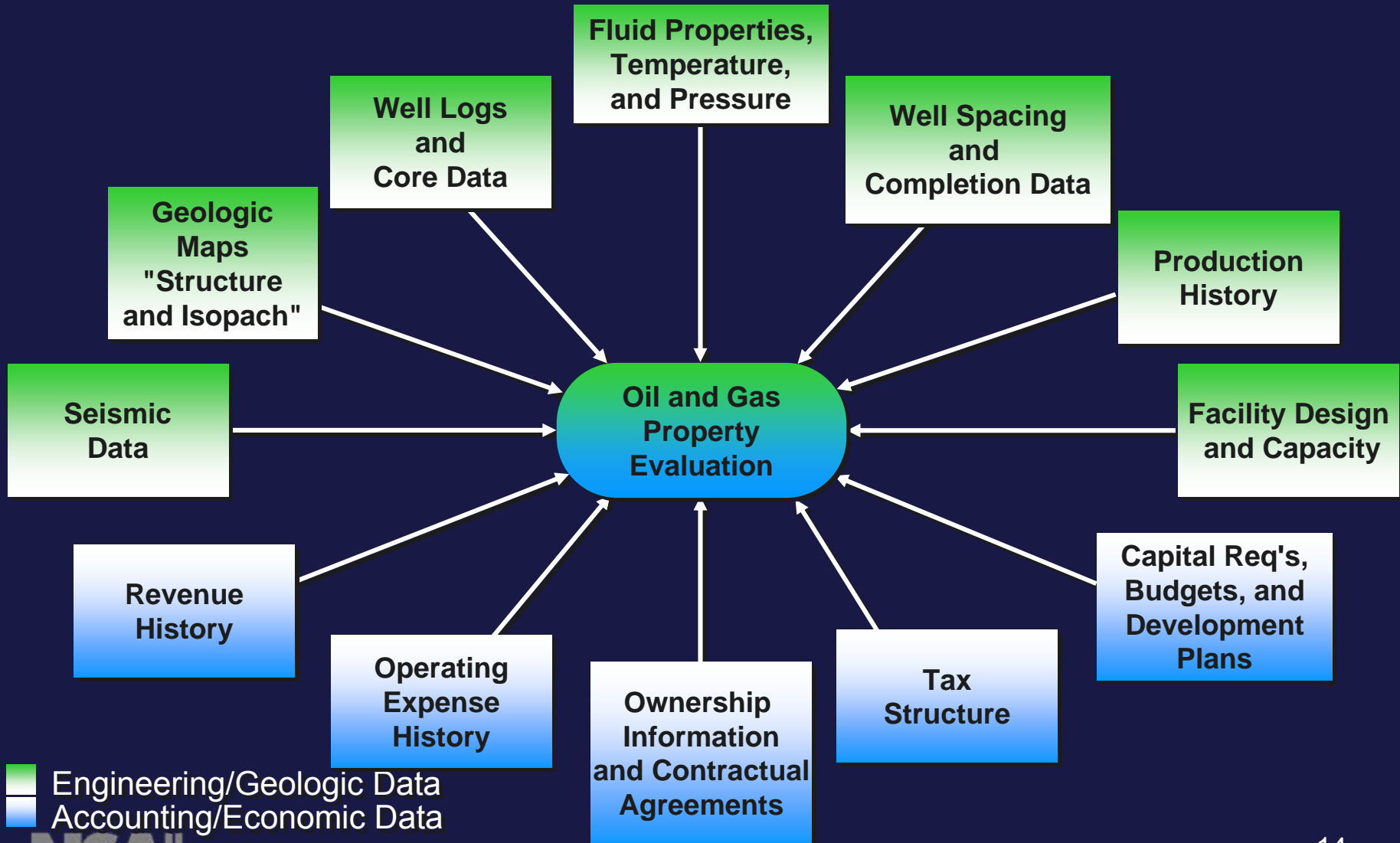
Report Text

- In accordance with your request, we have estimated the proved reserves and future net revenue . . .

What NSAI does, expressed in accounting terms

- We start with the data (receipts, invoices, inventory records, etc.), then we create our own books

What are Reserves Reports Made of?



■ Engineering/Geologic Data
■ Accounting/Economic Data

Depth of Investigation

Scope of Independent Evaluation Checklist

- What type of report did the consultant do?
- Did consultant do their own geological/geophysical interpretation?
- Did consultant verify product pricing and operating expense?
- Did consultant check capital expenditures and timing for reasonableness?
- Did consultant perform projections of future production and economic calculations?
- Did consultant adhere to standard reserves definitions (SEC, SPE, or others)?
- Does consultant have work data in their office?
- What was the cost of the reserves report?

Is Consultant Independent From Client?

- No vested interest in the properties
- No vested interest in client's company
- Not employed on a contingent basis
- Is client a major source of consultant's income?
- Does consultant have an independent office?

Buyer Beware!

Reserves Reports Are Not Created Equal

Establish the reliability by:

- Reading the report letter
- Asking questions regarding the depth of the independent evaluation

Operating Expenses and Capital Costs

Operating Expenses

- Critical to an accurate economic valuation
- Important factors to consider
 - Current operating expenses
 - Projected operational changes
 - Anticipated changes in expenses

Field life and reserves can be highly sensitive to future expenses.

Independent Operating Expense Evaluation

- Begin with actual lease operating statements (LOS)
- Analyze and adjust as necessary to obtain *representative* current operating expenses
- Consider impact of future operational changes on future expense forecasts
- Use historical precedents as a guide

LOS Example 3 - San Juan Basin CBM



LOS Example 3 - San Juan Basin CBM

SAN JUAN BASIN -- LEASE OPERATING STATEMENT (GROSS)

	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	TOTAL	12-Month AVERAGE
WELL NAME: (All)														
PRODUCTION														
Gas Production Mcf	-	460,730	421,116	384,012	406,033	388,126	438,929	429,523	429,983	431,310	460,210	504,330	4,754,302	396,192
Daily Volume Mcfd	-	14,862	13,584	12,800	13,098	12,938	14,159	13,856	15,357	13,913	15,340	16,269	13,025	13,033
REVENUE														
Gas Revenue \$	-	1,901,608	2,394,962	1,881,416	1,762,466	1,698,052	2,135,071	2,340,942	2,397,468	2,464,714	112,071	107,844	19,196,613	1,599,718
DIRECT LEASE OPERATING EXPENSE														
Contract Labor	-	-	2,040	56,691	21,998	4,115	132,856	173,536	76,808	84,746	92,065	95,926	739,781	61,648
Repairs	-	35,750	64,217	373,454	340,194	260,641	289,895	293,516	157,935	70,030	78,547	142,734	2,106,913	175,576
Pump Repairs	-	20,505	25,467	75,363	8,044	81,367	33,640	27,405	49,925	20,135	29,619	35,805	407,275	33,940
Equipment Rental	-	-	1,495	3,336	4,929	5,867	11,842	6,930	9,970	1,766	7,859	6,638	60,622	5,052
Fuel	-	114	9,682	22,510	7,962	(13,310)	3,633	6,018	6,999	9,527	8,266	15,232	76,633	6,386
Utilities	-	3,627	1,456	35,885	40,053	3,992	70,865	9,735	9,615	(31,375)	15,756	14,549	174,158	14,513
Water Disposal	-	349,865	336,540	349,212	348,268	314,580	352,072	398,235	389,721	382,426	388,279	387,926	3,997,124	333,094
Water Facility Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Maint	-	289	-	-	-	-	-	-	-	-	-	-	289	24
Water Facility Sampling	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Testing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Compliance	-	348	8,330	1,820	14,598	34,217	3,584	7,014	2,636	6,669	289	8,199	87,704	7,309
Road maintenance	-	-	2,464	266	-	2,883	534	2,457	10,568	4,879	2,176	3,254	29,481	2,457
Well Work	-	1,853	85,892	20,025	-	(74,969)	69,444	74,347	20,454	4,424	8,068	5,154	214,892	17,891
Workovers	-	318	55,503	64,505	61,548	180,318	118,558	70,750	54,853	76,000	52,176	95,904	830,433	69,203
Compression Fees	-	-	-	-	-	101	-	674	-	-	-	-	775	65
Trucking and Hauling	-	771	4,610	8,362	3,225	17,679	5,035	1,922	5,227	6,206	13,006	8,752	74,796	6,233
Pressure Maint	-	212	1,301	-	-	3,095	2,212	4,190	1,538	2,084	1,928	4,013	20,573	1,714
Treating	-	722	4,079	4,407	5,522	3,651	10,756	-	5,693	7,512	896	15,130	58,368	4,964
Contract Pumping Service	-	7,398	7,920	8,821	9,847	(1,848)	14,961	1,407	8,137	993	5,685	495	63,816	5,318
Other	-	10,767	13,753	3,276	3,198	(8,669)	25,333	7,298	15,125	12,605	28,541	22,268	133,495	11,125
TOTAL DIRECT OPEX	-	432,539	624,749	1,026,933	869,386	813,609	1,145,321	1,084,760	825,878	658,617	733,156	861,979	9,076,927	756,411
ALLOCATED OPERATING EXPENSE														
Company Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Auto Truck	-	-	3,810	7,878	11,109	18,341	15,455	8,301	15,486	8,435	2,128	-	90,943	7,579
Supervision	-	174	52	1,246	592	586	3,011	736	579	1,394	5,648	-	14,018	1,168
Tools and Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	42,779	68,256	58,277	55,659	55,659	53,601	52,444	56,597	59,123	61,289	64,555	628,239	52,353
Well Expense AFE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ALLOCATED OPEX	-	42,953	72,118	66,155	68,014	74,592	69,642	63,756	72,819	68,137	64,811	70,203	733,200	61,100
Producing Overhead	-	42,779	68,256	58,277	55,659	55,659	53,601	52,444	56,597	59,123	61,289	64,555	628,239	52,353
Prod Taxes	-	-	-	-	-	-	-	-	75	-	-	-	-	6
Trans & Gathering	-	646	-	-	-	-	6,715	4,850	340	500	1,000	-	14,051	1,171
TOTAL LEASE OPEX (LOE)	-	518,271	765,123	1,151,365	993,059	943,860	1,268,564	1,200,960	955,294	785,877	859,256	996,737	10,438,366	869,864
OPERATING CASHFLOW	-	1,382,691	1,629,840	730,051	769,406	754,192	859,792	1,135,132	1,441,759	1,678,337	(748,185)	(888,893)	8,744,121	728,677

LOS Example 3 - San Juan Basin CBM

SAN JUAN BASIN -- LEASE OPERATING STATEMENT (GROSS)												
(WELL NAME: (AS))	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PRODUCTION												
Gas Production Mcf	481,733	421,118	384,812	408,025	388,136	428,833	428,803	429,803	421,212	483,212	584,222	674,322
Daily Volume Mcf/d	13,856	12,227	10,998	11,898	11,359	12,469	12,187	12,213	12,213	13,842	16,756	18,728
REVENUE												
Gas Revenue \$	1,861,828	2,284,842	1,887,416	1,762,688	1,688,832	2,106,871	2,342,942	2,397,468	2,464,714	2,122,071	107,844	1,188,814
DIRECT LEASE OPERATING EXPENSE												
Contract Labor	-	2,040	32,221	21,268	6,145	102,896	173,238	78,268	84,748	92,265	81,228	178,761
Repairs	39,763	84,212	174,454	246,154	282,841	220,266	220,214	127,815	70,015	76,247	142,174	8,138,818
Pump Repairs	20,030	25,627	75,262	9,244	31,247	10,640	27,428	48,215	28,118	29,818	38,820	467,276
Equipment Rental	-	1,465	2,138	6,224	8,267	11,842	6,822	9,972	7,768	7,824	8,824	80,824
Fuel	114	8,922	22,112	7,862	(72,312)	6,822	8,218	8,268	8,217	8,228	10,212	78,822
Utilities	3,827	1,424	28,624	42,222	1,262	72,822	12,122	2,812	(22,212)	12,214	18,244	18,212
Water (Inpound)	388,222	328,242	348,212	348,228	352,212	388,228	388,228	388,228	388,228	388,228	388,228	388,228
Water Facility Labor	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Maint	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Supplies	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Other	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Travel	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Trucking	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Other	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Compliance	348	8,228	1,228	14,228	34,217	3,224	7,214	2,828	8,828	228	8,128	87,728
Road Construction	-	2,224	-	-	2,224	2,224	2,224	2,224	2,224	2,224	2,224	2,224
Road Maint	1,822	38,222	28,228	-	(74,222)	88,244	74,247	22,474	4,224	5,228	7,124	274,222
Workshops	218	38,222	48,228	61,248	118,228	78,228	78,228	78,228	78,228	78,228	78,228	78,228
Compressor Fuel	-	-	-	-	-	-	-	-	-	-	-	-
Trucking and Hauling	311	4,912	8,222	3,228	17,218	6,222	1,222	4,228	19,228	6,712	19,228	6,228
Provisional Maint	212	1,224	-	-	2,224	2,212	4,122	1,228	2,244	1,228	2,212	8,212
Trucking	722	4,918	4,227	8,227	2,227	12,728	1,227	2,222	7,212	888	15,128	88,228
Contract Pumping Services	7,228	7,228	8,221	9,227	22,222	14,221	1,227	2,127	888	8,228	888	88,228
Other	19,227	19,227	19,228	19,228	19,228	19,228	19,228	19,228	19,228	19,228	19,228	19,228
TOTAL DIRECT OPEX	422,228	824,728	1,224,228	882,228	812,228	1,128,228	1,284,728	822,228	822,228	722,228	812,228	6,274,228
ALLOCATED OPERATING EXPENSE												
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-
Road Travel	-	8,222	1,218	11,228	18,247	18,248	8,221	18,228	8,228	2,128	-	2,218
Repairs	174	72	-	1,248	882	2,211	728	878	1,224	5,248	14,218	1,128
Truck and Supplies	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	42,718	88,228	58,217	58,228	58,228	58,228	52,444	58,227	58,123	81,228	84,228	428,228
Water Expense (Mcf)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ALLOCATED OPEX	42,842	96,718	60,736	68,214	76,882	80,842	82,718	78,818	84,717	86,812	74,228	412,228
Producing Overhead	21,712	28,222	38,217	38,228	38,228	38,228	38,228	38,228	38,123	41,228	48,228	58,228
Road Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Travel Subsidy	-	-	-	-	-	4,712	4,222	72	72	1,222	-	72
TOTAL LEASE OPEX (GROSS)	465,070	921,446	1,284,964	950,442	889,056	1,209,076	1,367,446	901,046	906,945	809,040	886,456	6,686,456
OPERATING CASHFLOW	1,396,758	1,363,416	702,492	784,446	786,756	897,795	1,135,516	1,615,222	1,657,769	1,312,031	281,388	1,102,358

Gas Production Mcf	429,523	429,983	431,310	460,210	504,330
Daily Volume Mcfd	13,856	15,357	13,913	15,340	16,269
Gas Revenue \$	2,340,942	2,397,468	2,464,714	1,112,071	1,188,814

LOS Example 3 - San Juan Basin CBM

SAN JUAN BASIN -- LEASE OPERATING STATEMENT (GROSS)												
(WELL NAME: (AS))	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PRODUCTION												
Gas Production (MMcf)	485,733	421,118	384,812	408,025	388,138	428,838	438,885	451,215	482,210	504,228	4,794,322	386,117
Oil Production (MMbbl)	14,882	13,288	12,888	13,288	13,288	13,288	13,288	13,288	13,288	13,288	13,288	13,288
REVENUE												
Gas Revenue \$	1,861,828	2,284,842	1,881,616	1,762,688	1,688,832	2,108,871	2,343,842	2,387,488	2,484,714	2,121,871	107,844	10,186,812
DIRECT LEASE OPERATING EXPENSES												
Contract Labor	-	2,040	55,691	21,998	6,145	102,898	173,038	78,268	84,748	92,885	81,828	178,761
Repairs	35,750	64,217	373,454	340,194	282,841	208,888	202,818	203,018	262,547	242,714	8,188,818	149,878
Pump Repairs	20,505	25,467	75,363	8,044	21,267	33,840	27,428	48,215	28,118	29,818	38,828	487,278
Equipment Rental	-	-	-	-	1,495	11,495	6,858	3,872	1,768	1,858	6,828	8,928
Fuel	114	9,682	22,510	7,962	173,192	8,822	8,818	8,888	8,527	8,288	18,212	78,828
Utilities	3,627	1,456	35,885	40,053	1,456	35,885	1,456	35,885	1,456	35,885	1,456	40,053
Water Disposal	349,865	336,540	348,212	348,268	349,865	336,540	348,212	348,268	349,865	336,540	348,212	348,268
Water Facility Labor	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Maint	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Supplies	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Other	-	-	-	-	-	-	-	-	-	-	-	-
Water Facility Training	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Compliance	348	3,288	1,828	14,528	34,217	3,288	7,214	3,288	8,888	288	8,188	87,768
Road Taxes	2,288	2,288	2,288	2,288	2,288	2,288	2,288	2,288	2,288	2,288	2,288	2,288
Road Repairs	1,828	88,218	28,218	-	(74,828)	88,218	74,217	28,218	8,218	8,218	3,184	274,828
Warehouse	218	88,218	88,218	88,218	188,218	188,218	188,218	188,218	188,218	188,218	188,218	188,218
Compressor Fuel	-	-	-	-	-	-	-	-	-	-	-	-
Heating and Cooling	218	4,818	8,218	3,218	17,218	8,218	1,218	4,218	4,218	19,218	8,718	74,768
Pressure Maint	218	1,218	1,218	1,218	1,218	1,218	1,218	1,218	1,218	1,218	1,218	1,218
Trucking	7,218	4,818	4,218	8,218	1,218	10,718	1,218	1,218	7,218	888	18,218	4,818
Contract Pumping Services	7,218	7,218	8,218	8,218	20,818	14,818	1,218	8,127	888	8,888	888	88,818
Other	18,218	18,218	18,218	18,218	18,218	18,218	18,218	18,218	18,218	18,218	18,218	18,218
TOTAL DIRECT OPEX	422,228	324,728	1,248,218	888,268	818,268	1,108,228	1,284,768	828,218	888,218	782,728	81,878	6,174,228
ALLOCATED OPERATING EXPENSE												
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-
Road Taxes	-	8,218	1,218	11,218	18,218	18,218	8,218	18,218	8,218	3,218	-	88,818
Repairs	114	72	1,218	288	288	2,218	728	878	1,218	1,218	8,818	14,818
Truck and Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Warehouse	42,718	88,218	88,218	88,218	88,218	88,218	88,218	88,218	88,218	88,218	88,218	88,218
Water Expense (WFE)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ALLOCATED OPEX	42,832	96,718	96,718	96,718	96,718	96,718	96,718	96,718	96,718	96,718	96,718	96,718
OPERATING EXPENSE	465,060	421,446	1,344,936	984,986	914,986	1,204,946	1,381,486	924,936	984,936	879,446	181,596	6,270,946
OPERATING CASHFLOW	1,396,768	1,863,416	536,688	777,702	773,852	1,203,925	1,062,362	1,463,270	1,499,776	1,042,384	126,268	13,812,584

Contract Labor	-	-	2,040	55,691	21,998
Repairs	-	35,750	64,217	373,454	340,194
Pump Repairs	-	20,505	25,467	75,363	8,044
Equipment Rental	-	-	1,495	3,336	4,929
Fuel	-	114	9,682	22,510	7,962
Utilities	-	3,627	1,456	35,885	40,053
Water Disposal	-	349,865	336,540	349,212	348,268

Evaluating Historical Expense Data

Items to check for:

- Missing, incomplete, or incorrect data?
- Nonrecurring expenses – should they be excluded?
- Recent charges – are they all included?
- Overhead charges included?
- Seasonal fluctuations?
- Does the data match the story?
- Are all leases economic?

Forecasting Future Expenses

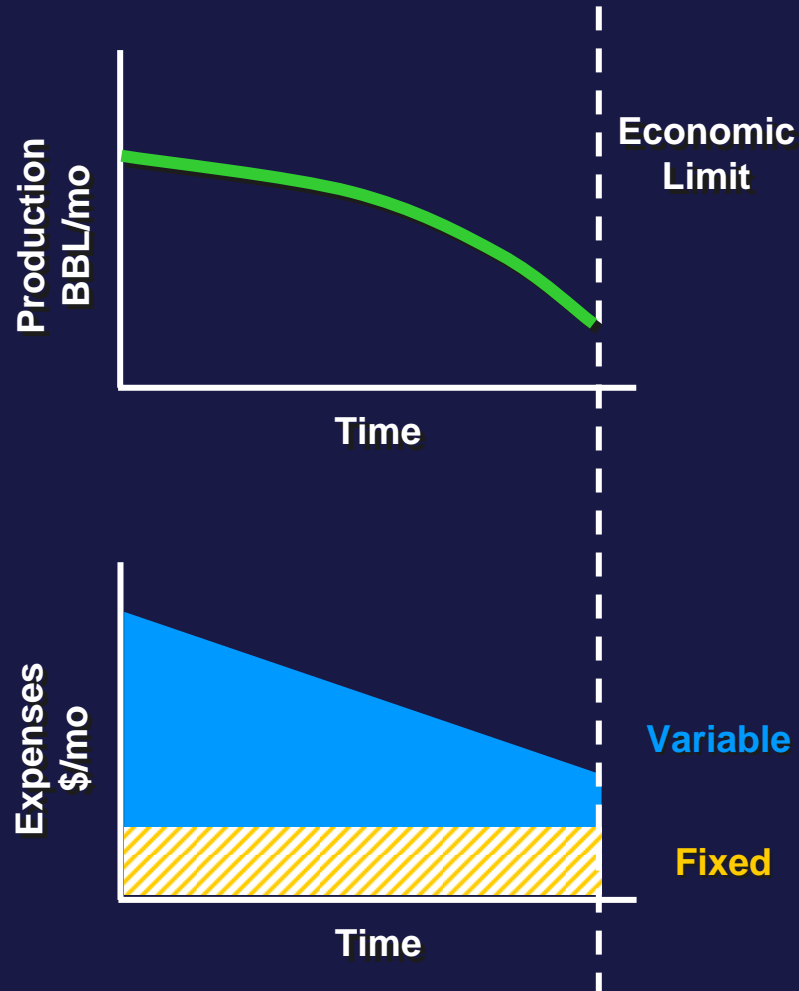
Fixed expenses

- Remain "constant" through time

Variable expenses

- Directly reflects operational activities
- May change with producing well count or production volumes

Fixed and Variable Expenses



Projecting Future Operating Expenses

Lease in Depletion

- Forecast based on current fixed model with changes in variable operating cost

Ongoing Development

- Forecast based on changes to both fixed and variable costs
 - » **Additional wells to be drilled or plugged**
 - » **Facility upgrades planned**
 - » **Changes in support cost, personnel, etc.**
 - » **Are the changes "reasonable"?**

"We have a new plan to reduce overall transportation costs by 25% next year!"



Independent Capital Cost Evaluation

Typical capital cost items

- New wells
- New production facilities
- New pipelines
- Abandonment

Verify capital cost estimates

- Actual historical costs
- AFEs for future work
- Analogies of similar projects
- Service company estimates
- Create our own

Cost items typically not considered

- Equipment salvage value
- Environmental liability

Operating Expense and Capital Cost Quality and Reliability Checklist

- Does report include an independent evaluation of operating expenses? If not, why?
- Do projected future expenses correlate to actual current or historical expenses?
- Who developed cost estimates for future capital projects? (Do they tie to actual historical costs?)
- Does estimator have the experience to accurately evaluate operating and capital costs?



Product Pricing and Economic Calculations

Important Pricing Terms

- **Benchmark Price(s):** Reference price of oil or gas, chosen because it is both familiar in the industry and relevant to the properties being evaluated
- **Posted Price:** An established price for which a buyer is willing to purchase oil or gas, usually at a major oil or gas pipeline interconnect location or at a refinery
- **Futures Price:** A price established on a futures exchange based on trading of contracts to buy/sell oil or gas, generally refers to the "near-month" futures price

Either a posted price or a futures price can be used as a Benchmark Price

Important Pricing Terms

- Field Price(s) or Realized Price(s): The prices that are actually received for oil or gas sold from a given lease or field
- Price Differential: The difference in price between an established benchmark and what is actually received at the lease or field

Price differentials can be positive or negative

Calculating Starting Prices – Empirical Approach

First calculate the historical differential:

$$\text{Historical Pricing Differential} = \text{Historical Realized Price} - \text{Historical Benchmark Price}$$

Then apply the differential to obtain the starting price:

$$\text{Starting Price} = \text{Benchmark Starting Price} + \text{Historical Pricing Differential}$$

Future prices may then be held constant or escalated

Ratios may be more appropriate than differentials for gas

Gas - Why a Differential Exists

- Quality differences
 - Heating value (BTU factor)
 - Level of impurities
- Liquids effects
 - Value of processed liquids
 - Shrinkage upon processing
- Compression/transportation costs
- Marketing charges

Guidelines for Future Prices

- US SEC (YE 2009 forward): Use a 12-month average of first-of-the-month prices, then hold this price flat throughout the life of the property
- SPE PRMS: Future prices should be "...based on the evaluator's view of the prices expected to apply to the respective commodities in future periods..."
- CNI 51-101: Use forecast prices and costs, generally accepted as being a reasonable outlook of the future

Pricing Explanation in the Report Letter

- The report letter should clearly specify the starting price in terms of a common industry benchmark, and should specify any price escalations used
- The report should also specify that differentials have been accounted for
- The report may specify the actual differential-adjusted field prices used, although this can become impractical if many different starting prices exist

Pricing Explanation in the Report Letter

- Reports in Accordance with SEC Guidelines:

Prices used in this report are based on the 12-month unweighted arithmetic average of the first-day-of-the-month price for the period January through December 2010. For oil and NGL volumes, the average West Texas Intermediate posted price of \$75.96 per barrel is adjusted by lease for quality, transportation fees, and regional price differentials. For gas volumes, the average Henry Hub spot price of \$4.376 per MMBTU is adjusted by lease for energy content, transportation fees, and regional price differentials. All prices are held constant throughout the lives of the properties.

- Reports in accordance with PRMS Guidelines:

As requested, this report has been prepared using oil, NGL, and gas price parameters specified by (company). Oil and NGL prices are based on NYMEX West Texas Intermediate prices and are adjusted by lease for quality, transportation fees, and regional price differentials. Gas prices are based on NYMEX Henry Hub prices and are adjusted by lease for energy content, transportation fees, and regional price differentials. All prices, before adjustments, are shown in the following table:

Important Price/Cost Escalation Terms

Constant price and cost case

- Required by the SEC

Nominal price escalation case

- Prices and costs escalate at an identical rate
- Yields same reserves as the constant price case, but higher revenue

Real price escalation case

- Product prices escalate at a greater rate than costs
- Yields higher reserves and higher revenues
- Can make currently uneconomic projects profitable in the future

Economics

By definition, reserves must be economic.

Therefore:

- The outcome of the economic model determines the level of reserves.
- More importantly, the economic model determines the "value" of reserves.

Uncertainty

- Uncertainty exists in oil and gas reserves and economic evaluations
- Total uncertainty is greater in less mature properties due to:
 - inherently less precise measurements of each volumetric parameter
 - multiplication effect of economic and volumetric parameters
- Defining a range of uncertainty is appropriate
- Choosing the most optimistic values in a range of uncertainty is not appropriate

Economic Considerations of a Thorough Evaluator

- Are there enough wells to deplete the productive area?
- Is there enough CAPEX to cover reasonable contingency, including required initial field facilities and future equipment requirements?
- Is there enough OPEX to operate the estimated well count?
- Is there enough wellbore capacity to produce the peak rate?
- Is the development timing for undeveloped reserves reasonable?
- Is the modeling of expense reductions at the end of the reservoir life reasonable?
- Have realistic, rather than optimistic, estimates of uncertain variables been used?



Reserves Report Content

Reserves Report Content - Standard

- Cover
- Letter (description of properties, estimate of reserves and revenue, economic assumptions)
- Definitions
- Table of Contents
- Summaries by Reserves Category
- One-line Summaries of Reserves, Economics, and Basic Data by Lease (by Reserves Category)

Example - Report Letter

Category	Net Reserves		Future Net Revenue (\$)	
	Oil (Barrels)	Gas (MCF)	Total	Present Worth at 10%
Proved Developed				
Producing	3,881	1,569,603	6,599,000	3,884,400
Non-Producing	18,595	1,449,107	8,616,800	4,473,100
Proved Undeveloped	7,463	4,640,709	20,371,900	12,727,000
Total Proved	29,939	7,659,419	35,587,700	21,084,500
Probable	12,499	5,624,950	26,312,800	14,991,500
Possible	16,666	6,916,600	34,232,800	18,822,900

on May 1, 2011. This report has been prepared using price and cost parameters specified by Big Strike, as discussed in subsequent paragraphs of this letter. The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE); definitions are presented immediately following this letter.

As presented in the accompanying summary projections, Tables I through VI, we estimate the net reserves and future net revenue to the Big Strike interest in these properties, as of December 31, 2010, to be:

Category	Net Reserves		Future Net Revenue (\$)	
	Oil (Barrels)	Gas (MCF)	Total	Present Worth at 10%
Proved Developed Producing	3,881	1,569,603	6,599,000	3,884,400
Proved Developed Non-Producing	18,595	1,449,107	8,616,800	4,473,100
Proved Undeveloped	7,463	4,640,709	20,371,900	12,727,000
Total Proved	29,939	7,659,419	35,587,700	21,084,500
Probable	12,499	5,624,950	26,312,800	14,991,500
Possible	16,666	6,916,600	34,232,800	18,822,900

The oil reserves shown include crude oil and condensate. Oil volumes are expressed in barrels that are equivalent to 42 United States gallons. Gas volumes are expressed in thousands of cubic feet (MCF) at standard temperature and pressure bases.

The estimates shown in this report are for proved, probable, and possible reserves. This report does not include any value that could be attributed to interests in undeveloped acreage beyond those tracts for which undeveloped reserves have been estimated. Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. The estimates of reserves and future revenue included herein have not been adjusted for risk.

As shown in the Table of Contents, this report includes reserves and economics data for each reserves category; these data include a summary projection of reserves and revenue along with one-line summaries of basic data, reserves, and economics by lease.

Future gross revenue to the Big Strike interest is prior to deducting state production taxes and ad valorem taxes. Future net revenue is after deductions for these taxes, future capital costs, and operating expenses but before consideration of any income taxes. The future net revenue has been discounted at an annual rate of 10 percent

to a maximum of \$100.00 per barrel or \$7.00 per MMBTU.

Chairman and Chief Executive Officer

lease and well operating costs used in this report are based on operating expense records of Big Strike. These costs include the per-well overhead expenses allowed under joint operating agreements along with estimates of costs to be incurred at and below the district and field levels. Headquarters general and administrative overhead expenses of Big Strike are included to the extent that they are covered under joint operating agreements for the operated properties. As requested, lease and well operating costs are held constant throughout the lives of the properties. Capital costs are included as required for workovers, new development wells, and production equipment. The future capital costs are held constant to the date of expenditure.

We have made no investigation of potential gas volume and value imbalances resulting from overdelivery or underdelivery to the Big Strike interest. Therefore, our estimates of reserves and future revenue do not include adjustments for the settlement of any such imbalances; our projections are based on Big Strike receiving its net revenue interest share of estimated future gross gas production.

The reserves shown in this report are estimates only and should not be construed as exact quantities. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves. Estimates of reserves may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, our estimates are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of the interest owner to recover the reserves, and that our projections of future production will prove consistent with actual performance. If the reserves are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the sales rates,

By: Name, Number Title

Date Signed: May 1, 2011



Example - Report Letter

Lease and well operating costs used in this report are based on operating expense records of Big Strike. These costs include the per-well overhead expenses allowed under joint operating agreements along with estimates of costs to be incurred at and below the district and field levels. Headquarters general and administrative overhead expenses of Big Strike are included to the extent that they are covered under joint operating agreements for the operated properties. As requested, lease and well operating costs are held constant throughout the lives of the properties. Capital costs are included as required for workovers, new development wells, and production equipment. The future capital costs are held constant to the date of expenditure.

NETHERLAND, SEWELL & ASSOCIATES, INC.
WORLDWIDE PETROLEUM CONSULTANTS
 ENGINEERING • GEOLOGY • GEOPHYSICS • PETROPHYSICS

PRESIDENT & CEO J. CARTER RENKON, JR., HOUSTON
 DANNY D. BARNES, DALLAS
EXECUTIVE VP JOSEPH J. SHILLMAN, DALLAS
 G. LANCE BRIDET, THOMAS J. TELLA, II, DALLAS

May 1, 2011

Mr. Edwin Drake
 Big Strike Oil Corporation
 100 Main Street
 Titusville, Pennsylvania 16354

Dear Mr. Drake:

In accordance with your request, we have estimated the proved, probable, and possible reserves and future revenue, as of December 31, 2010, to the Big Strike Oil Corporation (Big Strike) interest in certain oil and gas properties located in the United States, as listed in the accompanying tabulations. We completed our evaluation on May 1, 2011. This report has been prepared using price and cost parameters specified by Big Strike, as discussed in subsequent paragraphs of this letter. The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). Definitions are presented immediately following this letter.

As presented in the accompanying summary projections, Tables I through VI, we estimate the net reserves and future net revenue to the Big Strike interest in these properties, as of December 31, 2010, to be:

Category	Net Reserves		Future Net Revenue (\$)	
	Oil (Barrels)	Gas (MCF)	Total	Present Worth at 10%
Proved Developed Producing	3,881	1,569,603	6,599,000	3,884,400
Proved Developed Non-Producing	18,595	1,448,107	8,816,800	4,473,100
Proved Undeveloped	7,463	4,640,709	20,371,900	12,727,000
Total Proved	29,939	7,659,419	35,587,700	21,084,500
Probable	12,499	5,624,950	28,312,600	14,991,500
Possible	10,000	6,910,000	34,232,000	18,022,900

The oil reserves shown include crude oil and condensate. Oil volumes are expressed in barrels that are equivalent to 42 United States gallons. Gas volumes are expressed in thousands of cubic feet (MCF) at standard temperature and pressure bases.

The estimates shown in this report are for proved, probable, and possible reserves. This report does not include any value that could be attributed to interests in undeveloped acreage beyond those tracts for which undeveloped reserves have been estimated. Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. The estimates of reserves and future revenue included herein have not been adjusted for risk.

As shown in the Table of Contents, this report includes reserves and economics data for each reserves category; these data include a summary projection of reserves and revenue along with one-line summaries of basic data reserves, and economics by lease.

Future gross revenue to the Big Strike interest is prior to deducting state production taxes and ad valorem taxes. Future net revenue is after deductions for these taxes, future capital costs, and operating expenses but before consideration of any income taxes. The future net revenue has been discounted at an annual rate of 10 percent

liability related to the properties; therefore, our estimates do not include any costs due to such possible liability. Also, our estimates do not include any salvage value for the lease and well equipment or the cost of abandoning the properties.

As requested, this report has been prepared using oil, NGL, and gas price parameters specified by Big Strike. Oil and NGL prices are based on NYMEX West Texas Intermediate prices and are adjusted by lease for quality, transportation fees, and regional price differentials. Gas prices are based on NYMEX Henry Hub prices and are adjusted by lease for energy content, transportation fees, and regional price differentials. All prices, before adjustments, are shown in the following table:

Period Ending	Oil/NGL Price (\$/Barrel)	Gas Price (\$/MMBTU)
12-31-2011	80.00	5.00
12-31-2012	85.00	5.50
12-31-2013	90.00	6.00

Thereafter, escalated 3 percent per year to a maximum of \$100.00 per barrel or \$7.00 per MMBTU.

Lease and well operating costs used in this report are based on operating expense records of Big Strike. These costs include the per-well overhead expenses allowed under joint operating agreements along with estimates of costs to be incurred at and below the district and field levels. Headquarters general and administrative overhead expenses of Big Strike are included to the extent that they are covered under joint operating agreements for the operated properties. As requested, lease and well operating costs are held constant throughout the lives of the properties. Capital costs are included as required for workovers, new development wells, and production equipment. The future capital costs are held constant to the date of expenditure.

We have made no investigation of potential gas volume and value imbalances resulting from overdelivery or underdelivery to the Big Strike interest. Therefore, our estimates of reserves and future revenue do not include adjustments for the settlement of any such imbalances; our projections are based on Big Strike receiving its net revenue interest share of estimated future gross gas production.

The reserves shown in this report are estimates only and should not be construed as exact quantities. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves. Estimates of reserves may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, our estimates are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of the interest owner to recover the reserves, and that our projections of future production will prove consistent with actual performance. If the reserves are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the sales rates,

obtained from Big Strike, other interest owners, various operators of the nonconfidential files of Netherland, Sewell & Associates, Inc. (NSAI) and geoscience, performance, and work data are on file in our office. The amount by NSAI, nor has the actual degree or type of interest owned been a persons responsible for preparing the estimates presented herein meet ns, independence, objectivity, and confidentiality set forth in the SPE eum engineers, geologists, geophysicists, and petrophysicists; we do not are we employed on a contingent basis.

Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.
 Texas Registered Engineering Firm F-002699

By: C.H. (Scott) Rees III, P.E.
 Chairman and Chief Executive Officer

By: Name, Number
 Title

Date Signed: May 1, 2011

4800 THIRDSOURCE TOWER • 1801 ELM STREET • DALLAS, TEXAS 75201-4794 • PH: 214-908-5401 • FAX: 214-908-5411
 1221 LAMAR STREET, SUITE 1200 • HOUSTON, TEXAS 77010-3072 • PH: 713-654-6900 • FAX: 713-654-4951

nsai@netherlandsewell.com
 netherlandsewell.com

Example - Summary Table

SUMMARY PROJECTION OF RESERVES AND REVENUE

PERIOD ENDING -----	GROSS REVENUE			PROD+AV TAXES M\$-----	NET CAP COST M\$-----	OPERATING EXPENSE M\$-----	NET REVENUE M\$-----	CUM P.W. 10.000% M\$-----	S ---	NET GAS MMCF-----
	INCL OIL M\$-----	PROD+ADVAL GAS M\$-----	TAXES TOTAL M\$-----							
12-31-11	26.0	1762.4	1788.4	133.2	4472.8	182.4	-3000.0	-2927.3	143	572.275
12-31-12	82.5	8366.7	8449.2	636.0	0.0	256.9	7556.3	3638.6	396	1338.679
12-31-13	51.5	5299.3	5350.8	418.0	0.0	270.3	4662.5	7324.2	757	921.597
12-31-14	192.4	5417.8	5610.2	438.6	372.4	273.9	4525.3	10553.8	052	914.784
12-31-15	200.9	4760.4	4961.3	393.3	0.0	286.6	4281.4	13349.0	438	780.365
12-31-16	159.8	3755.1	3914.9	323.4	44.9	262.9	3283.7	15299.2	323	597.630
12-31-17	129.6	3212.6	3342.2	280.8	0.0	255.5	2805.9	16812.9	374	496.417
12-31-18	105.8	2697.4	2803.2	238.2	0.0	261.3	2303.7	17942.3	567	404.658
12-31-19	86.8	2287.8	2374.6	204.3	0.0	268.8	1901.5	18790.0	344	333.218
12-31-20	71.6	1896.2	1967.8	171.2	0.0	263.1	1533.5	19411.9	212	268.141
12-31-21	58.7	1539.8	1598.5	139.3	0.0	247.0	1212.2	19858.5	252	211.387
12-31-22	47.7	1348.0	1395.7	122.6	0.0	253.3	1019.8	20199.7	082	179.661
12-31-23	39.1	1191.9	1231.0	109.3	0.0	260.8	860.9	20461.7	387	154.248
12-31-24	32.2	1014.2	1046.4	96.7	0.0	222.5	727.2	20662.9	351	127.409
12-31-25	16.8	969.2	986.0	91.5	12.5	195.2	686.8	20834.7	079	118.226
SUBTOTAL	1301.4	45518.8	46820.2	3796.4	4902.6	3760.5	34360.7	20834.7	057	7418.695
REMAING	13.9	2099.5	2113.4	209.4	0.0	677.0	1227.0	21084.5	060	240.724
TOTAL OF 28.4 YRS	1315.3	47618.3	48933.6	4005.8	4902.6	4437.5	35587.7	21084.5	117	7659.419
					CUM. PROD	378,337		112,373.105		
					ULTIMATE	941.460		127322.222		

Example - One-line Summaries

Basic Data



PROP NUMBER	FIELD, COUNTY LEASE NAME	# OF WELLS		GROSS OIL/COND MBBL----	ULTIMATE GAS MMCF-----	WORKING INTEREST		REVENUE INTEREST		OIL/COND \$/BBL		GAS \$/MCF		GROSS OPERTNG EXPENSE M\$/M	
		OIL	GAS			START	END	START	END	START	END	STRT	END	START	END
K A N S A S															
BIG STRIKE GAS FIELD, KEARNY COUNTY															
000162	BIG STRIKE 1	0.	1.	0.000	2095.598	25.000	25.000	21.875	21.875	0.00	0.00	2.79	7.07	0.8	1.0
000171	BIG STRIKE 2	0.	1.	0.000	12669.054	25.000	25.000	21.875	21.875	0.00	0.00	2.53	9.00	0.3	0.6
000505	BIG STRIKE 3	0.	1.	0.000	8030.543	50.000	50.000	43.750	43.750	0.00	0.00	2.55	8.44	0.5	0.7
001009	BIG STRIKE 4	0.	1.	0.000	6721.092	50.000	50.000	43.750	43.750	0.00	0.00	2.47	8.70	0.4	0.6
001049	BIG STRIKE 5	0.	1.	0.000	7139.338	50.000	50.000	43.750	43.750	0.00	0.00	2.41	7.28	0.4	0.6
	FIELD TOTAL	0.	5.	0.000	36655.625										

Example - One-line Summaries Reserves and Economics



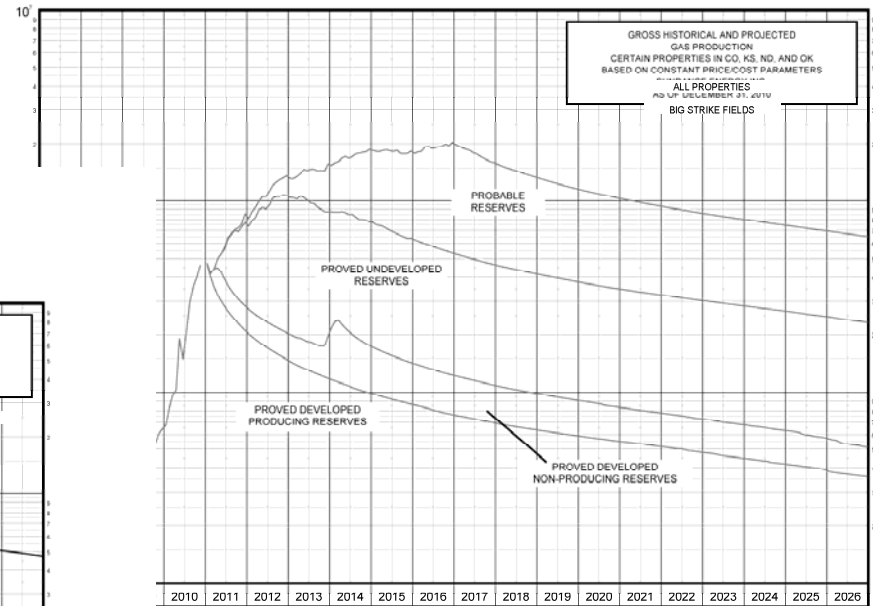
ACCT NUMBER	FIELD, COUNTY LEASE NAME	GROSS OIL/COND MBBL-----	NET OIL/COND MBBL-----	GROSS GAS MMCF-----	NET GAS MMCF-----	OIL REVENUE M\$-----	GAS REVENUE M\$-----	TOTAL TAXES M\$-----	NET CAP COST M\$-----	OPRTNG EXPNSE M\$-----	NET REVENUE M\$-----	CUM P.W. 10.000% M\$-----	LIFE YRS -----
K A N S A S													
BIG STRIKE GAS FIELD, KEARNY COUNTY													
000162	BIG STRIKE 1	0.000	0.000	134.076	29.329	0.0	165.8	24.3	0.0	24.2	117.3	81.6	9.5
000171	BIG STRIKE 2	0.000	0.000	453.033	99.101	0.0	666.9	96.8	0.0	31.4	538.7	250.3	23.7
000505	BIG STRIKE 3	0.000	0.000	199.919	87.465	0.0	545.6	79.5	0.0	52.0	414.1	231.9	15.2
001009	BIG STRIKE 4	0.000	0.000	241.009	105.442	0.0	670.8	97.6	0.0	45.7	527.5	280.9	17.0
001049	BIG STRIKE 5	0.000	0.000	125.645	54.970	0.0	316.0	46.0	0.0	30.8	239.2	157.0	10.3
	FIELD TOTAL	0.000	0.000	1153.682	376.307	0.0	2365.1	344.2	0.0	184.1	1836.8	1001.7	

Reserves Report Content - Optional

- Summary tables by field, area, business unit, etc.
- Summary graphs of historical and projected production by reserves category
- Individual lease projections (graphs and annual cash flows)
- Present worth sorts of individual properties

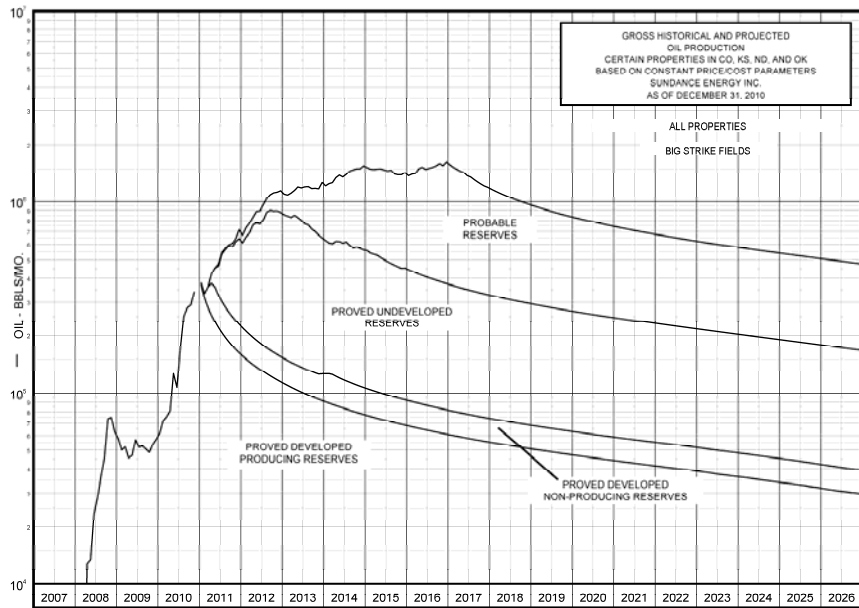
Example - Summary Level Gross Production Graphs

NSAI NETHERLAND, SEWELL
& ASSOCIATES, INC.



in are part of this NSAI report and are subject to its parameters and conditions.

NSAI NETHERLAND, SEWELL
& ASSOCIATES, INC.



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Example - Lease Plot/Projection



PROJECTION OF ESTIMATED PRODUCTION AND REVENUE

AS OF
12-31-10

BIG STRIKE OIL CORPORATION INTEREST

Initial Working Interest 0.250000
Initial Revenue Interest 0.2187500

Lease Name : BIG STRIKE 1 000162
Field Name : BIG STRIKE GAS
Cnty, State: KEARNY, KS
Operator : BIG STRIKE OIL

PROVED DEVELOPED PRODUCING RESERVES

PERIOD ENDING	GROSS OIL/COND MBBL-----	NET OIL/COND MBBL-----	GROSS GAS MMCF-----	NET GAS MMCF-----	GROSS REVENUE			PROD+AV TAXES M\$-----	NET CAP COST M\$-----	OPERATING EXPENSE M\$-----	NET REVENUE M\$-----	CUM P.W. 10.000% M\$-----
					INCL OIL M\$-----	PROD+ADVAL GAS M\$-----	TAXES TOTAL M\$-----					
12-31-11	3.300	0.309	16.499	1.547	21.9	6.0	27.9	3.5	0.0	3.8	20.6	19.8
12-31-12	2.044	0.192	10.219	0.958	13.6	3.7	17.3	2.2	0.0	3.7	11.4	29.7
12-31-13	1.516	0.142	7.582	0.711	10.1	2.7	12.8	1.6	0.0	3.8	7.4	35.6
12-31-14	1.219	0.114	6.095	0.571	8.1	2.2	10.3	1.3	0.0	3.8	5.2	39.4
12-31-15	1.026	0.096	5.120	0.401	6.0	1.9	8.7	1.1	0.0	3.0	3.0	41.9
12-31-16	0.889	0.083	4.446	0.417	5.9	1.6	7.5	1.0	0.0	3.8	2.7	43.6
12-31-17	0.787	0.074	3.936	0.369	5.2	1.4	6.6	0.9	0.0	3.8	1.9	44.7
12-31-18	0.708	0.066	3.540	0.332	4.7	1.3	6.0	0.8	0.0	3.7	1.5	45.4
12-31-19	0.644	0.060	3.222	0.302	4.3	1.2	5.5	0.7	0.0	3.8	1.0	45.9
12-31-20	0.592	0.056	2.960	0.278	3.9	1.1	5.0	0.7	0.0	3.8	0.5	46.2
12-31-21	0.548	0.051	2.741	0.257	3.6	1.0	4.6	0.7	0.0	3.8	0.1	46.3
7-31-22	0.289	0.028	1.442	0.134	1.9	0.5	2.4	0.3	0.0	2.1	0.0	46.3
SUBTOTAL	13.562	1.271	67.810	6.357	90.0	24.6	114.6	14.8	0.0	43.7	56.1	46.3
REMAING	0.000	0.000	0.000	0.000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OF 11.6 YRS	13.562	1.271	67.810	6.357	90.0	24.6	114.6	14.8	0.0	43.7	56.1	46.3
CUM PROD	2.166		13.269									
ULTIMATE	15.728		81.079									

INITIAL PRICES BEFORE PRODUCTION TAXES: 70.9300 \$/BBL - 3.8600 \$/MCF
MAXIMUM COMPLETIONS: 1 OIL - 0 GAS INITIAL OPRG COST 2500 \$/MO

BASED ON CONSTANT PRICE/COST PARAMETERS

PRESENT WORTH PROFILE
FOR 8.00 PCT, PRESENT WORTH IS M\$ 47.8
FOR 12.00 PCT, PRESENT WORTH IS M\$ 44.4
FOR 15.00 PCT, PRESENT WORTH IS M\$ 42.4
FOR 18.00 PCT, PRESENT WORTH IS M\$ 40.5
FOR 20.00 PCT, PRESENT WORTH IS M\$ 39.4

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Example - Present Worth Sort

RESERVES AND ECONOMICS
AS OF
AS OF
12-31-10

TOTAL PROVED RESERVES

DESCENDING ORDER OF PRESENT WORTH

ACCT NUMBER	LEASE NAME	GROSS OIL/COND MBBL-----	NET OIL/COND MBBL-----	GROSS GAS MMCF-----	NET GAS MMCF-----	OIL REVENUE M\$-----	GAS REVENUE M\$-----	TOTAL TAXES M\$-----	CAPTL COST M\$-----	OPRTNG EXPNSE M\$-----	NET REVENUE M\$-----	CUM P.W. 10.000% M\$-----	LIFE YRS
001173	BIG STRIKE 15 BP	37.500	18.595	2500.000	1239.634	830.3	8011.6	636.2	372.4	366.6	7466.7	4094.4	14.4
001833	BIG STRIKE 25 PUD	0.000	0.000	1200.000	1050.000	0.0	6304.1	453.4	770.0	119.3	4961.4	3617.7	9.7
001861	BIG STRIKE 23 PUD	2.400	2.100	1200.000	1050.000	90.5	6498.1	473.7	550.0	322.4	5242.5	3213.5	15.3
001740	BIG STRIKE 24 PUD	0.000	0.000	800.000	700.000	0.0	4471.5	321.7	529.8	206.3	3413.7	2081.1	15.1
000259	BIG STRIKE 18	0.000	0.000	822.290	616.717	0.0	3870.3	419.9	0.0	985.0	2465.4	1497.5	19.4
001828	BIG STRIKE 22 PUD	0.000	0.000	700.000	612.500	0.0	3179.1	89.1	1161.0	195.9	1733.1	1229.1	5.3
001627	BIG STRIKE 27 PUD	0.000	0.000	400.000	350.000	0.0	2013.7	204.7	235.0	111.6	1462.4	979.6	9.7
001874	BIG STRIKE 26 PUD	7.150	5.363	650.000	487.500	232.2	3143.5	340.4	1000.0	251.7	1783.6	708.0	17.4
001881	BIG STRIKE 20 PUD	0.000	0.000	370.000	197.177	0.0	1323.1	192.4	113.5	118.2	899.0	451.0	18.2
001900	BIG STRIKE 21 PUD	0.000	0.000	370.000	193.532	0.0	1295.7	188.4	113.5	117.6	876.2	447.0	18.0
000086	BIG STRIKE 11	0.000	0.000	2228.286	167.177	0.0	1134.1	81.6	0.0	229.6	822.9	409.3	28.4
001070	BIG STRIKE 13 BP	0.000	0.000	600.000	153.223	0.0	1127.2	81.2	44.9	259.3	741.8	284.8	20.4
001009	BIG STRIKE 4	0.000	0.000	241.009	105.442	0.0	670.8	97.6	0.0	45.7	527.5	280.9	17.0
001283	BIG STRIKE 9	0.000	0.000	228.579	168.713	0.0	1030.3	26.2	0.0	595.1	409.0	275.1	13.2
000171	BIG STRIKE 2	0.000	0.000	453.033	99.101	0.0	666.9	96.8	0.0	31.4	538.7	250.3	23.7
000505	BIG STRIKE 3	0.000	0.000	199.919	87.465	0.0	545.6	79.5	0.0	52.0	414.1	231.9	15.2
000271	BIG STRIKE 12	0.000	0.000	475.644	81.256	0.0	530.6	37.9	0.0	64.9	427.8	222.4	18.7
001049	BIG STRIKE 5	0.000	0.000	125.645	54.970	0.0	316.0	46.0	0.0	30.8	239.2	157.0	10.3
001530	BIG STRIKE 14	0.000	0.000	138.884	34.478	0.0	197.8	14.2	0.0	23.2	160.4	108.8	8.7
000592	BIG STRIKE 13	0.000	0.000	160.340	40.946	0.0	216.9	15.6	0.0	76.1	125.2	97.8	5.8
001234	BIG STRIKE 7 BP	0.000	0.000	300.000	56.250	0.0	473.5	34.1	12.5	18.6	408.3	93.9	17.5
001143	BIG STRIKE 15	0.000	0.000	83.669	41.488	0.0	198.7	14.3	0.0	82.1	102.3	88.5	3.1
001505	BIG STRIKE 19	0.000	0.000	149.555	29.163	0.0	161.4	19.7	0.0	30.2	111.5	84.1	6.3
000162	BIG STRIKE 1	0.000	0.000	134.076	29.329	0.0	165.8	24.3	0.0	24.2	117.3	81.6	9.5
001521	BIG STRIKE 16	6.057	0.592	104.432	10.216	21.9	51.9	5.2	0.0	5.8	62.8	50.5	4.8
001233	BIG STRIKE 7	17.546	3.289	16.756	3.142	140.4	20.1	11.7	0.0	73.9	74.9	48.7	14.5
000283	BIG STRIKE 6	0.000	0.000	0.000	0.000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
000939	BIG STRIKE 8	0.000	0.000	0.000	0.000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
000483	BIG STRIKE 17	0.000	0.000	0.000	0.000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL ALL LEASES		70.653	29.939	14652.117	7659.419	1315.3	47618.3	4005.8	4902.6	4437.5	35587.7	21084.5	

NSAI Seminars



- Two-day Oil & Gas Property Evaluation Seminar (no registration cost)
 - Dallas, Texas – Thanksgiving Tower
 - ◆ Two 2-day sessions in May for past 17 years
 - London – Grange City Hotel (Central London)
 - ◆ June 14 -15, 2011
- One-day Shale Seminar
 - London – Grange City Hotel (Central London)
 - ◆ June 13, 2011
- Register on-line at www.netherlandsewell.com

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