



Subject: Exploratory Drilling
Time Period: Last 12 Months
Region: Southeast
County: Not Available
Date: 7 Dec 2009
Company: SKLAR EXPLORATION CO LLC, MIDROC OPERATING CO
Title: Conecuh County discovery finalized by Midroc, wildcat permitted by Sklar

Dallas-based Midroc Operating Co has completed a Smackover discovery in the eastern portion of Conecuh County, about seven miles west of the town of Red Level, Alabama.

The 14-14 Cedar Creek Land & Timber (API 01-035-20191), located four miles west of the Covington County line in the nw se sw 14-5n-13e, was tested flowing 482 bbls of 48-degree crude and 401,000 cu ft of casinghead gas per day through perforations at 10,234-10,258 ft. On a 14/64-inch choke, flowing tubing pressure was 1230 psi. The wildcat was drilled to a total depth of 10,525 ft. Five-and-a-half-inch pipe is set on bottom.

Offsetting to the south in the sw ne nw of section 23 is the operator's 23-3 Cedar Creek Land & Timber. It was completed earlier this year for an initial daily potential of 468 bbls of 43-degree oil, 418,000 cu ft of gas and two bbls of water through perforations in the Smackover at 10,242-10,270 ft. The discovery was drilled to a total depth of 10,600 ft. August production was 188 bbls of crude, 170,000 cu ft of casinghead gas and 35 bbls of water.

Nearly three miles to the southwest, in the e2 sw ne 33-5n-13e, Sklar Exploration Co LLC has staked the 1 Craft Ralls "33-7" (API 01-035-20196). The new venture is slated to reach a total depth of 10,950 ft, apparently targeting the Smackover.

Offsetting to the northeast in the same section is Sklar's 1 Craft-Ralls "33-8." The 11,205-ft directional well was completed in 2008 pumping oil from fracture-treated perforations in the Smackover at 11,042-11,052 ft and recently abandoned.

The new location is about a mile northeast of more Smackover production in Little Cedar Creek field. Opened in 1994, the reservoir has recovered a cumulative 9.2 million bbls of oil, 7.87 billion cu ft of gas and 90,354 bbls of water. August 2009 output was 189,923 bbls of crude, 226.06 million cu ft of gas and 3,397 bbls of water.

