

# **ADDENDUM TO EXHIBIT C**

## **COUNTY LINE FIELD REPORT**

### **FORTUNA ENERGY INC.**

**February 11, 2003.**

Fortuna is proposing changes to the original Exhibit C of the County Line Field Stipulation dated December 30, 2002. These changes are presented as an addendum to the original Exhibit C in order to preserve intact the technical analysis of its authors.

Fortuna Energy Inc. ("Fortuna") recently acquired all of the interests of East Resources and Fairman Drilling Company (effective July 1, 2002), and Pennsylvania General Energy Corp (effective January 1, 2003) in the County Line Field. Following this acquisition, Fortuna has continued the technical work initially undertaken by the previous owners of the field. Based on Fortuna's technical evaluation of the County Line Field area, Exhibit C is supplemented as follows:

Peterson #1 Production Unit (Exhibit B-5), 509.9 acres:

The Peterson #1 well (API 31-015-22890) is located in the Town of Catlin, Chemung County. Fortuna proposes to include an additional production unit for the Peterson #1 well that is contiguous with the production units for the Whiteman #1 well (API 31-015-22839) to the west and the Purvis #1 well (API 31-097-22893) to the east. This includes the area between the Whiteman #1 and Purvis #1 production units and will result in one continuous linear trend along the County Line Field. As indicated on page 11 of Exhibit C, the Peterson #1 well was drilled to evaluate gas potential in the Black River formation but appeared to be wet on completion and was abandoned. Fortuna believes there is sufficient potential for Black River gas production in the vicinity of the Peterson #1 well to justify including the proposed

production unit in the field area. This potential may be more fully evaluated in the future by drilling a horizontal well across the graben feature, as defined by the existing seismic data.

A possible surface location within the proposed Peterson #1 production unit for a horizontal well is indicated in Exhibit B-5, and also in Exhibit D which shows the surface location north of the Black River seismic anomaly trend. In order to drill horizontally across the entire width of the graben, it is necessary to move the surface location back from the edge of the seismic feature. This extra distance is required to directionally drill the well such that it is oriented horizontally in the Black River formation when it reaches the northern edge of the seismic feature. A final bottomhole location has not yet been determined, but the well plan will involve drilling horizontally to the southwest to ensure that the wellbore will be approximately centered in the unit.

The proposed Peterson #1 production unit description is as follows:

Northern boundary – to be at least 660 feet north of the northern edge of the graben.

Eastern boundary – approximately 3,425 feet east of the Peterson #1 well, coincident with the western boundary of the Purvis #1 production unit.

Southern boundary – to be at least 660 feet south of the southern edge of the graben.

Western boundary – approximately 4,250 feet west of the Peterson #1 well, coincident with the boundary of the Whiteman #1 production unit.

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Stephen Coulter, Geologist, Talisman Energy Inc.

On behalf of Fortuna Energy Inc.

February 11, 2003.