



BLUE MOON EXPLORATION COMPANY

ZULU PROSPECT

Eugene Island Blocks 2 and 7
Offshore Iberia Parish, Louisiana

INTRODUCTION

Blue Moon Exploration Company has assembled a 1475.07 acre lease block in Eugene Island Blocks 2 and 7 (offshore Louisiana state waters) and is looking for partners to drill a Cris I – Cib op test. This wildcat prospect has been designated “Zulu” and is situated in $\pm 8'$ water depths, three miles south of Marsh Island in the Gulf of Mexico.

The prospect is within the prolific Upper and Middle Miocene producing trend, approximately one mile northeast of the Eugene Island Block 8 field. Other key fields are Rabbit Island (± 10 miles east), Eugene Island Block 3 (± 2 miles northeast), Mound Point (± 5 miles west), and Eugene Island Block 24 (± 3 miles south).

GEOLOGY

Blue Moon’s proposed test well will evaluate the primary objective regional Big hum, Cris I and Cib op pay sands in a structurally high position in an untested fault trap on the north flank of Eugene Island Block 8 Field. The prospective trap is formed by the intersection of two subregional down-to-the-south faults yielding $\pm 1,000$ acres of closure with over 600’ of counter-regional northeast dip. The key fault on the Zulu Prospect (southeast boundary) strikes northeasterly into Eugene Island Block 2, thence easterly nine miles into Rabbit Island Field. This fault controls significant Cris I sand production on the north flank of Rabbit Island Field. The Cris I sand has been designated the #20 sand at Rabbit Island Field. Two units (RIS 20 RASU and RIS 20 RBSU) cover the upthrown, north dipping Cris I reservoir which has produced over 375 BCFG and 2.3 MMBO to date. Abnormal pressure occurs structurally and stratigraphically higher on the downthrown side of the fault, resulting in normal pressured Cris I sand trapped against high geopressure downthrown. This pressure differential extends westward along fault strike to the Zulu Prospect and into Eugene Block 8 Field.

The Eugene Island Block 3 Field fault strikes east-west, turning southwesterly across Eugene Island Block 2, forming the western trap boundary. This fault controls production on downthrown three-way closures in both the Big hum and Cris I sands. The Cashco State Lease 9966 Well No. 1 and the Bois D’arc Operating Company State Lease 13010 Well No. 1 produced 553,726 MCFG at $\pm 11,400'$ from the Big hum. In addition, the Hassie Hunt Lease 5092 Well No. 1 produced 820,192 MCFG from the Cris I at $\pm 12,500'$. Recent drilling in East Cote Blanche Bay northeast along fault strike has also resulted in an apparent discovery by

Castex Energy. The State Lease 19022 Well No. 1 reached a total depth of 12,000' and according to state records; production pipe has been set on what appears to be a Big hum discovery.

The prospective trap is faultblock common and synclinally separated from the Cris I pay at Rabbit Island and Eugene Island Block 3 Field, both of which are filled to spill point. The Big hum section also produces at Rabbit Island Field although very minor compared to the Cris I. These sands have been designated the 10,500' and #18 sands in the field. Nearest (fault block common) Big hum pay at Rabbit Island was established by the Texaco State Lease 4236 Well No. 2 in Eugene Island Block 4. Production from this completion totaled .6 BCFG.

The Zulu Prospect is situated on the northeast flank of the Eugene Island Block 8 Field structure. In the field, normal pressured Cris I production totaled 5.3 BCFG and 32 MBC, primarily from the Weaver Exploration Company State Lease 8032 Well No. 2. The Cris I pressure fault strikes north-south then southwesterly across the Eugene Island Block 8 Field structure. Cris I gas is again trapped on north dip upthrown, normal pressure against abnormal pressure downthrown.

In summary, Cris I potential for the Zulu Prospect is significant. The Cris I sand is the first sand above abnormal pressure (historically the best for significant reserves). Analogous Cris I production (normal pressure, north dip upthrown against abnormal pressure downthrown) is present to the east at Rabbit Island Field and southwest at Eugene Island Block 8 Field. Cris I reservoirs at Eugene Island Block 3 Field and Rabbit Island Field are full to spill point across the syncline and faultblock common with the prospect. The potential structural trap (1,000 acres of closure with 650' of north dip) is significant.

In addition to the normal pressure objectives, the abnormal pressured Cib op is also prospective. The Eugene Island Block 8 Field discovery well, the Shell State Lease 3518 Well No. 1 tested gas condensate from the Cib op G sand in 1959. In 1981, Weaver Exploration produced gas from the Cib op A in the State Lease 8032 Well No. 1 and the Weaver State Lease 8032 Well No. 3 produced from the Cib op G sand. Although Cib op production at Eugene Island Block 8 Field was marginal to date, Blue Moon's Comus Prospect will test substantial updip potential.

Additional Cib op production at Mound Point Field (\pm 5 miles west) and Eugene Island Block 24 Field (\pm 3 miles south) has been excellent. Eugene Island Block 24 Field extends into Block 10. The northern end of the field (in Block 10) has been the site of recent activity. Contango Oil and Gas completed their OCSG 23851 Well No. 1 in December, 2006. Current production is 37 MMCFG/D. The operator has permitted a second well to the east. Production at Eugene Island Block 24 Field totals \pm 140 BCFG and 4.5 MMBO from the Upper and Middle Cib op section. These two abnormal pressured Cib op pays have been designated the 14,200 reservoir and the 15,000 reservoir. Gas is trapped on north-northeast dip, upthrown to a large (1,500') down-to-the-southwest growth fault.

The Zulu Prospect exhibits many similarities with significant gas condensate accumulations in the area: upthrown trap, north (counter-regional dip), pressure faults, and multiple objectives.

POTENTIAL RESERVES

Zone	Acres	Av. Pay	Acre Ft	Rec. Fac. (MCF/AF)	Cond. Yield (BC/MMCF)	Gas	Condensate
Big. hum Sand	347	15	5205	1500	8	7.81 BCF	62 MBC
Crist "I" Sand	927	15	13905	1500	8	20.86 BCF	167 MBC
Up.Cib. op Sds (A,B&C)	981	25	24525	1800	36	44.15 BCF	1,589 MBC
Total Zulu Prospect Reserves						72.82 BCF	1,818 MBC

TEST

± 12,500' TVD Normal pressure through Cris 1
 Directional hole with option to deepen through Upper and Middle Cib op

LAND

State Lease 19284 – 1000.02 acres February 14, 2007
 State Lease 19285 – 475.05 acres February 14, 2007
 Total - 1475.07 acres