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Counsel for Movants as defined herein

IN THE UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

In re: § Chapter 11  
§  
ROCKIES REGION 2006 LIMITED § Case No. 18-33513-sgi-11  
PARTNERSHIP, §  
§  
Debtor. §  
§

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In re: § Chapter 11  
§  
ROCKIES REGION 2007 LIMITED § Case No. 18-33513-sgi-11  
PARTNERSHIP, §  
§  
Debtor. §  
§

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**DECLARATION OF EDWIN C. MORITZ  
IN SUPPORT OF MOTION FOR DISMISSAL OF CHAPTER 11 CASE**

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I, Edwin C. Moritz, hereby declare as follows:

1. I am President of Gustavson Associates (“Gustavson”), a natural resources consulting firm located in Boulder, Colorado. I have personal knowledge of the facts set forth in this declaration and, if called as a witness, could and would testify competently thereto.

2. Gustavson has more than 30 years of experience as consultants in the oil and gas industry representing clients in petroleum exploration. Gustavson employs geologists, geophysicists, petrophysicists, engineers, and energy economists to assist clients in determining oil and gas potential for both developed and undeveloped properties.

3. I am a certified minerals appraiser with a license as a professional geologist in the State of Wyoming. I am a member of the International Institute of Mineral Appraisers, the Society of Petroleum Engineers, and the American Association of Petroleum Geologists.

4. Attached hereto as **Exhibit A** is a true and correct copy of my current professional resume. On my resume I list recent court cases in which I testified as an expert witness, either at a deposition or at trial, on the valuation of oil and gas properties. My resume also lists publications and presentations I have presented related to valuation of oil and gas properties.

5. I served as the expert witness on damages for the plaintiffs in a certified class action case titled *Schulein v. Petroleum Development Corp.* filed in the United States District Court for the Central District of California, Case No. 11-cv-01891-AG-AN (the "*Schulein* Action"). A contested issue in the *Schulein* Action was what ownership interest PDC limited partnerships had in oil and gas properties located in the Wattenberg Field in the Denver-Julesburg ("D-J") Basin in Colorado. PDC's position in the *Schulein* Action was that the partnerships involved in that case only had what is known as a "well bore" interest. A well bore is an interest in a single vertical well shaft. The position of the plaintiff limited partners in the *Schulein* partnerships was that the provisions of the partnership agreements required PDC as managing general partner to assign 32-acre Spacing Units to the partnerships.

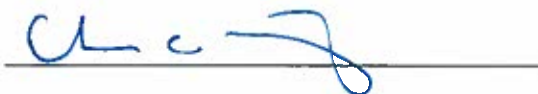
6. I was retained as an expert witness by the plaintiff limited partners in the *Schulein* Action to value the *Schulein* partnerships' interests in 32-acre spacing units in the Wattenberg

Field. I testified at a deposition for the plaintiff limited partners in the *Schulein* Action. The *Schulein* Action settled prior to trial and for that reason I did not testify as an expert witness in that litigation.

7. I was also retained as an expert witness on valuation on behalf of Christopher Rodenfels, a limited partner originally involved in the *Schulein* Action, in an individual case filed by Mr. Rodenfels against PDC titled *Rodenfels v. PDC Energy, Inc.*, filed in the United States District Court for Colorado, Case 16-cv-00251-PAB (STV) (the "*Rodenfels* Action"). I testified at a deposition in the *Rodenfels* Action. The *Rodenfels* Action settled prior to trial and for that reason I did not testify at trial in that litigation.

8. I have been retained as an expert witness to prepare a valuation of the interests the Rockies Region 2006 and Rockies Region 2007 Limited Partnerships (together, the "Partnerships") have in multiple 32-acre spacing units in the Wattenberg Field in the D-J Basin in a lawsuit entitled *Robert Dufresne v. PDC Energy, Inc.*, filed in the United States District Court for Colorado, Case No. 17-cv-03079-RBJ (the "*Dufresne* Action"). Attached hereto as **Exhibit B** is a true and correct copy of Gustavson Associates' preliminary report valuing the 32-acre Spacing Units that the plaintiffs in the *Dufresne* Action maintain should have been assigned to the Partnerships. In preparing this preliminary report, Gustavson utilized publicly available information published by PDC in public press releases and information and production data from horizontal wells in the Wattenberg Field filed by PDC with the Colorado Oil and Gas Commission. Because PDC has not yet responded to document production requests in the *Dufresne* Action, I reserve the right to amend or augment this preliminary report when additional internal PDC documents are made available for my review and analysis.

I declare under penalty of perjury that the foregoing is true and correct. Executed on  
November 20, 2018.



EDWIN C. MORITZ

**EXHIBIT A**

**EXHIBIT A**



**GUSTAVSON ASSOCIATES**  
GEOLOGISTS • ENGINEERS • ECONOMISTS • APPRAISERS

# Edwin Moritz

President

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## Key Expertise

- Minerals Appraisals
- Mineral Policy
- Mineral Development
- Reserve and Economic Studies
- Expert Witness
- Project Management

## Education

B.S., Geology, University of Georgia, 1982

Industry courses in Well Log Analysis, Petroleum Geology, Unconventional Reservoirs and Appraisal Methods

## Registrations/Affiliations

Certified Minerals Appraiser, International Institute of Minerals Appraisers

State of Wyoming Professional Geologist, PG-3314

Society of Petroleum Engineers

American Association of Petroleum Geologists

## Experience Summary

Mr. Moritz joined Gustavson Associates, Inc. in September, 1989. Since that time he has been involved in and personally conducted numerous oil, gas, and mineral fair market appraisals, reserve and economic studies. These studies involved properties in all major producing regions in the U.S. with specific focus in the Rocky Mountains including the Denver Basin in Eastern Colorado.

Oil and gas appraisal projects have focused on establishing market value of both working and royalty interest properties that are at various stages of development. Work has included both Income and Market Approaches to value. The appraisal reports have been used for dispute resolution, tax matters, estate planning, company acquisitions and divestitures and company financial filings.

Other experience includes evaluation of unconventional resource properties both domestically and internationally involving shale gas, tight sands, coalbed methane and tar sands. Recent work includes projects in the Permian and Delaware Basins for various interests having Bone Springs, Wolfcamp, Wolfberry and Cline Shale potential. Other unconventional work includes the Monterrey Shale in California, Niobrara Play in Colorado and Wyoming and the Marcellus and Utica Shale in the Appalachian Basin. Internationally, he evaluated unconventional resource targets in the Parana Basin in Brazil.

Mr. Moritz has also performed due diligence work and managed feasibility studies on international petroleum projects. This includes work and studies that involved reserve estimates, prospect identification and preliminary environmental assessments. Recent experience includes projects in Afghanistan, Bangladesh, Brazil, Chad, China, Egypt, Georgia, Hungary, Kazakhstan and Russia.



These assignments typically involve a review and analysis of technical data such as seismic, well logs and geological and engineering data.

For various Clients, Mr. Moritz has evaluated helium projects in both the United States and Canada. In the U.S., he has worked on projects in the Holbrook Basin of northeastern Arizona, the Central Kansas Uplift and the Las Animas Arch of southeastern Colorado. In Canada, the projects were located in southwestern Saskatchewan and southeastern Alberta provinces. This work includes due diligence support in advance of a potential acquisition and geologic analysis for exploration of helium targets.

Mr. Moritz led a team to evaluate options for the possible leasing or divestiture of Naval Petroleum Reserve #3 located in Converse County, Wyoming. The work analyzed enhanced oil recovery options for a mature field owned by the United States Government. He also analyzed future development potential of the Alpine field located on the North Slope of Alaska.

He has evaluated oil and gas projects at all stages of development ranging from undeveloped acreage to mature fields. He regularly supervises and manages multi-disciplinary teams to find solutions to Client's problems. Through both the University of Tulsa and Midland College, he teaches industry courses on oil and gas property evaluation and appraisal.

In Russia, Mr. Moritz has evaluated several fields in the western and eastern Siberian region of the country. This involved review of historical data files and technical data for use in the preparation of reserve reports contracted by Gustavson's clients.

In Kazakhstan, Mr. Moritz has been the team leader for several consulting projects that involved support to Client in acquisition due diligence. This involved review of offered assets in order to identify risks and future potential as well as checking and auditing previous technical reports. He also was the Team Leader for a feasibility study prepared for KazakhOil involving the Alibekmola field. The feasibility study included reserve estimates, financial forecasts and market analysis for selling oil, gas and natural gas liquids. He also successfully implemented a strategic gas utilization study for the Ministry of Energy to analyze options for stranded gas reserves and resources in the country. Other work includes preliminary design work on development of discovered fields on the KTT trend in the area of Uralsk.

Prior to joining Gustavson Associates, Mr. Moritz was a development geologist with Snyder Oil Company in Denver. He worked in the reservoir engineering department which was responsible for the management and development of oil and gas properties acquired by Snyder Oil Partners (master limited partnership). Experience includes all phases of field development work, reservoir management studies, and reserve reporting for SEC purposes. He served in this capacity for over two years.

Mr. Moritz began his petroleum industry career with Energy Oil, Inc. in 1982 and served with the company for over four years. In that time he was responsible for prospect generation in exploratory areas, field development and well site geological analysis. Expertise was gained in the Denver Julesberg, and the Central Kansas Uplift. In addition, he was involved in the exploration and drilling of oil and gas prospects on the Seneca Indian Reservation located in southwestern New York State in the Appalachian Basin.



## List of Recent Cases where the Expert has Testified at Trial or by Deposition (Past Four Years)

### **Christopher J. Rodenfels v. PDC Energy (fka Petroleum Development Corporation)**

Case No., 1:16-cv-00251-WYD. For the law firm of Foley Bezek, provided deposition testimony on damages resulting from mergers of four oil and gas limited partnerships.

### **SEC v. Yorkville Advisors, LLC, U.S. District Court, Southern District of New York**

Case No., 12 CIV 7728. For the law firm of DLA Piper, provided deposition testimony in an ongoing civil enforcement action.

### **Kathleen Michaels Wallace v. Thomas Carleton Wallace, District Court, Arapahoe County, CO.**

Case No., 2016 DR 30046. For the law firms of Willoughby & Associates and Smith & Shellenberger, provided an expert evaluation of helium assets belonging to Twin Bridges Resources located in Montana and Arizona. Testimony was given based on findings as part of dissolution of marriage proceedings.

### **Pearl Petroleum Company Limited, Dana Gas PJSC and Crescent Petroleum Company International Limited, v. The Kurdistan Regional Government of Iraq**

London Court of International Arbitration, Arbitration No. 132527. Provided expert witness testimony in an arbitration case involving a dispute over certain petroleum concessions in the Kurdistan region of Iraq.

### **Mondak Antelope, LLC v. Slawson Exploration Company et al, American Arbitration Association**

Case No., 01-15-0004-1203. Provided deposition and trial testimony regarding technical evaluation of an oil and gas project in Willison Basin, USA, and damages caused to Plaintiff.

### **Tara Davis v. Brandon Davis, Arapahoe District Court, State of Colorado**

Case No., 14DR30607, Division 14. Prepared an opinion of market value for oil and gas working and royalty interests owned by the Swan Companies located in the Wattenberg Field of Eastern Colorado and located in Colorado and Oklahoma. Testimony was given in Judicial Advocate Group (JAG) hearing as part of dissolution of marriage proceedings.

### **John Domas v. Connie Domas, Arapahoe District Court, State of Colorado**

Case No., 14DR1642. Estimated market value for royalty interests located in the Eagleford Trend in Southeast Texas. Testimony was given in Judicial Advocate Group (JAG) hearing as part of dissolution of marriage proceedings.

### **Jeffrey Schulein, et al., v. Petroleum Development Corporation and DP 2004 Merger Sub LLC**

Case No., SACV11-1891-AG (ANX). For the law firm of Susman & Godfrey, L.L.P., provided expert witness work, litigation support and deposition testimony related to the value of twelve oil and gas limited partnerships purchased by PDC in a series of cash out mergers.

### **Louis Oswald v. Crystal Oswald, Arapahoe County District Court, State of Colorado**

Case No., 2008 DR 258. For the law firm of Sam Stoorman, Esq., provided expert witness work and forensic due diligence of the value of the marital estate at the time of divorce. Testimony on expert report was provided to Special Master in October 2013 in regards to value of marital estate.





## Publications, Presentations

Gustavson, J.B., and Moritz, E.C., 1995, Methods of Transferring Vertical Drilling Technology to Mining Companies -- A Case History from Kailuan, Proceedings of the United Nations International Conference on Coalbed Methane Development and Utilization held in Beijing, China. October 1995.

Moritz, Edwin C., 1996, Techniques for Valuing Acreage with Unproved Oil and Gas Potential: Proceedings of the 1997 SPE Hydrocarbon Evaluation Symposium. Dallas, March 1997, SPE 37950. pp. 1-6.

Moritz, E.C. and L.C. Lencioni, 1999, Valuation of the Total Federal Economic Benefits Associated with the U.S. Dept. of Energy's NOSR 1 and 3 Properties in Western Colorado: A Case Study, SPE 52966

Moritz, Edwin Charles, and Natalie S. Barron, 2012, Wattenberg Field Unconventional Reservoir Case Study: SPE Middle East Unconventional Gas Conference and Exhibition, 23-25 January, Abu Dhabi, UAE.



# **EXHIBIT B**

# **EXHIBIT B**



**GUSTAVSON ASSOCIATES**  
GEOLOGISTS • ENGINEERS • ECONOMISTS • APPRAISERS

November 20, 2018

Mr. Thomas Foley  
Foley, Bezek, Behle & Curtis, LLP  
15 West Carrillo Street  
Santa Barbara CA 93101

Re: Valuation and Damages of Rockies Region 2006 LP and Rockies Region 2007 LP

Dear Mr. Foley:

At the request of Foley, Bezek, Behle & Curtis, LLP, Gustavson Associates (“Gustavson”) evaluated certain oil and gas assets in which two oil and gas limited partnerships known as the Rockies Region 2006 LP and Rockies Region 2007 LP (together, the “Partnerships”) have an interest. This letter report contains my expert opinion on the value of the oil and gas assets of the two subject Partnerships. I have been informed that the Partnerships filed a lawsuit on December 20, 2017 against PDC Energy, Inc. (“PDC”) captioned *Dufresne v. PDC Energy, Inc.* that was filed in the United States District Court for Colorado, Case No. 1:17-cv-03079-KLM. PDC is the Managing General Partner of the Partnerships. I am further informed that PDC caused the two Partnerships to file Chapter 11 bankruptcy petitions on October 30, 2018 with the United States Bankruptcy Court for the Northern District of Texas, Case No. 18-33513-sgj-11.

Gustavson has previously served as an expert witness for the plaintiffs in a lawsuit against PDC filed by limited partners of the 2002, 2003, 2004, and 2005 limited partnerships entitled *Schulein v. Petroleum Development Corp.* filed in the United States District Court for the Central District of California, Case No. 8:11-cv-01891-AG-AN (the “*Schulein* Action”). Gustavson also served as an expert witness in the case *Rodenfels v. PDC Energy, Inc.*, which was filed in the United States District Court for Colorado, Case 1:16-cv-00251-PAB (STV) (the “*Rodenfels* Action”).

In both the *Schulein* Action and the *Rodenfels* Action, the limited partners of the 2002, 2003, 2004, and 2005 partnerships took the position that PDC as Managing General Partner was required by the respective partnership agreements to assign 32-acre Prospects in the Wattenberg Field in the Denver-Julesburg (“D-J”) Basin in Colorado. In both the *Schulein* Action and the *Rodenfels* Action, PDC took the position that it only assigned those partnerships an interest in a single vertical well drilled on the 32-acre Prospects. The minimum “Spacing Unit” allowed by the

Mr. Thomas Foley  
November 20, 2018  
Page 2

State of Colorado for a single vertical well in the Wattenberg Field was 32 acres at the time of the formation of the Partnerships in 2006 and 2007. I have been provided with a copy of the partnership agreements for both the 2006 RRLP and 2007 RRLP, and note that both agreements define a "prospect" as follows: "[A] 'Prospect' shall be deemed to consist of the drilling or spacing unit on which the well will be drilled by the Partnership which is the minimum area permitted by state law or local practice on which one well may be drilled."

I understand that a Court will ultimately make the determination whether PDC was required to assign 32-acre Prospects to the Partnerships or, alternatively, only an interest in a single vertical well-bore on each 32-acre Prospect. For purposes of this valuation analysis, I have been asked to assume that PDC was required by the terms of the partnership agreements and Colorado regulations to assign 32-acre Prospects to the Partnerships.

The evaluation includes both a valuation of the Partnerships' 32-acre Prospects as of November 1, 2018, and a loss of cash flow from past production of certain horizontal wells drilled by PDC on the Partnerships' 32-acre Prospects (aka "Spacing Units"). Both of these items were analyzed to arrive at a calculation of damages to the two subject Partnerships. As alleged in the Partnerships' complaint in the *Dufresne* Action, the damages to the Partnerships were allegedly caused by the actions of the managing general partner (PDC) in not refracturing the Partnerships' existing vertical wells to materially increase their production of oil and gas and not permitting the Partnerships to participate in the development of horizontal wells on the Partnerships' 32-acre Prospects.

The valuation of the Partnerships' oil and gas interests in the Partnerships' 32-acre Prospects in the Wattenberg Field as of November 1, 2018, includes the following components:

1. Value of income potential from refracture treatments on the Partnerships' existing vertical wells that have not been previously refractured to increase their production of oil and gas;
2. Remaining value of the share that the Partnerships should have in horizontal wells already drilled by PDC in Spacing Units which include the Partnerships' 32-acre Prospects in the Wattenberg Field. I am informed that none of the revenue from the horizontal wells already drilled by PDC in and through the Partnerships' 32-acre Prospects has been paid to the Partnerships or the limited partners of the Partnerships;
3. Past income from the horizontal wells described in item 2 above;
4. Value projected from the drilling and future production of horizontal well locations already permitted by PDC or other operators but not yet drilled in Spacing Units which include certain Partnerships' 32-acre Prospects;
5. Value of additional acres in certain of the Partnerships' 32-acre Prospects which have horizontal infill drilling potential but for which PDC or other operators have not yet obtained permits to drill horizontal well; and
6. Remaining value of the Partnerships' existing producing vertical wells in their 32-acre Prospects.

The damages and valuation calculation include the above items. The value of the Partnerships' vertical wells is not part of the damage calculation because, prior to bankruptcy, the

Mr. Thomas Foley  
November 20, 2018  
Page 3

Partnerships were operating these wells and have the future liabilities of plugging and abandonment.

The valuation of the producing vertical wells and producing horizontal wells was based on cash flow projections made by forecasting production using decline curve analysis, along with forecasts of future wellhead prices, production taxes, and operating costs. Partnership interests in the horizontal wells (PWIH) were estimated based on the following:

1. Partnership interests in the original vertical wells (PWI),
2. The total area of Partnership Prospects in the Spacing Unit (32 acres times the number of Prospects in the unit) (PA);
3. the number of acres in the Spacing Unit as obtained from the web site of the Colorado Oil and Gas Conservation Commission (SUA).

$$PWIH = PWI \times PA / SUA$$

The above calculations follow standard industry practice for calculating interests in oil and gas spacing units.

At this time, the value of the vertical wells is negative without considering refracturing potential, due to the plugging and abandonment liability, estimated at \$55,000 per well.<sup>1</sup> Low and high estimates were varied up and down by 10% from the best estimates.

The value of additional refracture treatments on the Partnerships existing vertical wells was estimated by projecting cash flow associated with refracturing treatments. Production response for these treatments was estimated based on analysis of other Partnership vertical wells which were refractured by PDC in the past. The refracture treatments were assumed to begin mid-2019. The scheduling was based on the expected time frame for additional gas handling capacity expected to come on line in the DJ Basin<sup>2</sup> where the Partnerships' vertical wells and 32-acre Prospects are located. This expansion of capacity is expected to reduce the high line pressures which may be currently restricting production from some vertical wells. Two treatments per month were assumed. The costs of refracturing were based on information obtained from PDC and their third-party reserves estimator, Ryder Scott, during previous work by Gustavson related to the *Schulein* Action and the *Rodenfels* Action discussed above. Low and high estimates were varied up and down by 10% from the best estimates. Cash flows were estimated for the Partnerships' vertical wells after refracturing in total, forecasting total expected well production, costs, and abandonment costs. Low and high estimates were varied up and down by 10% from the best estimates. The table below shows those forecast values as the total value of the vertical wells, with the values (negative) of the vertical well forecasts subtracted from them to show the incremental values of the refracturing program.

The value of the drilling and future production of horizontal well locations permitted by PDC and other operators in Spacing Units which include the Partnerships' 32-acre Prospects was

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<sup>1</sup> Inferred from letter from PDC to 2007 limited partners dated September 28, 2018.

<sup>2</sup><http://ir.extractionog.com/news-releases/news-release-details/extraction-oil-gas-inc-announces-2018-capital-program-provides>

Mr. Thomas Foley  
November 20, 2018  
Page 4

estimated based on economic projections using type curves derived from publicly available presentations made by PDC and available on PDC's website for various portions of the DJ Basin and various wellbore lengths, and drilling costs from the same source for various wellbore lengths. Low and high estimates were varied up and down by 10% from the best estimates.

The value of additional horizontal infill drilling potential on the Partnerships' Prospects, i.e. acreage in the Partnerships' 32 acre Prospects which has not yet been permitted by PDC or other operators for drilling horizontal wells, was estimated on a per acre basis by reviewing recent market transactions involving purchase and sale of mineral rights for acreage in the D-J Basin including undeveloped acreage in Partnership Prospects for which the value and amount of acreage could be extracted from publicly available data. From these, transactions in areas of the D-J considered to be most comparable to the subject Partnership 32-acre Prospects acreage were selected for further analysis. Value patterns were well established in the market, which indicated a premium paid for highly prospective Wattenberg acreage with the potential for drilling horizontal wells. A rough time adjustment factor was estimated by comparing oil and gas futures from times close to the times of the transactions. The analysis of the sales provided confidence that market participants will pay in the range of \$18,000 to \$20,000 per acre for mineral rights with the potential for horizontal wells in the Wattenberg Field in the D-J Basin. Multiplying by the total amount of undeveloped acreage yields a value estimate range of \$18.0 million to \$20.1 million for RRLP2006's undeveloped not yet permitted acreage and \$36.5 million to \$40.6 million for RRLP 2007's undeveloped not yet permitted acreage.

The damages associated with past cash flows not attributed to the Partnerships associated with horizontal wells already drilled by PDC or other operators in Spacing Units which include Partnership Prospects was estimated based on actual historical production and prices data available on the Colorado Oil and Gas Conservation Commission, and estimated costs, from Jan. 1, 2015 forward. For RRLP 2006, it was estimated that all the costs incurred to drill these horizontal wells were paid out prior to Jan. 1, 2015, in aggregate.<sup>3</sup> Thus initial investments were not deducted from these estimates. Simple interest at 7% per year was added to the high side estimate. For RRLP 2007, a remaining balance of \$16.29 million of the drilling costs for horizontal wells already drilled by PDC and other operators was not paid out prior to Jan 1, 2015, net to the Partnership interests. For the low side estimate, these prior un-paid out drilling costs were deducted. For the high side estimate, the prior costs were not deducted, and simple interest at 7% per year was added.

All of these values and damages are summarized in Table 1.

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<sup>3</sup> Some individual wells' revenue did not pay out all costs by 1/1/2015; however, the total of all horizontal well costs were paid out by the total of all the horizontal wells' net revenues prior to 1/1/2015. This date was selected at the request of Foley Bezek.

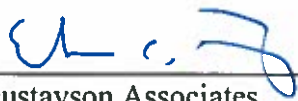
Mr. Thomas Foley  
November 20, 2018  
Page 5

**Table 1 Summary of Values and Damages**

Category of Value	Summary of Damage Calculations, MMS					
	RRLP2006		RRLP2007		Both Partnerships Total	
	Low	High	Low	High	Low	High
Refrac Vertical Wells	\$7.50	\$8.67	\$10.47	\$12.62	\$17.97	\$21.29
Producing Horizontal Wells, Remaining Value	\$10.74	\$13.12	\$5.30	\$6.48	\$16.03	\$19.60
Permitted Horizontal Wells	\$10.41	\$12.73	\$8.89	\$10.86	\$19.30	\$23.59
Additional Horizontal Infill Potential	\$18.00	\$20.10	\$36.50	\$40.60	\$54.50	\$60.70
Damages from Lack of Past Revenue, Horizontal Wells	\$21.19	\$23.76	\$8.06	\$12.56	\$29.25	\$36.32
<b>Total Estimated Value</b>	<b>\$67.83</b>	<b>\$78.38</b>	<b>\$69.22</b>	<b>\$83.12</b>	<b>\$137.06</b>	<b>\$161.50</b>
Value of Producing Vertical Wells	(\$1.21)	(\$0.99)	(\$0.45)	(\$0.37)	(\$1.66)	(\$1.36)
<b>Total Estimated Damages</b>	<b>\$66.62</b>	<b>\$77.39</b>	<b>\$68.77</b>	<b>\$82.75</b>	<b>\$135.39</b>	<b>\$160.14</b>

Gustavson plans to continue its analysis based on data requested from PDC as part of discovery in the Denver Federal District Court litigation. This report is based on publicly available information to the date of this letter. I am therefore continuing my review and analysis and I reserve the right to further expand and/or amend my opinions and their bases as additional information becomes available.

Sincerely,



Gustavson Associates  
Edwin C. Moritz, President