

Testimony by Jack R. Ekstrom,
Evergreen Resources, Inc.
Senate Utilities Committee
Topeka, Kansas
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Good morning Mr. Chairman and distinguished members of the committee. It is an honor to testify before you today. Thank you for inviting me.

I am Jack Ekstrom, director of Government and Public Affairs for Evergreen Resources, Inc. Evergreen is NYSE company engaged in exploration for and production of unconventional natural gas, including natural gas produced from coal seams. The company has proven natural gas reserves of nearly 1.5 trillion cubic feet, primarily in the Raton Basin of southern Colorado. The company has a market capitalization of approximately \$1.3 billion. In addition to Colorado and Kansas, Evergreen operates in Alberta, Canada, eastern Utah and Alaska.

Evergreen owns leases of approximately 750,000 acres in the Forest City Basin, a geologic province encompassing all or parts of Miami, Linn, Franklin, Anderson, Doniphan, Atchison and Jackson counties. We are presently exploring this acreage and our plans for the remainder of this year are to drill a total of 90 wells and by year's end have 100 producing gas wells, including a number of purchased wells, in Kansas.

Our Kansas headquarters are in Ottawa, and by the end of this year we expect to have a professional staff of 15-25 with an average annual salary of approximately \$60,000. We recently hired a husband and wife team, as well as a young lady in Denver who wished to return to Ottawa. If full-scale development is attained, we expect our project to employ at least 90 professionals and to make capital expenditures of more than \$70 million annually. At full-scale development, Evergreen would drill in the range of 150-200 wells per year. This year our capital expenditure budget for Kansas is \$33 million. We hope that our ultimate recoverable reserves approach one trillion cubic feet of gas.

We are presently custom building our own equipment for drilling, cementing and sand-fracturing the subsurface gas-bearing formations. We hope to have this equipment on site and operating in the second half of this year. We typically drill four to five wells per section and our expectation is for reserves of .25 to .33 trillion cubic feet per well. These wells, drilled to depths between 1,000 and 3,000 feet, appear to produce small amounts of water. This water is disposed of in state-permitted injection wells in the Arbuckle formation, well below drinking water aquifers.

We are enthusiastic about our prospects in eastern Kansas and look forward to providing growth in your tax base, a sound and secure supply of clean-burning natural gas and to being a positive force in the communities in which we operate. Again, thank you for the invitation. I will answer any questions you have to the best of my ability.

