



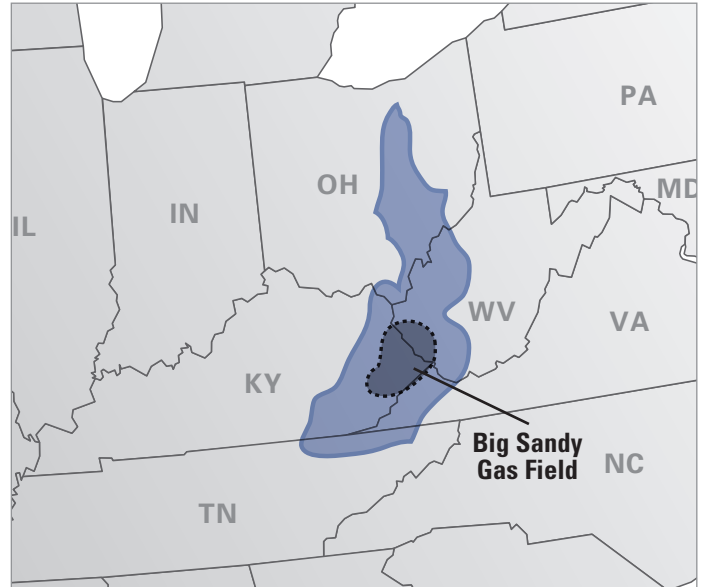
Blue Flame Energy Corporation

New Technologies Unlock Mother Nature's Buried Treasure

Due to the success of Horizontal drilling and completion technologies, the Appalachian Basin's unconventional shales are receiving worldwide attention as prolific gas bearing reservoirs. At the southern end of the basin, the Big Sandy Gas Field is in the heart of the Lower Huron Shale "Fairway".

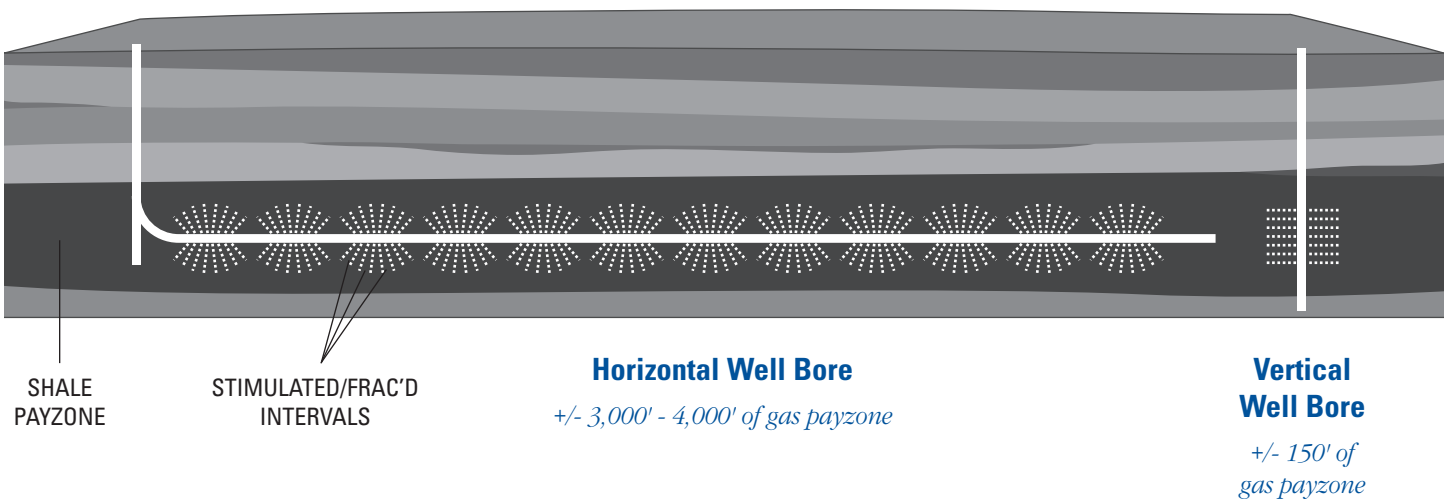
The Lower Huron Shale has been producing gas for decades from vertical drills, but the application of horizontal technologies has yielded staggering results. This gas rich reservoir varies in thickness. A typical vertical well might produce from a +/- 150' section of gas bearing payzone. In contrast, a horizontal well bore can penetrate and produce from 3,000' - 4,000' or more of gas bearing payzone. Daily production rates and estimated ultimate recoveries from horizontal wells are significantly greater than those from vertical wells.

Another positive for this area, the Lower Huron is drilled on "air" and "frac'd with Nitrogen"; two methods considered less controversial by environmental advocates than "mud-drilling" and "hydro-frac'ing".



Proven production from the Lower Huron Shale is present within this area. The area in the middle of the Lower Huron Shale "Fairway" is the Big Sandy Gas Field, one of the largest natural gas fields in the Appalachian Basin.

Horizontal vs. Vertical Development



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Natural Gas Basics

The main ingredient in natural gas is methane, a gas (or compound) composed of one carbon atom and four hydrogen atoms. Once the natural gas wells are drilled and completed, gas flows up through the well to the surface of the ground and into large pipelines. Some of the gases that are produced along with methane, such as butane and propane (also known as “by-products”) are separated and cleaned at a gas processing plant. Because natural gas is colorless, odorless and tasteless, mercaptan (a chemical that smells like sulfur) is added before distribution to give it a distinct unpleasant (rotten egg) odor.

How Natural Gas Is Used

Natural gas is used to produce steel, glass, paper, clothing, brick, electricity and as an essential raw material for many common products. Some products that use natural gas as a raw material are: paints, fertilizer, plastics, antifreeze, dyes, photographic film, medicines, and explosives.

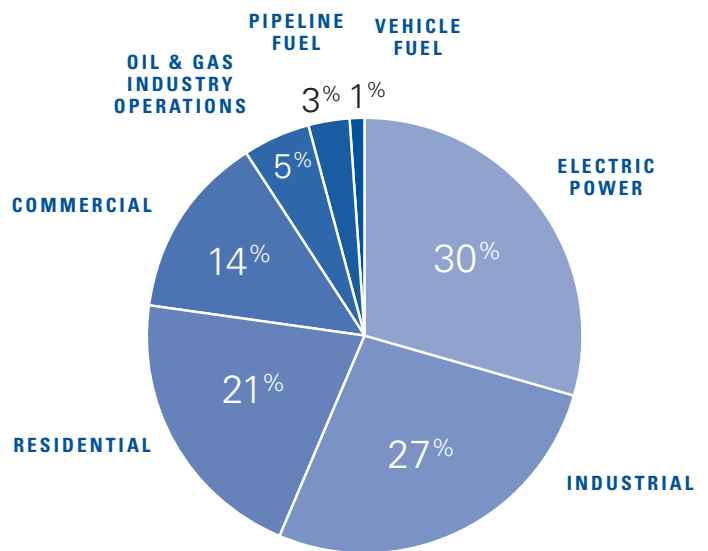
Slightly more than half of the homes in the United States use natural gas as their main heating fuel. Natural gas is also used in homes to fuel stoves, water heaters, clothes dryers, and other household appliances.

Natural Gas & the Environment

Natural gas has many qualities that make it an efficient, relatively clean, and economical energy source. Burning natural gas for energy results in much fewer emissions of nearly all types of air pollutants and carbon dioxide (CO₂) per unit of heat produced than coal or refined petroleum products. These clean burning properties have contributed to an increase in natural gas use for electricity generation and as a transportation fuel for fleet vehicles in the United States.

Natural Gas Is a Major Energy Source for the United States

In 2009, there were 493,100 natural gas wells producing in 33 different states. Each year +/-20,000 new natural gas wells are drilled and completed in the U.S.A. Approximately 25% of energy used in the United States came from natural gas in 2009. The United States used 22.84 trillion cubic feet (Tcf) of natural gas in 2009.



Source: U.S. Energy Information Administration, *Natural Gas Monthly* (February 2010).



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