

HORSE CREEK PROSPECT

HANSFORD COUNTY, TEXAS

**CHESTER SAND
NEW DRILL**

HORSE CREEK PROSPECT
HANSFORD COUNTY, TEXAS

Operator: Amarillo Exploration, Inc.
P.O. Box 9955
Amarillo, TX 79105

Legal Description and Rights:

Sections 71, Block 45, H&TC Survey. New 3 year lease. Release deep rights at end of primary term. Release all other non-producing rights 2 years after end of primary term.

AND

Section 14, Block 2, W.C. RR Survey. Assigned from Chi Petroleum. All Rights.
77% NRI. Lease expires May 27, 2010.

Both combined containing 1329.8 acres, more or less.

Potential Pay Zones: Chester Sand, Upper Morrow, Novi (Atoka), Lower Cherokee
Hepler Sand, and Marmaton

Potential Drilling Locations: 2 to 4

Prospect Cost: \$372,500 (includes Acreage, Geology, and Landman Costs)

Estimated Drilling Cost: \$425,800

Estimated Completion Cost: \$464,900

EXAMPLE – Estimated Cost of 1% WI Participation

Prospect Cost	\$ 3,725
Drilling (w/ 25% Carry)	\$ 5,677
Completion	<u>\$ 4,649</u>
TOTAL	\$14,051

Estimated Payout: 22 months

ROI: 6.5 : 1

Estimated Recoverable Reserves: 2.1 BCF

Enclosures

Geologic Discussion
Area Production Map
Various Isopach and Structure Maps
Log Cross-Section
Pro Forma Economics based on Offset Production
Authority For Expenditure
Participation Agreement