

**Morgan Run Unit**  
**Redwine Resources**  
**12/01/08**

**Current Operations**

- **8 producing wells.** All wells completed in both Lower Almond & Allen Ridge Coals.
  - All 8 wells located on Three Forks Ranch surface (& minerals)
  - Initiated production in October, 2008 (pumping water only).
- **1 WDW:** Completed in Lower Haystack sands (Deep Creek Sand). Have approved W.D. permit from state of WY (Docket No. 506-2007)
- **CDP #1:** 1- WDW, Tank battery (4-400 BBl), W.D. pump facility (enclosed building), 2 generators, 2 propane tanks (back-up fuel system), compressor site & gas meter (sales).
- **Infrastructure (CDP #1):** All gas gathering, water production and electric lines are buried and run from each well site to the CDP #1 site.
- **Finalize approval of Morgan Run Unit with WY-BLM Reservoir Management Group (21840.12 acres).**
  - Received approval June 1, 2008 from RMG (AID) for designation as CBM unit.
  - Waiting on approval of joinders from WI and mineral owners. Expect CBM unit approval from RMG no later than January, 2009.

**Proposed Operations – 2009**

- **D&C – 8 additional 80 acre offsets (CDP #1)**
  - Onsites with BLM completed in October, 2008.
  - POD submitted to BLM November 14, 2008.
  - 7 of 8 wells located on fee surface (split estate- Federal minerals).
- **D&C – 1 monitor well (NESW Sec 13, T14N-R90W)**
  - Onsite with BLM completed in October, 2008.
  - Application for Permit for Monitoring Well approved by State of WY October 28, 2008.
  - Well site located on fee surface (& minerals).
- **Initiate work mid-summer 2009 for drilling 8 wells, 1 monitor well and infrastructure** (gas lines, water lines, electric lines, etc.), once the wildlife restrictions are lifted.
- **Possibly permit 8-12 additional wells in March/April 2009 for fall drilling in 2009.**