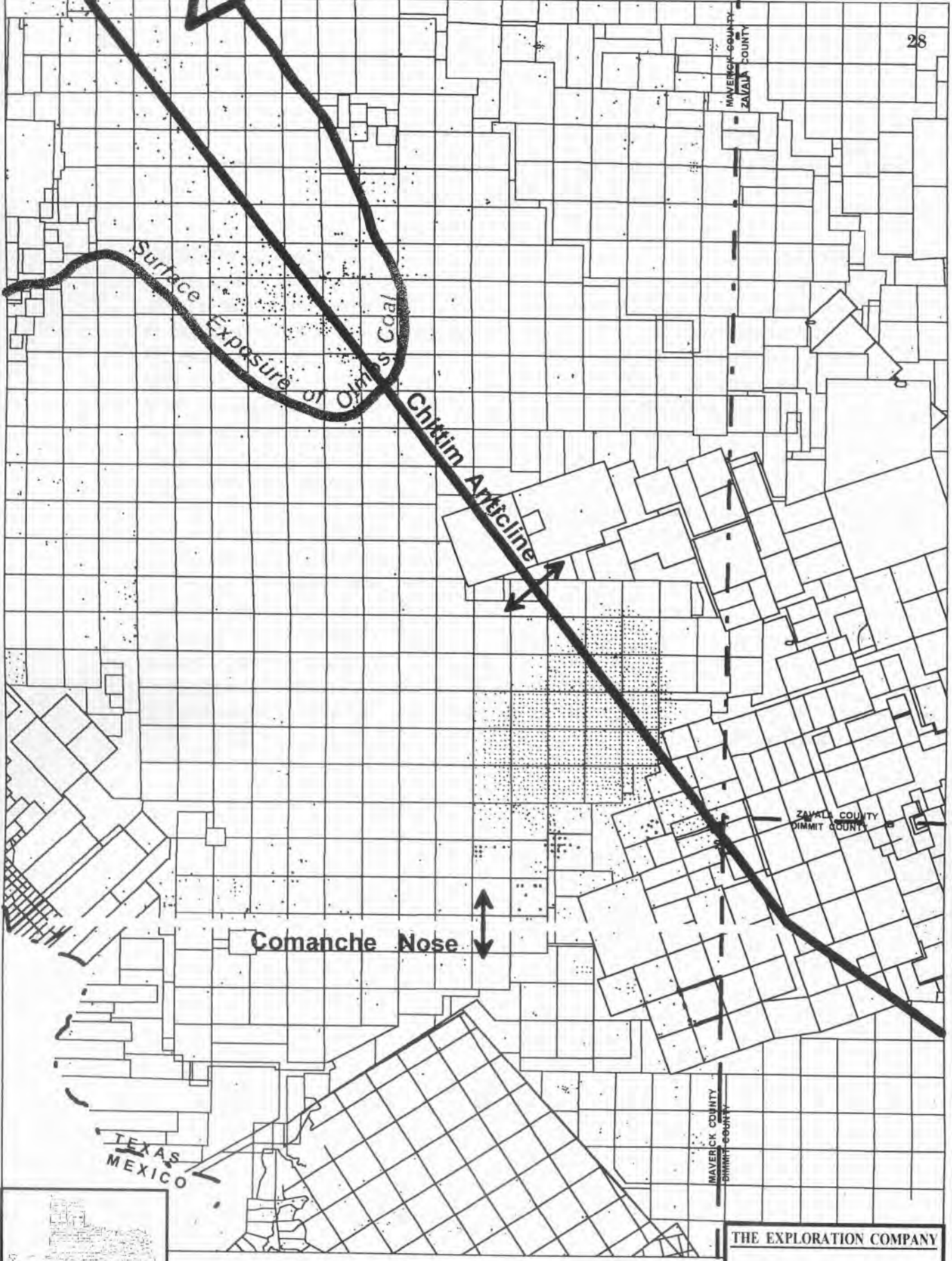


Authors: Robert J. Scott & Matt Gose
Maverick Basin / Sacatosa Field Coalbed Methane Project
Maverick County, Texas

TXCO has conducted geologic studies along with drilling and coring operations that have confirmed the presence of significant amounts of coal underlying a large area in the Maverick Basin. Analysis of the coal shows it to be bituminous with a rank of high-volatile C. Desorption tests on coal cores have determined gas content measured in SCF/ton varies with depth. Near the outcrop at a depth of about 200', coals contained 39 SCF/ton while down dip at 1,500' +/-, they measure up to 380 SCF/ton. Net coal thickness varies from 5' to 30' developed in a range of from one to ten coal seams. Well log correlations demonstrate that some coals have good continuity over areas of several square miles while others are more discontinuous. It is important to note that these coals occur in the Olmos formation, which is Cretaceous in age. This separates them from the abundant younger Wilcox coals, which are lower rank lignite.

TXCO is currently operating four CBM pilot projects that range in size from 7 to 12 wells each (see map) and include 34 wells in total. The southernmost project consists of 7 wells scattered over 640 acres, while the other three are clusters of wells on approximately 20 acre spacing. The coal seams are completed by perforating them individually through casing and a number of wells have been fractured. All wells are presently on pump with the objective of lowering the reservoir pressure so desorption can begin. The wells have produced small amounts of gas since completion, but none is believed to be desorbed gas. Current daily production from all 34 wells is approximately 170 MCFG and 2000 BW.



= CBM Pilot Areas



THE EXPLORATION COMPANY
 MAVERICK BASIN / SACATOSA FIELD
 COALBED METHANE PROJECT
 MAVERICK COUNTY, TEXAS