

Cane Creek,

Fractured Cane Creek Shale – NAE is partnering with EnCana and Samson in pursuit of commercially exploiting fractured shale resources in the Cane Creek Shale in the northern Paradox basin. Delta and Fidelity are currently drilling wells in the play area, and other companies are expected to commence drilling Cane Creek wells soon. NAE controls approximately 12,000 net acres of highly prospective leases in the core of Delta's Greentown play area and has a farmout option on an additional 8,000 net acres in the area. Delta has reported impressive flow rates from their early drilling in the play, with rates as high as 4 MMCFGD and 800 BOPD. They are currently producing associated gas from one well into their newly built 18" gas pipeline. Fidelity has indicated a very successful Cane Creek and "O" Zone oil completion in their recently drilled well adjacent to our acreage position south of Cactus Rose Unit. Unfortunately, that well experienced collapsed casing and is being re-drilled. NAE expects to find 5-10 BCFE/well reserves on 80 acre spacing in the play fairway.