

River 32 Niagaran Reef Prospect

Prospect Overview: The River 32 prospect is a Niagaran reef anomaly defined by swath 2D seismic data. This Niagaran reef prospect is believed to be 350+/- feet in height and has a base size of approximately 46 acres. Swath data was acquired in this area based on a 2D seismic lead. Analysis of this data shows a good anomaly centered on line 2 at shotpoint 140. As indicated by the enclosed analogs of known reefs, this prospect exhibits the same reef indicators that are deemed necessary in order to have a valid reef prospect. These indicators are: 1) "pull-up" of the Trenton event perhaps due to a velocity change within the salt/reef rock package, 2) a loss of the Niagaran seismic event, and 3) a sag of the A₁C event. All of these indicators are present for this prospect, see the attached seismic line.

Infrastructure: This prospect is approximately one mile to a major gas (sour) transmission line that has available capacity. Cost for processing and transporting this sour gas to market is estimated at \$1.90/mcf. This prospect will most likely be gas prone as such will need a CPF to be built. Michigan has had and shall continue to receive favorable gas pricing as it is a major gas storage site, thereby receiving good price in all seasons.

Conclusion: This 160 acre unit prospect lies less than a mile from a pipeline gathering system. Gas produced from this reef is expected to be 1.1 to 3.7bcfg. Recently acquired swath seismic data indicates a very pronounced seismic expression of a Niagaran reef. This seismic anomaly is very similar to the Nyman Reef which produced over 2.4 BCF gas and the Rood Reef which produced over 6.3 BCFGE. In addition this prospect exhibits all of the necessary seismic attributes for a reef prospect on the west side of Michigan as evidenced by data over known reefs.

Terms: Up to 90% available. Core will operate. Prospect Fee \$500 / point (leasehold & seismic); Drilling - cost plus 20% basis; all thereafter at actual costs; 80% delivered NRI. Estimated (8/8ths) costs: Drilling (\$622,000 ~~directional well~~); Completion (\$250,000); Facility (\$1,000,000). Dry Hole for 75% WI, incl. Prospect Fee (\$716,760 or \$7,964 / point).

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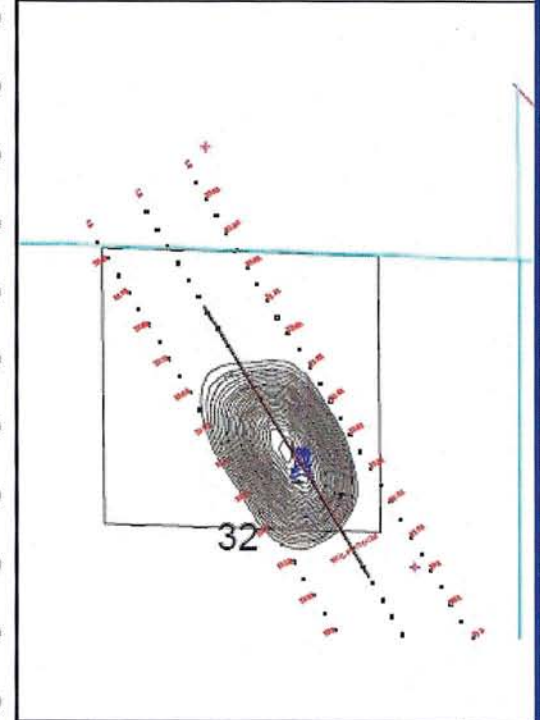
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CORE ENERGY LLC

RIVER 32 REEF LEAD
YELLOW = DUNDEE
BLUE = A2C
ORANGE = A1C
BROWN = BN = 300+ FEET REEF
ALLEN MODROO

JAN 2010



CORE ENERGY, LLC

