

## GLOSSARY

The following technical terms are generally found in the oil and gas industry:

"attic reserves"	reserves the Company believes are located in a structurally superior position (updip; at a shallower depth) in a reservoir penetrated by a well and known to contain hydrocarbons based either on production or well log indicators
"bbl"	barrel(s)
"BCF"	billion cubic feet (of gas)
"BCFE"	billion cubic feet equivalent, determined using the ratio of six mcf of natural gas to one bbl of crude oil, condensate or natural gas liquids
"BOPD"	barrels of oil produced per day
"BWPD"	barrels of water produced per day
"farm-in"	a conditional sale arrangement where a buyer acquires or "earns" working and net revenue interests in a mineral lease from a seller by performing operations on the mineral lease, most commonly the drilling of a new well
"held by production"	when an acquirer holds the lease indefinitely, as long as production is maintained in paying quantities, the leaseholder will have a set period in which to start producing (called the "primary term," which is generally five years for OCS leases in the shallow shelf water and one or more years for onshore leases), however, the lease generally expires after the primary term once production, and operations to obtain or restore production, have ceased for 180 days for OCS leases and a shorter period, generally 90 days, for onshore leases. In the event of a lapsing lease, the leaseholder will generally be required to decommission existing equipment and return the leased area to a state agreed with the lessor
"hydrocarbons"	crude oil, natural gas and liquid natural gas in the form first produced from below the surface of the earth

"MBO"	thousand barrels of oil
"MBOD"	thousand barrels of oil produced per day
"MCF"	thousand cubic feet
"MBWD"	thousand barrels of water produced per day
"MMCF"	million cubic feet of gas
"MMCFD"	million cubic feet of gas produced per day
"MMS"	the Minerals Management Service is a bureau in the US Department of the Interior and the Federal agency that manages the USA's natural gas, oil and other mineral resources on the outer continental shelf 10
"npv"	net present value
"net revenue interest" or "NRI"	the percentage of revenues due to an interest holder in a property, net of royalties, overriding royalties or other burdens on the working interest
"OCS"	outer continental shelf, United States
"operator"	the entity with the right and obligation to operate the lease or leases; when there is only one working interest owner, these rights and obligations arise by virtue of being the sole working interest owner; when there are multiple working interest owners, these rights and obligations arise under a contract called an operating agreement executed by the working interest owners of the lease or leases
"overriding royalty interest" or "ORI"	an interest in an oil and gas property created by a working interest owner and paid out of the working interest entitling the owner to a share of the proceeds of hydrocarbon production free of the costs of production
"platform"	a structure attached to the seabed and rising above sea level onto which facilities and equipment necessary to produce hydrocarbons in an offshore environment are located
"prospective resources"	those hydrocarbon volumes which it is estimated may be potentially recoverable from as yet undiscovered

accumulations; prospective resources can be quoted as either unrisksed or risksed volumes

"royalty interest"

an interest in an oil and gas property reserved by a lessor of a mineral lease entitling the owner to a share of hydrocarbon production free of costs of production

"shut-in"

a well that is closed down temporarily for repair, building up of reservoir pressure, lack of market, lack of an available pipeline outlet, or for some other reason

"sidetrack"

to abandon a lower portion of a wellbore hole and divert the drill path in a new direction using the upper portion of the bore hole; this may be done to save drilling costs (the costs of drilling the upper portion of the bore hole) when targeting a new bottom hole location or to bypass mechanical impairments or equipment obstacles in the original bore hole

"waterflood reactivation project"

a project to inject water into a reservoir in a structurally low position relative to the take point of the hydrocarbons in order to increase and/or maintain reservoir pressure, thereby maximising the quantity of hydrocarbons produced from the reservoir

"working interest" or "WI"

the lease interest which gives the owner the right to drill, produce and conduct operations (subject to contractual rights with other joint working interest owners pursuant to operating agreements) on a property and share in production