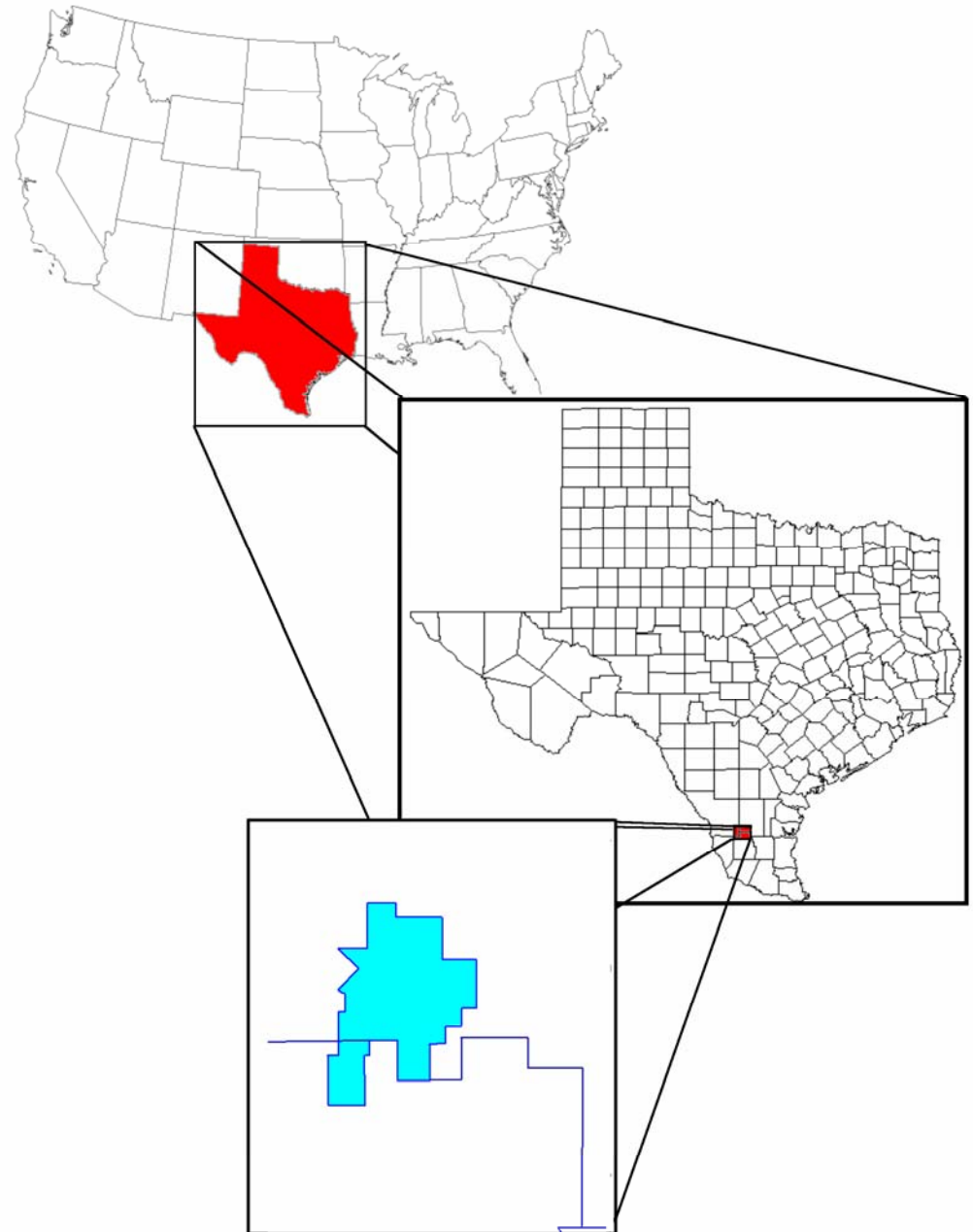


*TEAL ENERGY USA, INC.*  
*Big Foot Prospect*

August, 2009

# Location

South Texas Onshore,  
United States

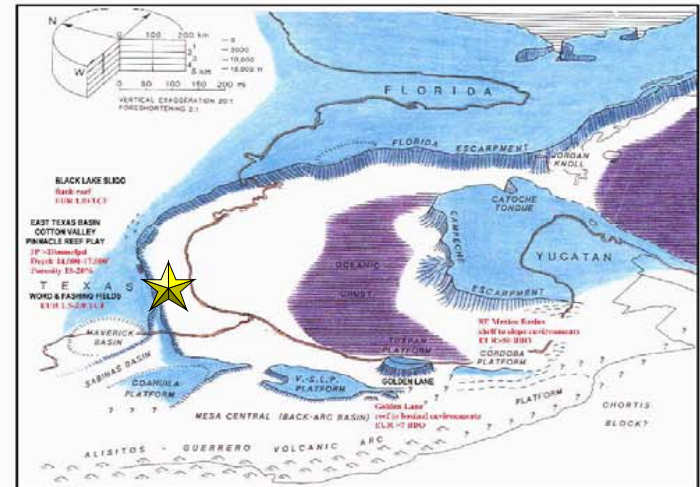
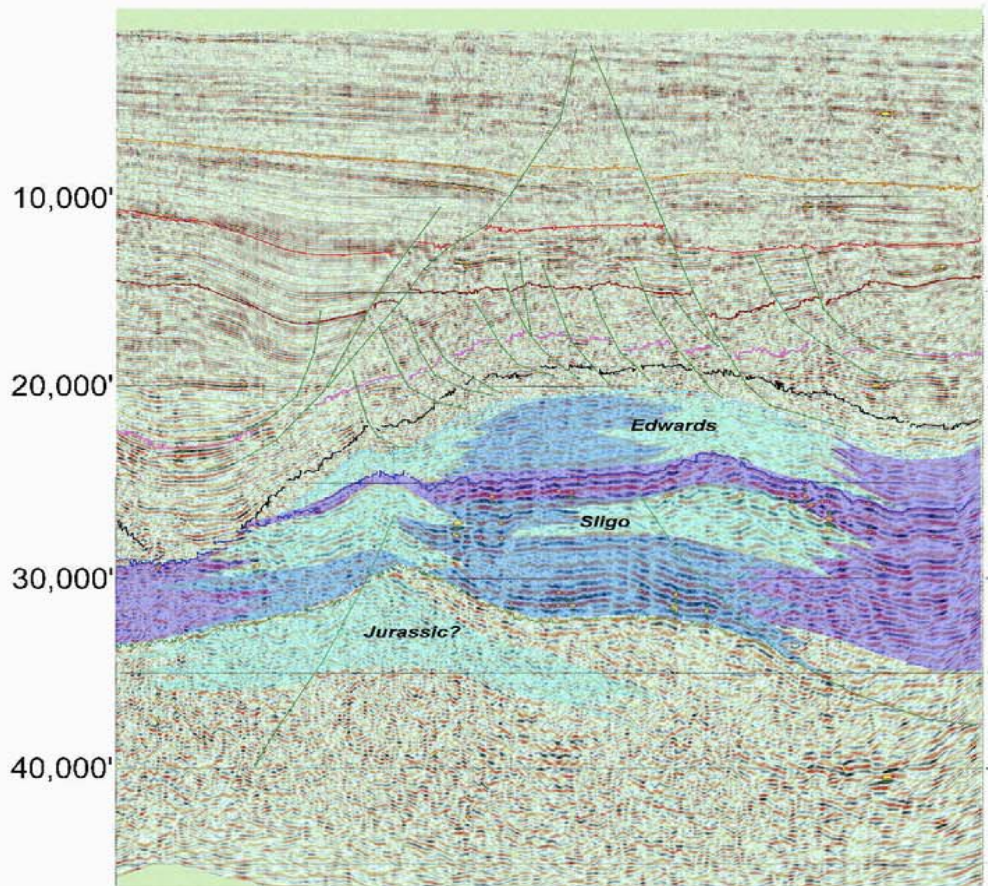


# INTRODUCTION & INDUSTRY HISTORY

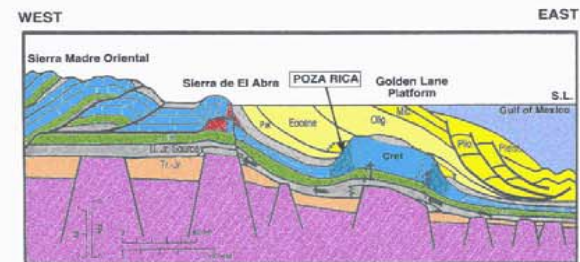
- A GIANT GOLDEN LANE TYPE ATOLL REEF WITH GREATER THAN 10 TRILLION CUBIC FEET POTENTIAL GAS IS INTERPRETED FROM OVER 200 MILES OF 2-D SEISMIC AND GEOLOGY.
- A 200 BCF SECONDARY OBJECTIVE IS PRESENT FOR A PROJECT “SAFTY NET”
- TWO NORTH AMERICAN MAJORS TECHNICALLY APPROVED TESTING OF THE PROSPECT AFTER EXTENSIVE EVALUATION.
- RUNNING ROOM IS PRESENT IN THE PLAY WITH THE TREND EXTENDING OVER 100 MILES.



# Regional setting showing Golden Lane analog



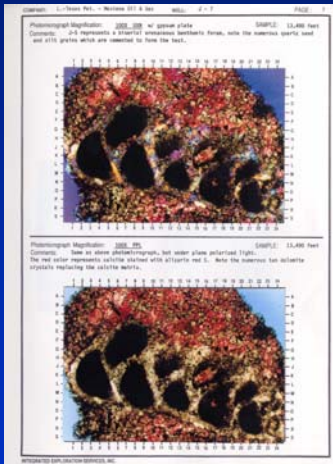
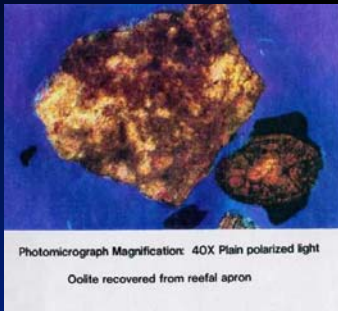
Perspective sketch map of middle Cretaceous paleobathymetry based on cross sections of shelf margins and back-stripping calculations. Base map is not paleogeographic, and paleogeographic elements in Mexico are based on present geographic positions in stratigraphic assemblages. (modified from Winker and Buffer, 1988) JMG & AFK, 2000



Golden Lane schematic section, modified from Fritz et al. 2000. (AAPG, v.84, no. 6)

# Supporting Arguments

- Location is 20 miles outboard of Sligo shelf edge
- Seismic character suggests an Atoll reef facies with well defined “rim”.
- Eocene oolites and shallow water foraminifera present on “ridge” indicates the paleo “platform” nature of the feature.
- Peter Vail sea level curves suggest that if sea level tagged the platform in an Eocene lowstand and reefs grew on this emergent platform, then similarly a shallow water environment of development of reefing in the Cretaceous would have occurred in the Cretaceous and Jurassic sea level lowstands.
- Alternate “rafted block” interpretation also prospective



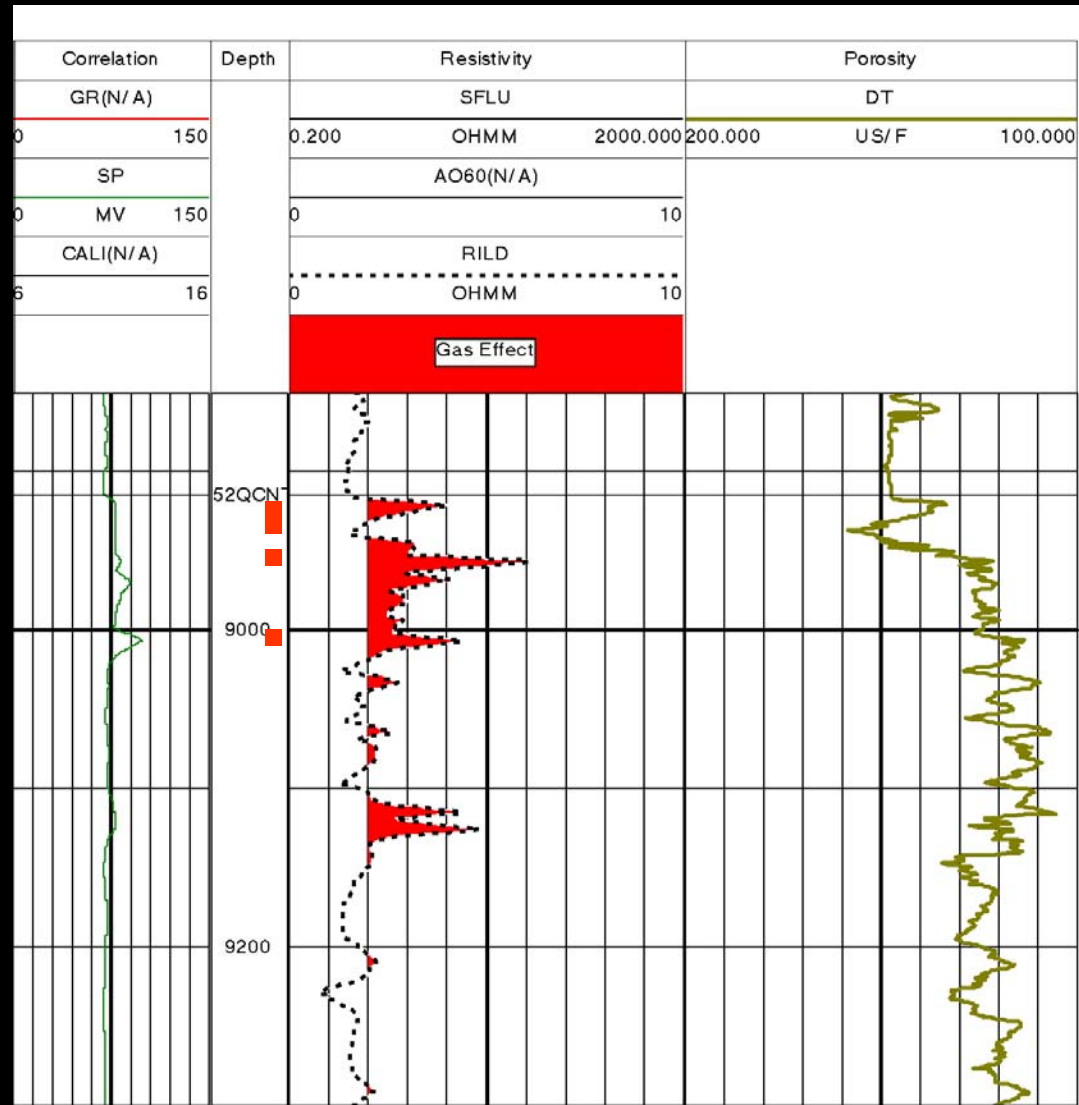
# Secondary Queen City Objective



- Objective: Mestena Grande Queen City Sands
- 7,000 acre seismically defined down-thrown closure
- 70+ potential localitons
- Total Depth: 9700'
- Potential Reserves: 200 BCF
- DHC: 1,200,000 Completion: \$400,000
- Show well: 1960's well flowed 500+ MCFD without frac from two separate zones.
  
- Analog: 200 BCF EUR Mestena Grande Field Queen City Sands
- Potential exists for horizontal wells with multi stage fracture stimulation. EOG tested this concept in a less favorable area.

# Key well #1 log

- Tested 537 mcfpd from 9000' with smoky flare, no frac (perfs indicated by red boxes)
- Petrophysical analysis suggests 46' net pay, avg. porosity 25%, avg. perm. 18+ md, avg. SW 28%
- Estimated production after modern fracture stimulation 3-4 mmcfpd



# Development & Summary

- Secure Industry partners to spread risk.
- Drill 25,000 foot well testing the Cretaceous carbonate section in location to optimize the shallow Queen City objectives.
- Estimated dry hole cost \$8-10 million sweet gas case.
- Estimated completion cost 4 million .
- Acquire 3-D seismic for field and play development.

# Timing & Development

- Six months estimated to drill and test initial well:
  - Queen City gas to sales in 4 months
  - Deep gas in six months if sweet.
- Additional seismic will be acquired in discovery case which will likely define additional Eocene Wilcox targets
- Development of the deep Cretaceous will likely be on 640 acre spacing, and the Queen City on 80 acre spacing.
- Infrastructure is good for pipeline access.
- Visit Teal Energy Booth 2641 for discussion.