

FINANCIAL OVERVIEW - ANNUAL

DEVONIAN SHALE STIMULATION PROJECT – EASTERN KENTUCKY

Natural Gas Price	\$6.75	Per Well Daily Production (MCF)	50	Days of Production Per Year	360
Royalty Percentage	18.75%	# of Wells	3	State Severance Tax	3.0%
Land Cost	\$60,000				
Per Well Cost	\$310,000	Joint Venture Partner WI	80%	Per Well Monthly Mngt. Fee	\$250
Total Project Cost	\$990,000	Company	20%	Per Well Estimated Monthly Operating	\$100
Annual Price Escalation	5.00%	Gas Brokering Fee per MCF	\$0.00		
Annual Production Decline	5.00%	Transportation Per MCF	\$0.00		

Year	1	2	3	4	5	6	7	8	9	10
Annual Production (MCF)	54,000	51,300	48,735	46,298	43,983	41,784	39,695	37,710	35,825	34,033
Cumulative Production	54,000	105,300	154,035	200,333	244,317	286,101	325,796	363,506	399,331	433,364
Daily Single Well Average Production	50	48	45	43	41	39	37	35	33	32
Price	\$6.75	\$7.09	\$7.44	\$7.81	\$8.20	\$8.61	\$9.05	\$9.50	\$9.97	\$10.47
Gross Revenue	\$364,500	\$363,589	\$362,680	\$361,773	\$360,869	\$359,966	\$359,067	\$358,169	\$357,273	\$356,380
State Tax	10,935	10,908	10,880	10,853	10,826	10,799	10,772	10,745	10,718	10,691
Transportation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Income	\$353,565	\$352,681	\$351,799	\$350,920	\$350,043	\$349,167	\$348,295	\$347,424	\$346,555	\$345,689
Royalties	\$66,293	\$66,128	\$65,962	\$65,797	\$65,633	\$65,469	\$65,305	\$65,142	\$64,979	\$64,817
Gas Brokering Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
Management Fees	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Net for Distribution	\$274,672	\$273,953	\$273,237	\$272,522	\$271,810	\$271,099	\$270,389	\$269,682	\$268,976	\$268,272
Company Distribution	\$54,934	\$54,791	\$54,647	\$54,504	\$54,362	\$54,220	\$54,078	\$53,936	\$53,795	\$53,654
Joint Venture Partner Distribution	\$219,737	\$219,163	\$218,590	\$218,018	\$217,448	\$216,879	\$216,311	\$215,745	\$215,181	\$214,618
Cumulative JV Partner Distribution	\$219,737	\$438,900	\$657,490	\$875,507	\$1,092,955	\$1,309,834	\$1,526,145	\$1,741,891	\$1,957,072	\$2,171,690
Pre Tax ROI	22.20%	22.14%	22.08%	22.02%	21.96%	21.91%	21.85%	21.79%	21.74%	21.68%
Cumulative ROI	22.20%	44.33%	66.41%	88.44%	110.40%	132.31%	154.16%	175.95%	197.68%	219.36%
Pre Tax ROI with write off (@36% tax)	51.00%	23.94%	23.88%	23.82%	23.76%	21.91%	21.85%	21.79%	21.74%	21.68%
Cumulative ROI with write off (@36% tax)	51.00%	74.93%	98.81%	122.64%	146.40%	168.31%	190.16%	211.95%	233.68%	255.36%

This analysis includes statements of summarized financial projections. There will be differences between the projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material. NO INVESTOR SHOULD INVEST IN THE COMPANY IN RELIANCE ON THE ACCURACY OR ADEQUACY OF THESE PROJECTIONS.