

COLORADO PROPERTIES
BENT, KIOWA AND PROWERS COUNTIES, COLORADO
ELLORA OPERATING, INC., GREAT WESTERN, MURFIN AND THOMAS L. SPRING

INTRODUCTION

Ellora is selling its interests in 35 producing properties, eight inactive wells, three active gathering systems and one inactive gathering system in Southeastern Colorado. The properties are located in Bent, Kiowa and Prowers Counties, Colorado on 41,552 gross acres (31,485 net). The net acreage consists of 15,921 HBP acres and 15,564 undeveloped acres. The wells produce from the **Morrow Sands** between 4,500' and 5,100'. August 2009 forecasted gross monthly production is approximately 38 MMcf (19 MMcf net). The wells have made 34.9 Bcf and 54,000 bbls. The table below lists the interest for sale and operator of each property.

Well	Operator	WI (%)	NRI (%)
Amyx 1	Ellora	98.36	83.82
Bourne 1	Great Western	6.36	5.35
Colorado 1-21	Ellora	92.02	78.36
Daniels 1-27	Thomas L. Spring	12.50	10.00
Hoffman 1-28	Thomas L. Spring	12.50	10.00
Humphrey 1A	Ellora	49.00	42.88
Humphrey 2A	Ellora	47.75	41.79
Humphrey Wollert 2	Ellora	62.59	55.59
J C State 2-11	Thomas L. Spring	21.68	18.98
J C State 32-11	Thomas L. Spring	23.00	18.98
Marshall State 1-4	Ellora	49.06	43.32
McKinnis 1-2	Thomas L. Spring	19.62	22.89
Polson 1	Ellora	98.13	81.96
Rowe A1	Ellora	91.56	79.84
Semmens 1A	Ellora	94.63	81.85
Semmens 2	Ellora	95.63	82.72
Sniff 1	Ellora	85.86	71.39
Sniff 2	Ellora	72.86	60.58
Sniff Armor Federal 1	Ellora	55.20	45.01
Sniff B1	Ellora	61.33	50.94
Sniff B2	Ellora	49.72	41.29
Sniff D1	Ellora	98.13	81.42
Sniff E1	Ellora	98.20	81.73
Sniff Huber 2-B16-23-48	Ellora	91.99	72.41
Stark 1	Thomas L. Spring	27.60	23.57
Stark A1	Ellora	98.13	84.25

Well	Operator	WI (%)	NRI (%)
State 1-28	Ellora	89.38	69.69
State G1	Ellora	98.13	83.25
Tempel 1-13	Murfin	15.18	13.29
Tempel C	Ellora	87.91	76.30
Tempel D2	Thomas L. Spring	42.33	38.23
Weimer 1-K24-21-48	Ellora	85.63	72.65
Wollert 1	Ellora	98.13	86.41
Wollert B3	Thomas L. Spring	32.50	26.11
Wollert D1	Ellora	49.06	43.32

PROVED DEVELOPED PRODUCING RESERVES

Gross Proved Developed Producing reserves are estimated to be **4.9 Bcf** and **2,100 bbls (2.4 Bcf and 1,700 bbls net)**. Reserves are based on decline curve analysis.

PIPELINE

Ellora is selling its 96.25% interest in four pipeline systems in Colorado. The **McClave**, **Nee Noshe** and **Wagon Trail** systems are active and the **Las Animas** system is inactive. There are eight operators that transport gas through the systems (Ellora, Berry, Chaco, Las Animas, Murfin, Newell, Samson and Thomas Spring). All of the active pipelines have an inlet pressure of approximately 15 psi and use 3-stage central compression to enter the CIG sales line at 800 psi. A map of the pipelines can be seen on page 33.

The pipelines receive revenue for transportation and for condensate that is collected at the central facilities. The forecasted throughput for the systems is based on decline curve analysis of each operator's historical throughput. Based on historical sales, a forecasted condensate yield of 6.5 bbls/MMcf was used.

The McClave and Nee Noshe systems are connected by a third party pipeline. These two systems currently have 550 Mcfd of throughput from 16 Ellora-operated wells plus another 2,800 Mcfd from the seven other operators. The systems have approximately 37 miles of steel pipe, one mile of poly pipe and a rented 1,200 HP central compressor. The economics presented herein assume that a smaller compressor will replace the existing one as throughput declines. Details will be available in the data room.

The Wagon Trail system has a throughput of 290 Mcfd from nine Ellora-operated wells. The system has approximately seven miles of steel pipe, two miles of poly pipe and a company-owned 200 HP central compressor.

The Las Animas system is currently inactive. The system has six miles of steel pipe, three miles of poly pipe and a company-owned 2-stage 50 HP compressor.

By 2024 the forecasted pipeline revenue is less than the operating costs so the systems are projected to operate at a loss. The systems could operate at a profit if third party gas throughput is increased, transportation fees are increased or the operating expenses are reduced. ***This upside potential has not been included in the accompanying economic runs and no value has been attributed herein.***

ADDITIONAL UPSIDE POTENTIAL (RESERVES)

Ellora has 15,564 net undeveloped acres under lease. Historically subsurface mapping was used to identify the Morrow channels with an overall 50% economic well success rate. However, once these channels are delineated, the development success rate increases. With the introduction of nine-component 3-D seismic in this trend, the effectiveness of imaging Morrow channel sands has improved. A 3-D survey over the leasehold should help identify new Morrow channels and prospective locations. This should result in increased success rates.

The information from 112 wells drilled in McClave field was used to construct a gross sand isopach map which defines the limits of the Morrow channel fairway. With the braiding effect of a fluvial system, multiple sands with thin pay within the same wellbore can result in large EURs. This same braiding effect in the field allows for productive wells between dry holes.

As noted above there have been a total of 112 Morrow wells drilled in the McClave Field (including dry holes). The field has a total EUR of 65.6 Bcf for an average EUR of 590 MMcf per well. Nine wells have been drilled since 2000 with an average EUR of 550 MMcf per well. Low drilling costs of \$305,000 allow for a rate of return of 18% with an EUR of just 200 MMcf at current strip pricing. The statistically average recent well (including dry holes) with an EUR of 550 MMcf has an **87% rate of return** at current strip pricing.

There are five shallower productive horizons in this area. They are the **Topeka** at 3,100', **Lansing** at 3,500', **Marmaton** at 3,950', **Cherokee** at 4,100' and **Atoka** at 4,350'. These horizons are productive in 263 wells within a 30-mile radius. The average ultimate recovery of the 263 wells is 515 MMcf and 3,500 bbls of oil. Included in the sale are 15,564 net undeveloped acres that have the potential for development of these horizons as well as the Morrow. The HBP and undeveloped acreage is shown on the map on page 31.

This upside potential has not been included in the accompanying economic runs and no value has been attributed herein.

ADDITIONAL UPSIDE POTENTIAL (PIPELINE)

The McClave pipeline currently has a throughput of approximately 3,500 Mcfd with an average BTU content of 1.2 MMBTU/Mcf. The installation of a chilling plant could significantly

increase the revenue of the system by increasing the condensate yield from 6.5 bbls/MMcf to approximately 28 bbls/MMcf.

This upside potential has not been included in the accompanying economic runs and no value has been attributed herein.

BRADSHAW FIELD
GREELEY AND HAMILTON COUNTIES, KANSAS
HORSESHOE OPERATING

INTRODUCTION

Ellora is selling its interests in 51 producing wells and one inactive well in Bradshaw Field. The properties are located in Greeley and Hamilton Counties, Kansas on 13,128 gross HBP acres (5,366 net). The wells produce from the **Winfield** reservoir between 2,500' and 3,000'. The wells are forecasted to make approximately 40 MMcf (13 MMcf net) in August 2009. Cumulative production is 31.2 Bcf. Horseshoe operates. The table below lists the interest for sale.

Well	WI (%)	NRI (%)	ORRI (%)
Banbury 2	70.00	61.25	
Banbury A-1	75.50	65.63	
Baughman W 1	75.00	65.63	
Brunswig A 1	27.38	20.53	
Buck 1-3	10.00	8.30	
Buck 2-3	10.00	8.30	
Bursk 1	37.50	31.64	
Dotts 01	55.31	44.94	
Doyle 01	45.70	34.28	
Elsie 1	21.00	17.85	
Foster 1	37.53	32.83	
Hatcher Cattle 1	39.03	29.41	
HCU 0831-B	10.00	8.30	
Henry 1	55.31	44.94	
Henry 2	50.00	40.63	
Hill 1	3.00	2.49	
Hill 2	3.00	2.49	
Hoffman 1H	29.16	20.94	
Hoffman G-32	47.46	38.95	
Hoppe 1	2.34	1.76	
Householder 1	18.75	16.41	
Householder 2	0.00	0.00	1.31
King L3	0.00	0.00	7.04
Kuder 1	52.97	42.36	
Kuttler A1	75.00	65.63	
Kuttler B	75.00	65.63	
Kuttler D1	75.00	65.63	

Well	WI (%)	NRI (%)	ORRI (%)
Kuttler E1	75.00	65.63	
Kuttler F1	75.00	65.63	
Kuttler G	65.00	56.88	
Kuttler H	65.00	56.88	
Livingston 1	55.31	44.94	
Livingston 1A	5.75	4.59	
Livingston 2	55.31	44.94	
Livingston 4	45.31	36.82	
Mai 1	26.88	23.07	
Nickelson 2	65.00	56.88	
Parsons 01	27.38	21.04	
Parsons 02	27.38	21.04	
Poncin 5-1	47.46	39.01	
Ross 1	35.18	26.38	
Ross 2	35.18	26.38	
Ross 3	35.18	29.43	
Ross 5	35.18	26.38	
Sandifer 2	65.00	56.88	
Sandifer A	75.00	65.63	
Sibyl	3.75	2.81	9.38
Sugar 1	25.00	20.30	
Watson Farms 1	56.25	45.70	
Watson Farms 2	28.13	22.85	
Wilcox 1	21.00	17.43	

PROVED DEVELOPED PRODUCING RESERVES

Gross Proved Developed Producing reserves are estimated to be **4.2 Bcf (1.2 Bcf net)**. Reserves are based on decline curve analysis.