
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

Form 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 13, 2019

FOOTHILLS EXPLORATION, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

000-55872
(Commission
File Number)

27-3439423
(IRS Employer
Identification No.)

10940 Wilshire Blvd., 23rd Floor
Los Angeles, CA 90024
(Address of principal executive offices) (Zip Code)

(424) 901-6655
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01. Other Events

Foothills Exploration, Inc. (“Foothills” or the “Company”) is hereby presenting information regarding its oil and natural gas reserves as of August 1, 2019, for recently acquired natural gas properties located in the Green River Basin, Wyoming.

Reserves Information

Foothills’ oil and gas reserves were independently prepared by MHA Petroleum Consultants, LLC, a Sproule Company (“MHA”).

See “Glossary” below for definitions of industry terms and abbreviations.

The following table sets forth Foothills’ estimated reserves and future net income attributable to the Company’s interests in the Point of Rocks, South Black Rock, and Deadman Wash gas fields located Sweetwater County Wyoming. This report includes 22 proved developed producing (“PDP”) wells and 3 recompletions (proved behind pipe, “PBP”).

This reserve report is compliant with SEC regulations, has an effective date of August 1, 2019, utilized a constant gas price of \$2.973/Mmbtu, and assumed constant costs and expenses.

Net reserves and income for the subject properties are summarized in Table 1 below.

**Table 1: Point of Rocks, South Black Rock, and Deadman Wash Gas Fields
Net Proved Reserves & Associated Income
as of August 1, 2019**

Reserve Category	Net Oil, MSTB	Net Gas, MMCF	Undiscounted NCF M\$	PV10 NCF, M\$
PDP	0	1,918.7	\$ 2,954.7	\$ 1,972.9
PBP	0	251.4	\$ 210.6	\$ 8.0
Total Proved	0	2,170.1	\$ 3,165.3	\$ 1,980.8

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No</u>	<u>Description</u>
99.1	<u>Consent of MHA Petroleum Consultants, LLC</u>
99.2	<u>Excerpt of Foothills Exploration, Inc.'s Estimated Reserves and Associated Net Income for Certain Properties in Sweetwater County, Wyoming as of August 1, 2019</u>

Oil and Gas Disclaimer:

BOEs have been converted on the basis of 6 thousand cubic feet ("Mcf") of natural gas to 1 bbl. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of oil as compared with natural gas is significantly different from the energy equivalent of six to one, utilizing a BOE conversion ratio of 6 Mcf: 1 barrel would be misleading as an indication of value.

Investors are urged to consider closely the disclosures and risk factors in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and in the other reports and filings with the SEC, available from the Company's offices or website. These forms can also be obtained from the SEC via the internet at www.sec.gov.

Glossary of Oil and Gas Terms:

In this document, the abbreviations set forth below have the following meanings:

BOE	barrels of oil equivalent	BOPD	barrels of oil per day
Bbl	barrel	Bcf	billion cubic feet
BOEPD	barrels of oil equivalent per day	BTU	British Thermal Unit
BPD	barrels per day	GWR	Gas water ratio
Mcf	thousand cubic feet	Mmcf	million cubic feet
MSTB	thousand stock tank barrels	MMbbl	million barrels
Mcf/Stb	thousand cubic feet per stock tank barrels	MBOE	thousand barrels of oil equivalent
Mmbtu	millions British Thermal Units (BTU)	NGL	natural gas liquids
NCF	net cash flow	OGIP	original gas in place
PBP	proved behind pipe	PDP	proved developed producing
PoR	Point of Rocks	PUD	proved undeveloped
PV10	present value at 10% discount rate	SEC	Securities and Exchange Commission
% yr	percent (decline) per year		

Gas volumes are converted to BOE at the rate of 6 Mcf of gas per bbl of oil, based upon the approximate relative energy content of gas and oil. The rate is not necessarily indicative of the relationship between oil and gas prices. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Below are explanations of some commonly used terms in the oil and gas business and in this report.

Field. An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition.

Possible reserves. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. The SEC provides a complete definition of possible reserves in Rule 4-10(a)(17) of Regulation S-X.

Probable reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but that, together with proved reserves, are as likely as not to be recovered. The SEC provides a complete definition of probable reserves in Rule 4-10(a)(18) of Regulation S-X.

Proved developed reserves. In general, reserves that can be expected to be recovered from existing wells with existing equipment and operating methods. The SEC provides a complete definition of developed oil and gas reserves in Rule 4-10(a)(6) of Regulation S-X.

Proved reserves. Those quantities of oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs and under existing economic conditions, operating methods and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

(i) The area of the reservoir considered as proved includes:

(A) The area identified by drilling and limited by fluid contacts, if any, and

(B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.

(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

(A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and

(B) The project has been approved for development by all necessary parties and entities, including governmental entities.

(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined.

Proved undeveloped reserves. In general, reserves that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion. The SEC provides a complete definition of undeveloped oil and gas reserves in Rule 4-10(a)(31) of Regulation S-X.

Reserves. Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

Working interest. The operating interest that gives the owner the right to drill, produce and conduct operating activities on the property and a share of production and requires the owner to pay a share of the costs of drilling and production operations.



September 13, 2019
Mr. Kevin Sylla
Executive Chairman
Foothills Exploration, Inc.
10940 Wilshire Blvd - 23rd Floor
Los Angeles, CA 90024
USA

Re: Estimated Net Reserves and income for certain Foothills Exploration properties located in Sweetwater County, Wyoming, as of August 1, 2019

Dear Mr. Sylla:

Per your request, MHA, a Sproule Company (MHA), has estimated reserves and future net income attributable to Foothills Exploration, Inc (Foothills) interests in the Point of Rocks, South Black Rock, and Deadman Wash gas fields located in Sweetwater County, Wyoming. This report includes 22 proved developed producing (PDP) wells and 3 recompletions (proved behind pipe, PBP's). This report is compliant with SEC regulations, has an effective date of August 1, 2019, utilized a constant gas price of \$2.973/mmbtu, and assumed constant costs and expenses. Net reserves and income for the subject properties are summarized in Table 1 below.

**Table 1: Point of Rocks, South Black Rock, and Deadman Wash Gas Fields
Net Proved Reserves & Associated Income
as of August 1, 2019**

Reserve Category	Net Oil, MSTB	Net Gas, MMCF	Undiscounted NCF M\$	PV10 NCF, M\$
PDP	0	1,918.7	2,954.7	1,972.9
PBP	0	251.4	210.6	8.0
Total Proved	0	2,170.1	3,165.3	1,980.8



Statement of Risk

The accuracy of reserve and economic evaluations is always subject to uncertainty. The magnitude of this uncertainty is generally proportional to the quantity and quality of data available for analysis. As a well matures and new information becomes available, revisions may be required which may either increase or decrease the previous reserve assignments. Sometimes these revisions may result not only in a significant change to the reserves and value assigned to a property, but also may impact the total company reserve and economic status. The reserves and forecasts contained in this report were based upon a technical analysis of the available data using accepted engineering principles. However, they must be accepted with the understanding that further information and future reservoir performance subsequent to the date of the estimate may justify their revision. It is MHA's opinion that the estimated proved reserves and other reserve information as specified in this report are reasonable and have been prepared in accordance with generally accepted petroleum engineering and evaluation principles, as set forth in the SPE-PRMS manual. Notwithstanding the aforementioned opinion, MHA makes no warranties concerning the data and interpretations of such data. In no event shall MHA be liable for any special or consequential damages arising from Foothills' use of MHA's interpretation, reports, or services produced as a result of its work for Foothills Exploration, Inc.

Neither MHA, nor any of our employees, have any interest in the subject properties. Neither the employment to do this work, nor the compensation, is contingent on the results contained in this report. This report was prepared for the exclusive use of Foothills Exploration, Inc and will not be released by MHA to any other parties without Foothills' written permission.

MHA gives Foothills permission to publish the results of this evaluation as part of their filings procedures.
Thank you for this opportunity to be of service to Foothills Exploration. Do not hesitate to contact us if you have any questions.

Sincerely,

A handwritten signature in black ink that reads 'John P. Seidle'. The signature is written in a cursive, slightly slanted style.

John Seidle
Senior Reservoir Engineer
MHA, a Sproule company



FOOTHILLS EXPLORATION, INC
ESTIMATED RESERVES AND ASSOCIATED NET
INCOME FOR CERTAIN PROPERTIES
SWEETWATER COUNTY, WYOMING, USA
AS OF
AUGUST 1, 2019

sproule.com



(excerpt of full report)

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1. INTRODUCTION

Estimated herein are net natural gas reserves for Foothills Exploration interests in the Point of Rocks, South Black Rock, and Deadman Wash gas fields, all located in Sweetwater County, Wyoming (Figure 1). The 22 producing wells and 3 recompletions considered here target various intervals of the Second Frontier Formation with the exception of one well. The South Black Rock 43-15 is completed in the Frontier, Muddy, and Dakota intervals. 18 of the 22 producing wells are located in the Point of Rocks field, 3 are in the South Black Rock field, and 1 well is in the Deadman Wash field. First reported production among the 22 wells, from the Shiprock Federal 34-1R in the Point of Rocks field, was in 2002, followed by first reported production from the majority of the wells in 2006, 2007, and 2008. As of May 2019, the most recent date for which public data are available, 18 of the 22 wells are on production with average rates of 97 mcf/d of gas and 1 bpd of water. Cumulative gas recovery through May 2019 is 11.256 bcf.

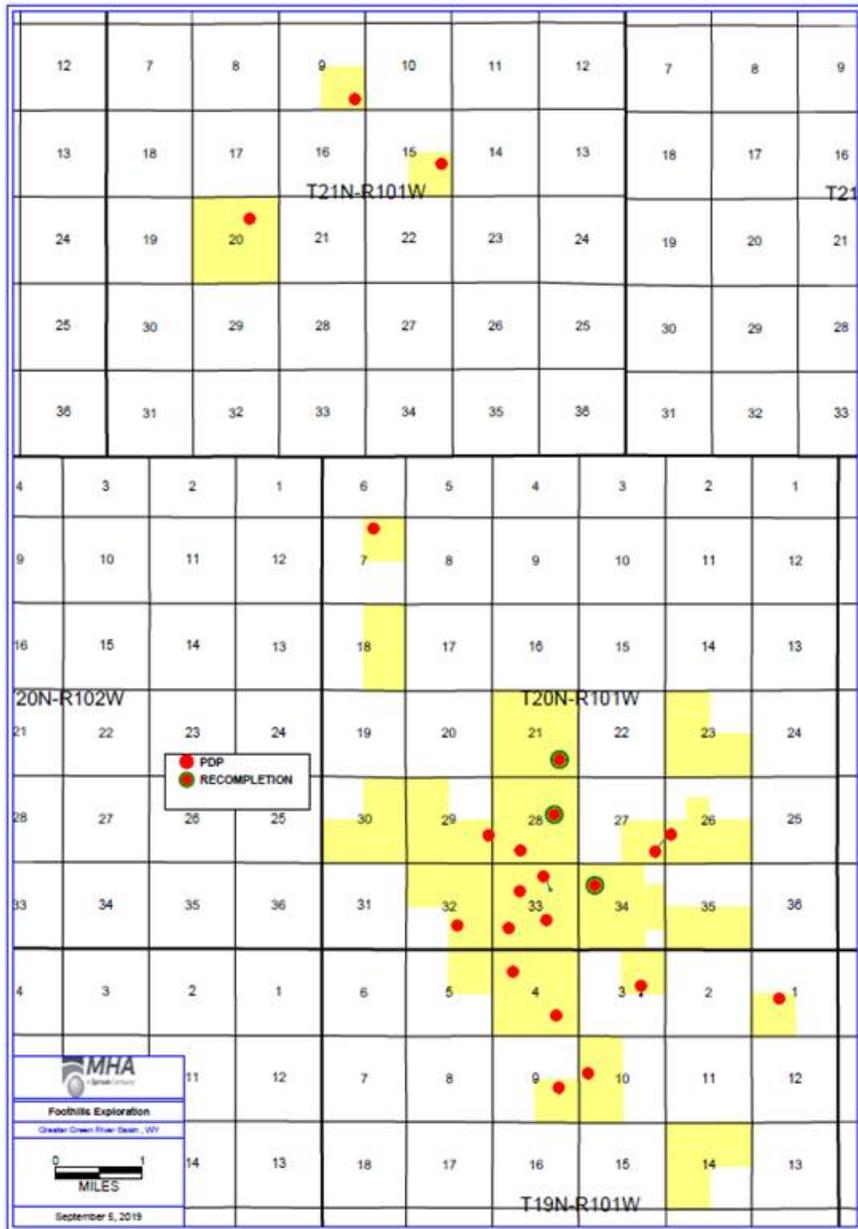


Figure 1: Foothills Acreage Map and Well Locations

The subject wells all produce a dry gas with a median historical gas-water ratio (GWR) of 259 mcf/stb. The Shiprock Federal 34-1R produces small, infrequent amounts of associated hydrocarbon liquids at rates too low to be considered here. To increase well productivity, Foothills plans to install plunger lift on the 18 producing wells in the Point of Rocks (PoR) field and to acidize 4 low rate producers. Foothills intends to recomplete 3 wells in the Point of Rocks (PoR) field after the current completions deplete.

Reserves estimated herein are compliant with the current SEC reserves definitions and have an effective date of August 1, 2019. The SEC Henry Hub natural gas price for this date is \$2.973/mmbtu. Foothills receives Kern River (Platts) gas price with the exception of gas sold in the first six months of a year to a local coal mine at a premium price. This work utilized a blended price calculated from the constant SEC price, the differential between Kern River and Henry Hub, and the Bridger coal mine gas price premium of \$3/mmbtu over Kern River price. All costs and expenses were held constant.

This one volume report consists of a narrative letter with figures and tables, a oneline summary of the properties, and appendices containing individual entity decline curve forecasts or performance predictions and reserve category and individual entity annualized cash flow summaries.

2. GAS PRODUCTION FORECASTS

Decline curves were used to forecast future performance of Foothills producing wells, all of which exhibited exponential declines. Decline rates ranged from 4 to 36%/yr with a median decline rate of 10.5%/yr. Technically recoverable resources were calculated based on an abandonment rate of 50 mcf/month. Decline curves for all producing wells are included in Appendix B.

To increase well productivity, Foothills plans to install plunger lift on the 18 producing wells in the PoR field and anticipates a 33% uplift in gas rate. Plunger installation increases the gas production rate but leaves the technically recoverable gas volume unchanged. For each producer, a new, steeper exponential decline rate was calculated from the assumed 33% uplift in rate, the unchanged technically recoverable gas volume, and the same 50 mcf/month abandonment rate. Foothills plans to install the plungers at the rate of one well per month beginning in September of this year, finishing in February of 2021. In addition, Foothills plans to acidize four low rate PoR producers to increase productivity when the wells are down for plunger installation. Based on acid jobs in similar wells, Foothills anticipates a doubling of the gas rate.

Foothills plans to recomplete three PoR wells (Figure 1) in behind pipe zones when the current completions are depleted. The Point of Rocks 44-21 and Point of Rocks 28-2 wells, both currently completed in the lower, fluvial portion of the Second Frontier formation, are scheduled to be recompleted in the upper, marine portion of the Second Frontier as the lower zones deplete. Under the economic assumptions discussed below, both of these wells are currently uneconomic so for this evaluation both were scheduled for recompletion in October of this year. The Shiprock Federal 34-1R is currently producing from the marine section of the Second Frontier and will be recompleted in the stratigraphically lower fluvial zones upon depletion of the marine section. Under the assumptions discussed below, this completion has an 18 year life and was scheduled for recompletion in May 2037.

A type well was constructed to forecast gas recovery from the recompletions using production histories of the existing 10 PoR PDP wells (Figure 2). The type well initial rate was 5,045 mcf/month (166 mcf/d), the decline rate was 9.04%/yr (0.0948 yr⁻¹ exponential decline), and the resulting 50 year cumulative production was 633 mcf. Performance of the three recompletions, categorized here as PBP reserves, was estimated by adjusting the type well initial rate by the ratio of new completion thickness divided by total net thickness of the local Second Frontier formation. The PDP effective decline rate was left unchanged at 9.04%/yr for the PBP type wells.

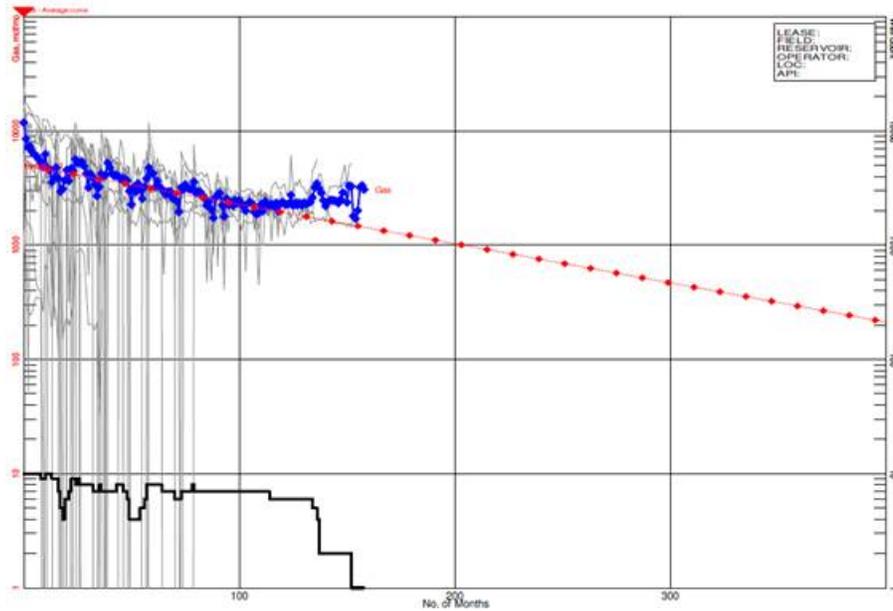


Figure 2: Point of Rocks Type Well

Dates for plunger installations, acid stimulations and recompletions for the PoR field are summarized in Table 1 below.

Table 1: Workover Schedule for Foothills Wells

API	LEASE	WELL ID	plunger install	acidize	drill date	recomplete
49037271060000	POINT OF ROCKS	23-1	9/1/19			
49037267720000	SHIPROCK	3-1	10/1/19			
49037256800000	SHIPROCK	34-4	11/1/19			
49037244420000	SHIPROCK FEDERAL	4-4	12/1/19	x		
49037271050000	SHIPROCK	33-9	1/1/20			
49037240560000	SHIPROCK FEDERAL	20-10	2/1/20			
49037271840000	POINT OF ROCKS	44-21	3/1/20	x		10/1/19
49037269090000	POINT OF ROCKS	26-2	4/1/20	x		
49037273890000	POINT OF ROCKS	44-27	5/1/20	x		
49037270160000	POINT OF ROCKS	28-2	6/1/20			10/1/19
49037270150000	SHIPROCK FEDERAL	28-1	7/1/20			
49037269010000	SHIPROCK	29-1	8/1/20			
49037256840000	SHIPROCK FEDERAL	32-40	9/1/20			
49037275170000	SHIPROCK	32-33	10/1/20			
49037265400000	SHIPROCK	33-1	11/1/20			
49037268160000	SHIPROCK	33-2	12/1/20			
49037275030000	SHIPROCK	33-33	1/1/21			
49037211630001	SHIPROCK FEDERAL	34-1R	2/1/21			5/1/37

Fieldwide gas production is first forecasted to drop below the Bridger contracted volumes in January of 2036. The monthly decrease in Bridger gas demand is more rapid than the steady field decline causing field deliverability to rise above the Bridger volumes until the winter of 2037 when a 3 month shortfall occurs. Recompletion of the 34-1R lifts the field gas rate above Bridger volumes until a 3 month shortfall in winter 2040. The shortfall increases to 4 months in 2044 and 5 months in 2045. This five month shortfall in the winter months persists for the remainder of the field life considered here.

Gas production from all wells considered here (Figure 3) peaked at 130,000 mcf/month in 2008 and has since declined to 54,000 mcf/month as of May 2019. The forecast curve exhibits upticks in gas rate due to plunger installations in the near future and recompletion of the 34-1R in 2037. Cumulative gas recovery through May 2019 is 11.336 bcf and remaining reserves are estimated to be 4.901 bcf, giving an estimated ultimate recovery from all wells of 16.237 bcf.

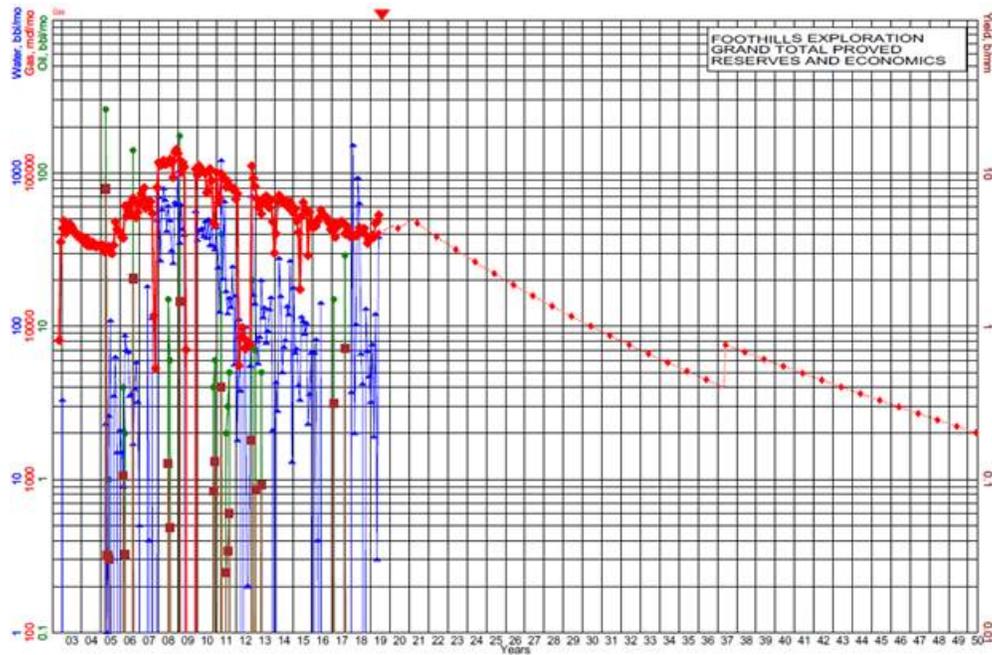


Figure 3: Total Gas Production History and Forecast

3. ECONOMICS

Economics were run using the gas production forecasts developed above combined with the following parameters. Plunger installation capital costs were \$15,000 per well, acid stimulations were \$4,686 per well, and recompletions were \$250,000 per well. A two-month delay between a workover and first production was assumed.

Fixed operating expenses were \$2,144 per well per month, increasing by \$200 per well per month after plunger installation. Variable OPEX was a gas gathering charge of \$0.242/mcf.

Individual well interests varied with an average PDP working interest of 88.5%. Before and after payout net revenue interests averaged 71.3% and 69.5%, respectively.

The gas BTU factor was 1.035 and shrink was 10.3%.

Severance and ad valorem tax rates were 5.6% and 6.2%, respectively.

Foothills receives Kern River (Platts) gas prices with the exception of the gas volumes delivered to the Bridger coal mine (Table 2) which receives Kern River (Platts) price plus a \$3/mmbtu premium. Based on the Henry Hub and Kern River monthly gas index prices, the price differential for the first six months of 2019 was +\$0.127/mmbtu as the Kern River price was substantially above the Henry Hub price in the colder months. The July 2019 SEC price was \$2.973/mmbtu, making the base Foothills price \$3.100/mmbtu and the price of gas flowing to the Bridger coal mine \$6.100/mmbtu. Blended gas prices by year are listed in Table 3.

**Table 2: Bridger Coal Mine Monthly Gas Deliveries
(BTU = 1.035)**

Month	Gas, Mmbtu	Gas, Mcf
January	11,000	10,628
February	10,500	10,145
March	10,500	10,145
April	8,000	7,729
May	6,000	5,797
June	1,000	966

Table 3: Foothills Blended Gas Prices

Year	\$/Mmbtu	\$/Mcf
2019	3.100	3.209
2020	3.358	3.475
2021	3.333	3.450
2022	3.383	3.501
2023	3.443	3.564
2024	3.514	3.637
2025	3.594	3.720
2026	3.686	3.815
2027	3.791	3.924
2028	3.910	4.047
2029	4.044	4.185
1930	4.194	4.341
1931	4.262	4.411
1932	4.322	4.474
1933	4.355	4.507
1934	4.391	4.544
1935	4.398	4.552
1936	4.404	4.558
1937	4.324	4.475
1938	4.349	4.502
1939	4.378	4.531
1940	4.394	4.548
1941	4.399	4.553
1942	4.405	4.559
1943	4.411	4.565
1944	4.417	4.572
1945	4.424	4.579
1946	4.432	4.587
1947	4.440	4.596
1948	4.449	4.605
1949	4.460	4.616
1950	4.471	4.627
1951	4.482	4.639
1952	4.495	4.653
1953	4.520	4.678
1954	4.536	4.695
1955	4.554	4.713
1956	4.573	4.733
1957	4.593	4.754
1958+	4.600	4.761

4. RESERVES

Proved Reserves were estimated using the gas profiles, gas prices, and other economic parameters discussed above. Category level Reserves, shown in Table 1 above, total 2,012 mmcf of net gas with a PV10 value of \$1,834.7 M\$. An online summary of Proved Reserves organized by field and then by reserve category is shown in Table 4.

Table 4: Foothills Online Summary

Foothills Exploration Online Summary Effective August 1, 2019			Gross Oil (Mbbbl)	Gross Gas (MMCF)	Net Oil (Mbbbl)	Net Gas (MMCF)	Net Revenue (M\$)	Operating Expense and Taxes (M\$)	Investment (M\$)	Undiscounted NCF (M\$)	Discounted NCF @ 10% (M\$)	Ultimate Oil (Mbbbl)	Ultimate Gas (MMCF)
Reserve Category	Lease	Field											
1PDP	DEADMAN WASH 7-1	DEADMAN WASH	0.0	21.2	0.0	15.2	51.3	51.2	0.0	0.1	0.1	0.0	235.0
TOTAL PDP - DEADMAN WASH FIELD			0.0	21.2	0.0	15.2	51.3	51.2	0.0	0.1	0.1	0.0	235.0
1PDP	POINT OF ROCKS 23-1	POINT OF ROCKS	0.0	154.8	0.0	111.1	395.1	310.3	15.0	69.8	50.3	0.0	484.0
1PDP	POINT OF ROCKS 26-2	POINT OF ROCKS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	83.2
1PDP	POINT OF ROCKS 28-2	POINT OF ROCKS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	364.0
1PDP	POINT OF ROCKS 44-21	POINT OF ROCKS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	85.3
1PDP	POINT OF ROCKS 44-27	POINT OF ROCKS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	154.3
1PDP	SHIPROCK 29-1	POINT OF ROCKS	0.0	139.5	0.0	102.7	354.9	232.2	19.7	203.0	77.6	0.0	475.4
1PDP	SHIPROCK 3-1	POINT OF ROCKS	0.0	160.7	0.0	115.3	399.3	241.6	15.0	142.8	115.3	0.0	838.9
1PDP	SHIPROCK 32-33	POINT OF ROCKS	0.0	94.6	0.0	23.3	79.2	76.7	15.0	-12.5	-30.6	0.0	376.7
1PDP	SHIPROCK 33-1	POINT OF ROCKS	0.0	113.6	0.0	85.1	226.2	158.9	15.7	51.6	38.5	0.0	596.8
1PDP	SHIPROCK 33-2	POINT OF ROCKS	0.0	120.5	0.0	83.2	287.9	186.8	19.7	81.4	63.3	0.0	778.6
1PDP	SHIPROCK 33-33	POINT OF ROCKS	0.0	304.5	0.0	163.5	581.4	360.7	12.0	218.7	154.5	0.0	1,194.8
1PDP	SHIPROCK 33-9	POINT OF ROCKS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	219.4
1PDP	SHIPROCK 34-4	POINT OF ROCKS	0.0	185.3	0.0	74.2	254.1	130.0	9.4	114.7	96.4	0.0	848.2
1PDP	SHIPROCK FEDERAL 20-10	POINT OF ROCKS	0.0	198.4	0.0	87.5	305.4	189.3	12.8	123.8	96.5	0.0	831.2
1PDP	SHIPROCK FEDERAL 28-1	POINT OF ROCKS	0.0	191.9	0.0	138.8	487.6	356.2	15.0	136.4	90.6	0.0	705.9
1PDP	SHIPROCK FEDERAL 32-40	POINT OF ROCKS	0.0	461.4	0.0	307.8	1,159.0	603.8	12.7	542.5	338.8	0.0	1,208.1
1PDP	SHIPROCK FEDERAL 34-1R	POINT OF ROCKS	0.0	874.0	0.0	632.1	2,371.0	963.6	15.0	1,392.4	861.5	0.0	4,654.7
1PDP	SHIPROCK FEDERAL 4-4	POINT OF ROCKS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32.4
TOTAL PDP - POINT OF ROCKS FIELD			0.0	2,919.0	0.0	1,903.5	6,921.2	3,790.1	176.5	2,954.6	1,972.8	0.0	13,705.0
1PDP	SOUTH BLACK ROCK 32-20	SOUTH BLACK ROCK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.4
1PDP	SOUTH BLACK ROCK 43-15	SOUTH BLACK ROCK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	154.0
1PDP	SOUTH BLACK ROCK 44-9	SOUTH BLACK ROCK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	49.9
TOTAL PDP - SOUTH BLACK ROCK FIELD			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	256.3
TOTAL PDP			0.0	2,940.2	0.0	1,918.7	6,972.5	3,841.3	176.5	2,954.7	1,972.9	0.0	14,196.3
2BP	POINT OF ROCKS 28-2	POINT OF ROCKS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2BP	POINT OF ROCKS 44-21	POINT OF ROCKS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2BP	SHIPROCK FEDERAL 34-1R	POINT OF ROCKS	0.0	347.7	0.0	251.4	1,146.3	635.7	300.0	210.6	8.0	0.0	347.7
TOTAL BP			0.0	347.7	0.0	251.4	1,146.3	635.7	300.0	210.6	8.0	0.0	347.7
TOTAL PROVED			0.0	3,287.9	0.0	2,170.1	8,118.9	4,477.0	476.5	3,165.3	1,980.8	0.0	14,543.9

Gas production increases and the associated economics due to plunger installation and the acid stimulations were included as part of the PDP reserves and not considered explicitly here as Foothills has retained the current operator who has extensive experience in Greater Green River Basin gas production operations.

Annualized cash flows at the project, field, and entity level are in Appendix B along with the decline curves and type wells discussed above. The field is economic for the 50 year reserves lifetime as specified by the SEC.

Original gas in place (OGIP) for a Second Frontier well on 160 acre well spacing, calculated volumetrically using average public domain porosity and water saturation values of 12.4% and 53%, respectively (SPE 21879, SPE 38379), and a net thickness of 39 feet, was 3.165 bcf. Average recovery for a PoR well, 0.751 bcf, corresponds to a recovery factor of 24% of OGIP. For perspective, industry average recovery for volumetric dry gas wells such as these is typically 50%.

This study did not consider identification and development of any PUD locations.

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GLOSSARY

%/yr	Percent (decline) per year
Bcf	Billion Cubic Feet
bpd	Barrels per day
BTU	British Thermal Unit
GWR	Gas Water Ratio
Mcf/month	Thousands cubic feet (gas) per month
Mcf/stb	Thousands cubic feet (gas) per stock tank barrels
Mmbtu	Millions of british thermal units
Mscfd	Thousand's standard cubic feet per day
OGIP	Original Gas in Place
PBP	Proved Behind Pipe
PDP	Proved Developed Producing
PoR	Point of Rocks
PUD	Proved Undeveloped
PV10	Present Value at 10% discount rate
SEC	Securities Exchange Commission
SPE-PRMS	Society of Petroleum Engineers- Petroleum Resources Management System

