ENERGYNET.COM, INC.

Post-Sale Statistical Analysis

Oil and Gas Lease Internet Auction Pilot (OGLIAP)

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9/21/2009

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Executive summary

The Bureau of Land Management's Oil and Gas Lease Internet Auction Pilot (OGLIAP) program was built and hosted by EnergyNet.com, Inc. in Amarillo, Texas to the detailed specifications authored by the BLM. OGLIAP was designed to provide an Internet-based auction to evaluate the viability of new, online auction methodologies. All parcel evaluation, registration and bidding was performed online.

OGLIAP was made available to the public on July 8, 2009, listing 38 parcels for auction. Ten parcels were later withdrawn from the auction by the BLM Colorado State Office. The remaining parcels were divided to open for bidding over a 2-day period. Each parcel, after opening, was available for a 7-day bidding period. Parcels closed for bidding on September 16-17, 2009.

Viewer statistics and notes

- OGLIAP received parcel views from 92% of U.S. states; 100% of oil and gas producing states
- 1,500+ unique visitors accessed the site from 46 individual states more than 22,000 times
- 100% website uptime; 24/7 availability

U.S. citizen bidder statistics and notes

- OGLIAP received bidder registrations from a total of 65 individuals from 17 states
- 22 registered bidders placed 98 total bids and set 32 proxies over 84 distinct bidding events
- Bidders utilized all available bidding options involving flat bids and proxies
- Registered bidders enjoyed a total estimated travel savings of 31,885 miles for this auction, including distant states such as Massachusetts, Florida and Hawaii.

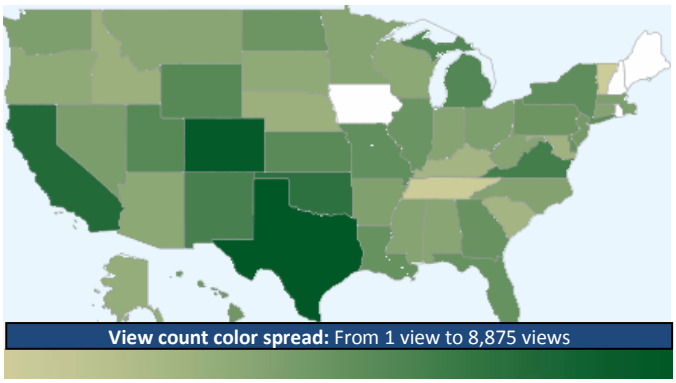
Benefits of the online auction format to the BLM

- Instant, paperless, coast-to-coast exposure of BLM parcels provides the capability to immediately update parcel information and actively notify auction participants via email
- Nationwide user participation without travel restrictions, increasing bidder competition by expanding the potential bidder pool
- Potential to standardize online parcel presentation across all lease sales
- Modern bidding system provides participants with flexible, configurable bidding options including proxy bidding.
- Fully Section 508 compliant for a highly accessible website
- Online presentation removes physical location for possible auction sidewalk protests
- Potential for tight integration with existing BLM systems including loading parcel information, online payment acceptance, and integration with CBS.
- The online format gives the BLM flexibility with scheduling and updates
    - Auctions can be postponed for a short amount of time, and participants notified.
    - Auctions with any sort of interruption (i.e. technical, weather-related, etc.) can be immediately rescheduled, reset and resumed

Geographic viewer distribution

Viewers to the OGLIAP website were calculated from the day of the initial launch to the public through the final auction. In that time, approximately **1,551 unique viewers** from **46 individual states** accessed the OGLIAP website **22,042 times.**

Viewers are enumerated based upon each unique IP address that accessed a page of the website. Please note that this method of calculation presumes that one IP address represents one individual, and cannot account for multiple individuals accessing the site from the same corporate network. It also cannot account for one individual accessing the site from more than one network.



OGLIAP view breakdown per state

State	OGLIAP Views
TX	8875
CO	6838
CA	2044
OK	1239
VA	464
NM	396
MI	218
WY	185
UT	180
KS	178
NY	132
MO	117
LA	99
FL	99
GA	94
DE	87

IL	84
PA	73
ND	71
HI	61
NJ	46
NV	41
WA	34
OH	32
MA	32
AR	29
NC	25
MS	24
MN	24
WV	23
CT	23
IN	22
AL	20

MT	19
WI	18
AZ	17
SD	15
OR	14
AK	11
NE	9
ID	9
MD	7
SC	6
KY	6
TN	1
VT	1
TOTAL	**22,042**

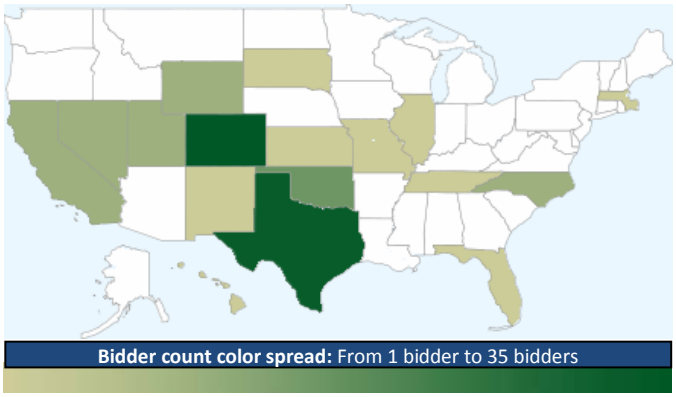
Potential for paper and carbon emission reduction

If each of these unique viewers represented a reduction in the number of paper-based auction/parcel listings books that must be printed and mailed, at an average of 50 pieces of paper per book, this would result in the saving of **over 124 reams of paper** and **1.38 metric tons of carbon emissions**[i].

Geographic registered bidder distribution

During the registration period, a total of **65 individuals from 17 states** registered for the OGLIAP sale.

For purposes of this report, a registered bidder represents an interested member of the public that completed the three-part registration process in order to obtain a bidder number. The registration process included bidder and lessee contact information, identity validation through Pay.gov, agreement to the terms and stipulations of a BLM auction and the creation of a username and password. "Test registrations" from EnergyNet and BLM employees are not included in this report.

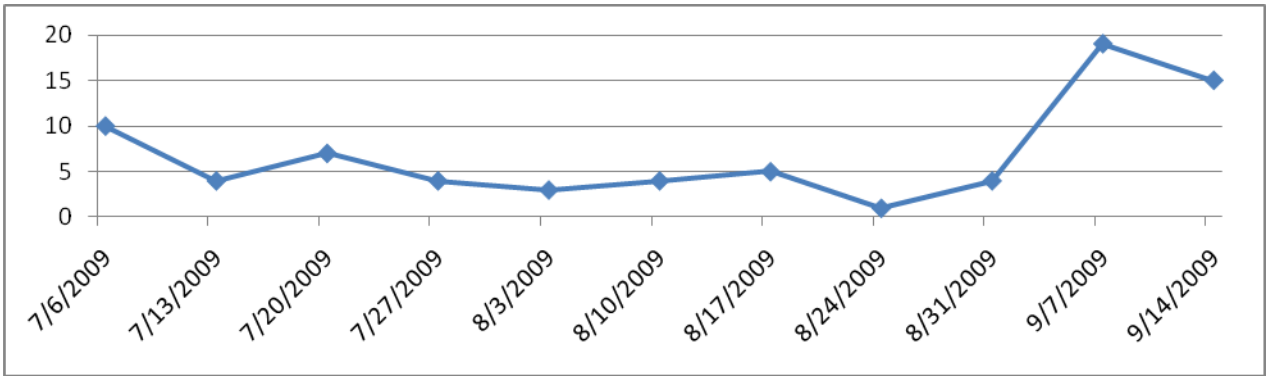


State	Bidders
CO	33
TX	9
OK	4
CA	2
WY	2
NC	2
NV	2
UT	2
MA	1
SD	1
HI	1
IL	1
NM	1
MO	1
KS	1
TN	1
FL	1

Rather than wait to register on a single day of sale, OGLIAP bidders were able to register for a bidder number more than two months before the close of the sale. Bidders were able to register 24 hours a day. Three bidders completed their registration after 10:00pm.

Bidder registrations by week

The following graph represents the rate of registrations broken down by week. The most registration activity took place at launch and when parcels became available for bidding.



Potential for mileage and carbon emission savings

Estimating the distance between each registered bidder and the BLM Colorado State Office, registered bidders enjoyed a potential **travel savings of 31,885 miles** and **7 metric tons or carbon emissions**[ii] for this auction.

Registered bidder activity during the auction period

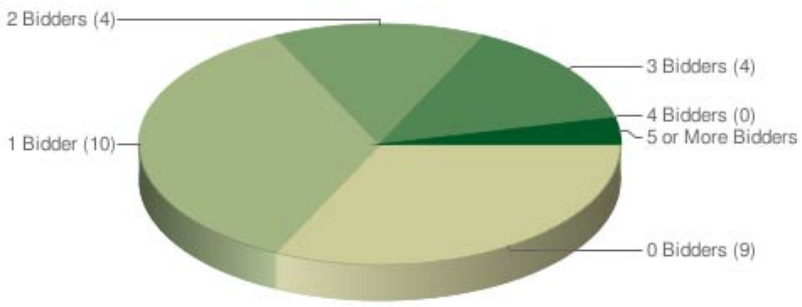
During the 8-day auction period, a total of **22 registered bidders** placed **98 total bids** and set **32 proxies** over **84 distinct bidding events**.

Users independently tested all available features of the OGLIAP bidding system, demonstrating both the flexibility and acceptance of the prevailing online auction format:

- Placing only a flat bid
- Placing only a proxy
- Placing a flat bid in combination with a proxy
- Revocation of a proxy

Bidders per parcel

The following chart illustrates the distribution of bids among the parcels available for auction. The parcels included in the pilot auction were considered non-controversial parcels. Nonetheless, many of the parcels generated strong competition among the bidders.



Number of parcels deferred	10
Number of parcels with no bidders	9
Number of parcels with 1 bidders	10
Number of parcels with 2 bidders	4
Number of parcels with 3 bidders	4
Number of parcels with 6 bidders	1
Average number of active bidders for all parcels receiving bids	1.9

Parcels receiving bids

The table below lists the parcels available during the pilot sale along with the bidding activity each parcel received. Note that nearly every parcel that received a bid also had a proxy bid set by a bidder as well. This adoption indicates that bidders recognized and utilized the advanced features of the OGLIAP bidding system.

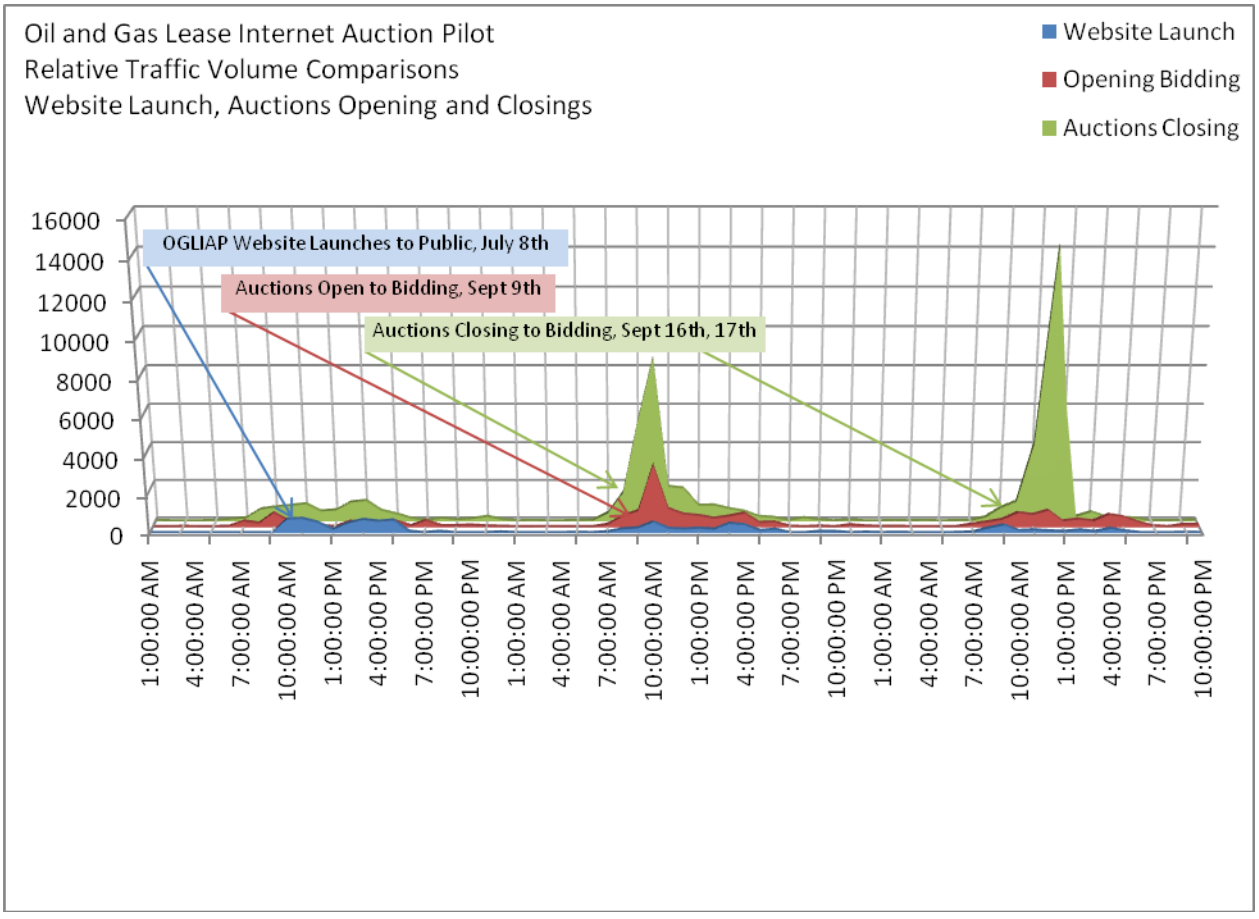
Parcel	Size	Total Bonus Bid	High Bid Per Acre	High Proxy	# Bidders	# Bids
COC73848	160.000	$320.00	$2.00	$15.00	1	1
COC73849	160.000	$6,720.00	$42.00	$100.00	3	19
COC73850	254.670	$510.00	$2.00	$6.00	1	1
COC73851	69.630	$350.00	$5.00	$21.00	2	3
COC73857	80.000	$240.00	$3.00		2	2
COC73858	40.000	$80.00	$2.00		1	1
COC73863	2040.000	$4,080.00	$2.00	$7.00	1	1
COC73873	1444.380	$111,265.00	$77.00	$276.00	3	7
COC73874	320.000	$640.00	$2.00	$12.00	1	1
COC73875	323.710	$648.00	$2.00	$5.00	1	1
COC73876	160.000	$1,440.00	$9.00	$25.00	2	5
COC73877	305.000	$4,880.00	$16.00	$50.00	2	3
COC73878	40.000	$200.00	$5.00	$52.00	3	4
COC73879	1.240	$1,554.00	$777.00	$2,501.00	6	41
COC73880	627.600	$3,140.00	$5.00	$88.00	3	4
COC73881	80.150	$162.00	$2.00	$188.00	1	1
COC73883	120.000	$240.00	$2.00	$24.00	1	1
COC73884	880.000	$1,760.00	$2.00	$6.00	1	1
COC73885	594.420	$1,190.00	$2.00	$24.00	1	1
TOTALS	**7700.800**	**$139,419.00**				
Averages			*$50.47*		*1.9*	*5.2*

Relative traffic volume comparisons

Website traffic for OGLIAP is difficult to quantify based on individual hits and is more meaningful when taken in aggregate form and viewed as a comparison of relative traffic over various stages of the project lifecycle.

The following graph plots three individual three-day periods that mark the most active periods of the OGLIAP program. ***These three-day periods are overlapped on the graph for comparison***.

- The **blue graph** represents the first day that OGLIAP was available to the public, followed by the next two days. Traffic was driven primarily by the press and word of mouth. (July 8-10, 2009)
- The **red graph** represents the day before parcels opened for bidding, followed by the first two days where bidding was allowed. (September 8-10, 2009)
- The **green graph** represents the day prior to the first parcel's closing date, followed by the two days on which all parcels closed for bidding, resulting in higher traffic. (September 15-17, 2009)



The graph illustrates the increasing pattern of interest in the auction, closely tied to the milestones within the project itself. The period of time during which parcels were closing for auction represents the sudden swell of excitement as final bids were placed and interested parties "refreshed" their web browsers closely monitor the progression of the bidding cycle.

OGLIAP Help Center and Help Desk

The OGLIAP website was designed to be simple to use and easy to learn. "Help icons" were scattered throughout the site where bidders may need information quickly. They were activated simply by hovering a mouse pointer over them.

The online Help Center offered two training videos ("The Registration Process" and "The Bidding Process"), a full User Guide, a Quick Start Guide and a Frequently Asked Questions (FAQ) section.

Starting on the day the OGLIAP website was launched to the public, and through the day of sale, EnergyNet also maintained a telephone Help Desk. Detailed recorded instructions about the common areas of OGLIAP, recorded in both English and Spanish, were available 24 hours a day. Live Help Desk attendants were available between the hours of 8:00am-4:00pm Mountain Time, Monday-Friday.

The Help Desk received calls from ten individuals, all of which received immediate assistance. Several callers later won parcels at the auction.

The primary technical issue presented to the Help Desk was related to the use of Internet Explorer version 6 and the configuration of the BLM's NetContinuum device that acted as a reverse proxy for the OGLIAP website. This outdated web browser must be configured properly in order to access any secure web page offered by ***any*** BLM.gov website. Once a suitable solution was discovered, additional instructions were added to the FAQ section of the Help Center online.

When a user began, but failed to complete their registration for any reason, the Help Desk proactively contacted the user via email with helpful instructions. In most cases, individuals who received these additional instructions completed their registrations successfully.

Comments received via the Help Desk

"We've never had deep enough pockets to travel to a live sale. This is great we'll be able to go on the Internet."

Edward Stephens
September 5, 2009

"I have eight thousand acres in BLM Leases in east Texas, and it's exciting to be able to participate in other states this way."

James Baccus
September 5, 2009

BLM Administration Console

During the entire life cycle of the OGLIAP website, the BLM has utilized the OGLIAP administrative portion of the website to monitor auction performance as well as build and maintain lists of lease sale registrations. All reports in the OGLIAP administration area are generated in real time, and may be refreshed with current data at any time.

The administration section's 24/7 approach to managing the auction allowed BLM lease sale officials to maintain a complete and detailed picture of the online auction process as it progressed. Also, by building the administration tools into the website, no additional software was required for the BLM operators, in turn facilitating the adoption of the online tools.

The administration section contains a varied set of tools including:

- Auction summary standings / scoreboard
- Parcel search
- Bidder search
    - Registration count statistics
    - Account information & lessee information viewer
    - Bid, win, and view reports per bidder
- Sale result summary
- Registration rule management
- Uptime report
- Transfer sale data capabilities (CSV, text, PDF and pipe-delimited)
    - Lease sale receipt information
    - Bidder registration information
    - Competitive bid form information
- Final sale analysis for the BLM Colorado State Office website
- Access to 3000-02 forms generated by the website
- Post auction evaluation report
    - Individual graphical analysis of each auction
    - Bidding competition analysis
    - View and registration mapping analysis

Media coverage

The OGLIAP project has been mentioned in several media outlets. All of the reports EnergyNet encountered presented the OGLIAP project in a positive manner, noting the historic element of the BLM Leasing Program's first use of an Internet platform for oil and gas leases. Below are samplings from some of the articles written about the project:

Mainstream media

"The federal Bureau of Land Management is going eBay — or at least eBayish. The September auction of Colorado oil and gas leases will be held online — a $250,000 pilot project that could lead to all federal lease sales being conducted on the Internet..."

The Denver Post
BLM to try online auction for Colorado oil, gas leases
July 8, 2009

"DENVER (AP) - The Colorado office of the Bureau of Land Management will achieve a first for the agency when it conducts its next quarterly oil and gas lease auction online..."

Associated Press
Colo. BLM picked for pilot online lease auction
July 10, 2009

"The Bureau of Land Management's Colorado office said Monday it will hold the federal land agency's first-ever online auction of oil and gas leases under a pilot program.."

Denver Business Journal
BLM Colorado to hold first-ever online auction for oil, gas leases
July 13, 2009

"...Right now, the BLM is conducting an online pilot auction, giving bidders a chance to compete for parcels online rather than in person. San Miguel County Planning Director Mike Rozycki said the BLM was testing the new system but will fall back on its normal method — an in-person auction the Denver suburb of Lakewood — while the federal government reviews the online method..."

Telluride Daily Planet
No acres up for mineral lease in San Miguel County:
Uranium may again boom, but oil and gas is quiet, for now
September 16, 2009

"In the agency's first-ever online sale of oil and gas leases, the U.S. Bureau of Land Management's Colorado office sold 19 parcels of 28 offered, totaling 7,701 acres, and earned $153,637..."

Denver Business Journal
BLM nets $154K in first-ever online lease sale in Colorado
September 14, 2009

EnergyNet.com, Inc. press release

EnergyNet published the following press release on its website. It was distributed it to various industry publications for their consideration:

EnergyNet.com, Inc. implements BLM's first Internet-based oil and gas lease auction
July 22, 2009
Amarillo, Texas

For the first time in history, the Bureau of Land Management (BLM) will conduct one of their scheduled oil and gas lease sales via the Internet. The BLM's Internet-based auction has been built by EnergyNet.com, Inc., an Amarillo, Texas corporation. The BLM's Colorado State Office has included 38 parcels for this auction, as nominated by the public. The one-week parcel bidding period begins at 9:00 am (MDT) on September 9, 2009. The Oil and Gas Lease Internet Auction Pilot (OGLIAP) website became available to the public on July 8, 2009 at http://www.blm.gov/leasingpilot/.

The BLM's Mineral Leasing Program has traditionally utilized a live outcry auction format. In the FY2008 Consolidated Appropriations Act, Congress directed the BLM to conduct an Internet-based pilot auction in order to evaluate potential savings and benefits to the Federal government and lease sale participants. After a competitive bidding process, EnergyNet.com, Inc. was awarded the contract to develop the pilot in August, 2008.

EnergyNet.com has more than ten years of experience auctioning over 28,000 oil and gas properties on the Internet in a continuous online marketplace. "We hope this is just the first of many initiatives designed to improve service for Federal Lease buyers," says Bill Britain, CEO and co-founder of EnergyNet.com, Inc. "EnergyNet experiences firsthand, on a weekly basis, just how powerful the continuous Internet oil and gas property marketplace is. We're excited to see the BLM test the waters for themselves, and we're honored to be a part of that process."

The OGLIAP web site allows interested parties to register and be assigned an anonymous bidder number with which to participate in the pilot auction. Detailed information about the parcels up for auction is currently available for research on the website, including unique parcel stipulations and maps. Each parcel will be available for a 7-day bidding period. The first parcel opens for bidding on September 9, 2009 at 9:00 AM (MDT). Additional parcels commence their bidding period in 10-minute increments following the first; spread over a 2-day period. The first parcel's auction period closes at 9:00 AM (MDT), September 16, 2009.

For those who are new to the online auction process, the OGLIAP site features a full Help Center, including detailed user guides and online tutorial videos. Users of the web site are offered online "Help Icons" to assist them throughout the various stages of the auction process. A Help Desk phone line, featuring both English and Spanish instruction, is available to users who need additional assistance.

After the sale concludes in September, the BLM will analyze the results and then decide on "next steps" with regard to the Federal Leasing program. "This process mirrors private sector advances in presenting due diligence data and making properties available for auction on-line," says Britain. "The Internet removes the barriers traditionally associated with an outcry auction, namely travel expenses and anonymity concerns."

About EnergyNet.com

EnergyNet.com, Inc. provides continuous, online marketing services to the oil and gas industry. EnergyNet offers its clients a pure Internet trading community, the first real-time Internet oil and gas property auction service in which buyers and sellers are brought together to divest and acquire oil and gas properties. EnergyNet's service permits sellers to divest properties with a reserve price and buyers to bid on properties of interest. EnergyNet users browse through property data in online data rooms that are available 24 hours a day, 7 days a week and 365 days a year. EnergyNet clients are able to buy and sell oil and gas properties from virtually any computer or PDA.

EnergyNet clients include major oil companies, large independents, bank trust departments, foundations, churches, universities and individuals. EnergyNet's technological reach presents an oil and gas property portfolio to thousands of buyers with multi-billion-dollar buying power. EnergyNet maximizes divestment returns by enabling sellers to achieve the highest prices for properties in the industry and to drive down costs as well.

Headquartered in Amarillo, Texas, EnergyNet has Business Development Representatives in Amarillo, Houston, and Dallas, Texas; Oklahoma City, Oklahoma; Denver, Colorado; and Bloomfield, Michigan. EnergyNet principals have more than 30 years' experience in the oil and gas industry and have been actively involved in acquisition and divestiture, exploration and production, producing well operations, drilling, geology, engineering and land management. EnergyNet is a registered FINRA Broker/Dealer.

Website: http://www.energynet.com/

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Appendix A: Final Results for Oil and Gas Lease Sale

The following information is taken from the report titled "Bureau of Land Management, Colorado State Office Final Results for Oil and Gas Lease Sale."

Summary of September 9-17th, 2009 Sale

Number of Parcels Offered:	28
Number of Parcels Sold:	19
Percentage of Parcels Sold:	67.86%
Number of Acres Offered:	15,216.340
Number of Acres Sold:	7,700.800
Percentage of Acres Sold:	50.61%
Average Bid Per Acre:	$50.47
High Bid Per Acre:	$777.00
High Bonus Bid:	$111,265.00
Total Bonus Bid:	$139,419.00
Total Rental:	$11,557.50
Total Administrative Fees:	$2,660.00
Total Revenues:	$153,636.50
Minimum Due on Day of Sale:	$29,619.10

High Bidder - $777.00 / acre Bid
PETROLEUM DEVELOPMENT CORPORATION
1775 SHERMAN STREET
SUITE 3000
DENVER, CO 80203

High Bidder - $111,265.00 Total Bonus
ABO PETROLEUM CORPORATION, MYCO INDUSTRIES, INC., YATES DRILLING COMPANY, YATES PETROLEUM CORPORATION
105 SOUTH FOURTH STREET
ARTESIA, NM 88210

Parcels Sold at the Sept 9-17th, 2009 Sale

Parcel Number	Applicant's Name and Address	Bid Per Acre	Bonus Bid
COC73848	VECTA OIL & GAS, LTD. P. O. BOX 280830 DENVER, CO 80228	$2.00	$320.00
COC73849	EXTERRA RESOURCES, LLC 256 SEABOARD LN. #101 FRANKLIN, TN 37067	$42.00	$6,720.00

Parcel Number	Applicant's Name and Address	Bid Per Acre	Bonus Bid
COC73850	PLAINSMEN PARTNERS LLC 1000 W. WILSHIRE - SUITE # 311 OKLAHOMA CITY, OK 73116	$2.00	$510.00
COC73851	MULL DRILLING COMPANY, INC. BULDING 1200 1700 N. WATERFRONT PARKWAY WICHITA, KS 67206	$5.00	$350.00
COC73857	PINE RIDGE OIL & GAS, LLC 600 SEVENTEENTH ST. SUITE 800-SOUTH DENVER, CO 80202	$3.00	$240.00
COC73858	PINE RIDGE OIL & GAS, LLC 600 SEVENTEENTH ST. SUITE 800-SOUTH DENVER, CO 80202	$2.00	$80.00
COC73863	HANNON & ASSOCIATES, INC. 1615 CALIFORNIA STREET, SUITE 623 DENVER, CO 80202	$2.00	$4,080.00
COC73873	ABO PETROLEUM CORPORATION, MYCO INDUSTRIES, INC., YATES DRILLING COMPANY, YATES PETROLEUM CORPORATION 105 SOUTH FOURTH STREET ARTESIA, NM 88210	$77.00	$111,265.00
COC73874	ADVANTAGE RESOURCES, INC. 1775 SHERMAN ST. SUITE 1700 DENVER, CO 80203	$2.00	$640.00
COC73875	BASELINE MINERALS, INC. 518 17TH STREET SUITE 1050 DENVER, CO 80202	$2.00	$648.00
COC73876	VECTA OIL & GAS, LTD. P. O. BOX 280830 DENVER, CO 80228	$9.00	$1,440.00
COC73877	VECTA OIL & GAS, LTD. P. O. BOX 280830 DENVER, CO 80228	$16.00	$4,880.00
COC73878	MARKUS PRODUCTION, INC, 2100 W. LITTLETON BLVD. SUITE 245 LITTLETON, CO 80120	$5.00	$200.00
COC73879	PETROLEUM DEVELOPMENT CORPORATION 1775 SHERMAN STREET SUITE 3000 DENVER, CO 80203	$777.00	$1,554.00

Parcel Number	Applicant's Name and Address	Bid Per Acre	Bonus Bid
COC73880	ABO PETROLEUM CORPORATION, MYCO INDUSTRIES, INC., YATES DRILLING COMPANY, YATES PETROLEUM CORPORATION 105 SOUTH FOURTH STREET ARTESIA, NM 88210	$5.00	$3,140.00
COC73881	ABO PETROLEUM CORPORATION, MYCO INDUSTRIES, INC., YATES DRILLING COMPANY, YATES PETROLEUM CORPORATION 105 SOUTH FOURTH STREET ARTESIA, NM 88210	$2.00	$162.00
COC73883	WESTCLIFF RESOURCES, LLC 250 EUDORA STREET DENVER, CO 80220	$2.00	$240.00
COC73884	WESTCLIFF RESOURCES, LLC 250 EUDORA STREET DENVER, CO 80220	$2.00	$1,760.00
COC73885	WESTCLIFF RESOURCES, LLC 250 EUDORA STREET DENVER, CO 80220	$2.00	$1,190.00

Parcels Not Sold at the Sept 9-17th, 2009 Sale

Parcel Number	NCO Pending
COC73852	No
COC73853	No
COC73854	No
COC73855	No
COC73856	No
COC73859	No
COC73860	No
COC73861	No
COC73862	No
COC73864	No
COC73865	No
COC73866	No
COC73867	No
COC73868	No
COC73869	No
COC73870	No
COC73871	No
COC73872	No
COC73882	No

Endnotes

[i] Each piece of printer paper weighs about 0.009 pounds. 1 pound paper / 0.009 pounds per sheet = 111.1 sheets of paper; U.S. EPA, 2006. Solid Waste Management and Greenhouse Gases: A Life-Cycle Assessment of Emissions and Sinks, EPA530-R-06-004; 1 pound printer paper * 0.00045 metric tons printer paper / pound printer paper * 4.36 metric tons CO2 saved / 1 metric ton of printer paper source reduced * 2,200 pounds / metric ton = 4.36 pounds of CO2 saved by using 1 less pound of paper at the source; 1551 unique viewers * 50 pages/viewer = 7750 pages / 111.1 pages/lb = 698 lbs paper * 4.36 lbs CO2/lb paper = 3043 lbs CO2 saved or 1.38 metric tons

[ii] To calculate your personal air travel emissions, the number of round trips of selected duration/distance are entered into an equation as follows. Total Revenue Passenger miles flown per year [U.S. Department of Transportation, Bureau of Transportation Statistics; TranStats, Air Carrier Summary: Schedule T-1] divided by total jet fuel consumed per year [U.S. Department of Transportation, Bureau of Transportation Statistics, "Airline Fuel Cost and Consumption"], resulting in 43.13 Passenger miles flown per gallon of jet fuel. This figure is divided into the 23.88 pounds of carbon dioxide produced per gallon of jet fuel used [U.S. Department of Transportation, Bureau of Transportation Statistics, "Airline Fuel Cost and Consumption"], yielding 0.484 pounds of carbon dioxide per Passenger mile flown. The number of miles actually flown (inputted) is multiplied by this figure, and to calculate metric tons, the product is divided by 2,205.

0.484 lbs/mi * 31,885 mi = 15,432.34 lbs or 7 metric tons CO2