
BILLMAN GEOLOGIC CONSULTANTS, INC.

TO: MR. LARRY SHILLING
FROM: DAN A. BILLMAN, P.G., C.P.G.
SUBJECT: REVIEW OF CUTTINGS SAMPLES FROM SELECT MARCELLUS SHALE WELLS
DATE: 4/17/2010
CC:

Billman Geologic Consultants, Inc. (Billman) was provided five Marcellus shale drill cutting samples from four wells located in Tioga and Bradford Counties, Pennsylvania. The samples were collected by CoPhysics Corporation employees and sent via overnight courier to Billman for review. Billman was asked to review and characterize each sample. To characterize the samples, Billman washed the provided samples and used a 20X power field microscope to describe the drill cuttings.

Samples 31910-A & 31910-B

Both sets of samples were collected at the Lick Run #3H (API# 117-20348) well being drilled by Ultra Resources, Inc. in Gaines Twp., Tioga Co., PA. Both samples were taken from a measured depth of 7,200' – 7,210', approximately 1,174' along the lateral of the well being drilled horizontally in the Marcellus shale. The reported top of the Marcellus was at 5,978' (true vertical depth) and the sample was taken at a true vertical depth of 6,101'.

Review of the provided samples (one sample vial labeled 31910-A and two sample vials labeled 31910-B) shows the classic black color of the Marcellus shale. Sample 31910-A was blocky with minimal bedding and minor quartz silt. Samples 31910-B was pulverized through the drilling process (rock flour). Minor quartz silt was observed.

Samples 31110-A

This sample was collected at the Kent drilling pad, where Chesapeake Appalachia, LLC is drilling six horizontal wells from the same pad. The pad is located in Towanda Twp., Bradford Co., PA. The sample was taken at a measured depth of 11,244'. The reported top of the Marcellus was at 5,718' (true vertical depth) and the sample was taken at a true vertical depth of 5,942'.

Review of the provided sample shows the classic black color of the Marcellus shale. The sample was pulverized through the drilling process (rock flour). Minor quartz silt and minor calcite (possible fracture mineralization/fill) was observed.

Samples 31110-B

This sample was collected at the Welles 4 drilling pad, where Chesapeake Appalachia, LLC is drilling six horizontal wells from the same pad. The pad is located in Terry Twp., Bradford Co., PA. The sample was taken at a measured depth of 6,644', approximately 180' along the lateral of the well being drilled horizontally in the Marcellus shale. The sample was taken at a true vertical depth of 6,562'.

Review of the provided sample shows the classic black color of the Marcellus shale. The sample was blocky to fissile (thinly bedded) and very soft. Minor grey shales also present (possibly shale pieces from up-hole or possibly interbedded grey shale within the black shale). Minor quartz silt was observed.

Samples 31110-C

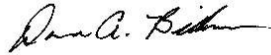
This sample was collected at the Mowry (2) drilling pad, where Chesapeake Appalachia, LLC is drilling six horizontal wells from the same pad. The pad is located in Tuscarora Twp., Bradford Co., PA. The sample was taken at a measured depth of 6,875', approximately 392' along the lateral of the well being drilled horizontally in the Marcellus shale. The reported top of the Marcellus was at 6,416' (true vertical depth) and the sample was taken at a true vertical depth of 6,687'.

Review of the provided sample shows the classic black color of the Marcellus shale. The sample was blocky to fissile (thinly bedded) and very soft. Minor quartz silt was observed.

Conclusions

Samples for four wells in Tioga and Bradford Counties, Pennsylvania were provided to Billman Geologic Consultants for review. Both the sample locations along the borehole path and the geologic review of the samples indicate that these samples are from Marcellus shale; typical Marcellus shale from the northeastern tier of Pennsylvania.

Respectfully submitted by:



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DISCLAIMER

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