

# Riviera Energy Corporation Sells \$30 Million in June 2006

Riviera Energy Corporation has totaled approximately \$30,000,000 in sales for the month of June 2006. The sales consisted of transactions from three companies: Ruwco Oil and Gas Corporation from Austin, Texas, Larron Energy Corporation out of Chicago, Illinois, and OGP-Sonora, L.P. from Dallas, Texas. The properties sold were located from South Texas to the Permian Basin and West Texas.

Ruwco Oil and Gas Corp. offered for sale a majority working interest and operations in fourteen (14) leases covering a total of **4,460 surface acres** located in Pecos County, Texas. Production is primarily from the Wolfcamp reef complemented with a *steady long-life* sole Devonian producer. The Leonard lime has also produced in two recompletions and has potential in several additional wellbores. Producing depths for these productive zones range from 5,000-8,300'.

The sale included: **(14) active wells**, two (2) SWD's, one (1) injector, and four (4) wellbores shut-in pending plugging operations. Gross daily production averaged **101 BOPD + 2,536 MCFGPD + 767 BOPD** in March 2006. Approximately 30-35 BOPD is shut-in waiting on a pulling unit for routine well servicing. The majority of produced water is disposed into either of Ruwco's two saltwater disposal wells.

The **working interest** sold varies from lease to lease but averages **82.12%**. The average **net revenue interest** is 63.23% or **77%** to the 8/8ths.

**Net operating income to the interest being sold** for the last twelve months (3/05-2/06) totaled \$4,951,607 and averaged **\$428,736 per month**. Gross lease operating expenses, inclusive of ad valorem taxes, totaled \$618,761 with an average of \$51,563 for the same period. **Net expenses totaled \$469,760**. Oil and gas prices averaged **\$52.71 per BO** and **\$7.14 per MCF**, respectively during the same time period. Revenue is split 23% oil and 77% gas.

Over one hundred and twenty (**120+-**) **square miles of proprietary three-dimensional (3D) seismic** has been acquired in seven separate seismic programs. The seismic will be licensed to the successful purchaser. The main focus of Ruwco's exploration efforts has been directed at the Wolfcamp lime. With only four of Ruwco's thirty-one (31) wells having penetrated the Devonian, additional potential is likely.

Ruwco recently reinterpreted the majority of the data and has developed **four additional Wolfcamp prospects and a re-entry prospect**. All the new prospects are under newly acquired oil and gas leases. The Devonian *potential* has also been reassessed and has significant upside. **Significant upside** also remains in additional unleased Wolfcamp and Devonian prospects. Two **(2) wellbores have behind pipe pay** in a localized area already proven to be productive in other wellbores. In addition one (1) currently producing Wolfcamp well, was initially completed in a Clearfork zone swabbing (5) BOPD with very minor stimulation.

A second property transaction thru Riviera Energy sold Larron Energy Corporation's operated interest in the Farmer Field located in Crockett and Reagan Counties, Texas.

The sale consisted of: (49) producing wells, (1) water injection well and (3) shut-in wells on 960 acres. The Larron wells produced from the Grayburg (2,200 ft to 2,300 ft) and from San Andres (2,400 ft to 2,500 ft). Total acreage operated by Larron is 920+- acres. Larron has ORRI on the additional 40 acres. There are (25) producing wells and (1) water disposal well on the 320 acre Reagan County University leases. The 640 acre Crockett County leases have (24) producing and (3) shut-in wells on them.

The total gross production averages **(72) Bopd and 242 Mcfpd**. The net production to Larron is approximately **(60) Bopd and 198 Mcfpd**.

The **working interest** offered was **100%** with an average NRI of 75%. In addition Larron offered its ORRI's in the leases, which brought the average net up to **82%**. **The Net Operating Income including ORRI revenue averaged \$80,160 / month** from March 2005 through December 2005.

The third property transaction included certain oil and gas properties for OGP-Sonora, L.P. and offered for sale its operated interest in the Sawyer, Fort Terrett Ranch and Shajumar Fields located in Kimble and Sutton, Counties, Texas, between the cities of Sonora and Junction

The property sold consisted of: (32) producing gas wells, (12) producing oil wells, (20) wells either TA'd or shut-in and (1) SWD well on the acreage in for sale. All wells are operated by OGP Operating, Inc. the operator of record. Total acreage is approximately 15,336 acres.

Working interest sold was 100% with an average NRI of 83%. **The total net operating income averaged \$83,800 / month** from January 2005 through December 2005.

Production from the Sawyer Field is from the Canyon formation occurring between 2,800 ft. and 3,200 ft. and is all gas. The Fort Terrett Ranch field produces both oil and gas. Oil is produced from the Canyon (3000) and the Canyon (2800) zones. Gas is produced from the deeper Strawn sand and from shallower Canyon sands. The Shajumar (Canyon) Field produces gas from shallow Canyon sands that are less than 2000 ft deep. The oil wells are pumped and the gas wells either flow or are on plunger lift.