

GASCO ENERGY INCORPORATED

**Moderator: Mark Erickson
November 2, 2007
9:30 am CT**

Operator: Good morning. My name is (Brooke), and I will be your conference operator today.

At this time, I would like to welcome everyone to the Gasco Energy third quarter conference call. All lines have been placed on mute to prevent any background noise.

After the speakers' remarks there will be a question and answer session.

If you would like to ask a question during this time, simply press star, then the number 1 on your telephone keypad.

If you would like to withdraw your questions, press star, then the number 2.

Thank you.

I would now like to introduce Mr. King Grant, Gasco's CFO.

Thank you. Mr. Grant, you may begin your conference.

King Grant: Thank you, (Brooke), and good morning everyone.

Please be advised that our remarks that follow including answers to your questions include statements that we believe to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act.

These forward-looking statements are subject to risks and uncertainties that could cause actual results to be materially different from those currently anticipated.

Those risks include among others matters that we've described in earnings release issued last night and in our filings with the Securities and Exchange Commission. We disclaim any obligation to update these forward-looking statements.

While the Company believes these forward-looking statements are reasonable, they are subject to factors such as commodity prices, competition, technology and environmental and regulatory compliance, our drilling schedules, capital plans and other factors may cause our results to differ materially.

Now, I'll turn the call over to Mark Erickson, President and CEO of Gasco.

Mark Erickson: Good morning, everyone. Thanks for joining us for today's call.

There are a few points I want to emphasize before we get into the details of the quarter.

First, we continue to make significant strides in lowering well costs and reducing drilling days. Current well costs are approximately \$3 million for a

Spring Canyon well to 13,000 feet down approximately \$1 million from one year ago.

It appears from early field estimates that a completed upper Mancos well to 14,500 feet will come in at approximately \$4 million. We have recently drilled a well to the Spring Canyon in less than 12 days. We also set a new record for an upper Mancos well to 14,250 feet in 16 days.

I would like to acknowledge the improvements made by our drilling team led by Chuck Wilson.

We continue to build on our initial bank of success with four wells drilled, three completed and drilling results starting to come in on two new tests. The results we are seeing from our wells and other operators are confirming our belief that this play is both regional and a significant improvement to overall project economics. We believe that we can expect approximately 1 Bcf per well of incremental reserves from the upper Mancos.

Initial results indicate that this pay zone may be the largest contributor to per well ultimate recoveries. Economically this additional pay zone could potentially reduce our finding costs to below \$2 per Mcf which has been a long-term goal of Gasco. The Mancos play is expanding and we believe that the potential exists across our entire 125,000 gross acreage position.

We will continue with our three rig drilling program focusing two rigs on the Mancos play until the rig contracts for 611 and 270 expire in December. At that time we will lay down rig 611 due to its depth limitations.

We are exiting what I consider to be the worst gas price environment in my career especially when coupled with current service costs. We saw gas prices in the Rockies hit a low during the quarter of 15 cents per Mcf.

We anticipated a difficult price environment and to the extent possible, we were prepared. We remain focused on things we can control namely the cost and timing of our drilling and completion program.

We exited the quarter and will exit the year with a strong balance sheet showing little debt. While we maintained our drilling program during the last two quarters, we have delayed most completions due to the low commodity prices.

We now have an inventory of 38 completion projects both initial completions and up-hole recompletions, primarily in the Blackhawk and Mesaverde formations. These will allow us to accelerate our production growth as gas prices improve.

We have recommenced completion operations and currently plan to continue with an ongoing program. We can now move to additional prepared remarks.

Joining me on the call today are Mike Decker, Chief Operating Officer, King Grant and Peggy Herald, our Vice President of Accounting and Administration.

Once King covers the financial results, Mike will discuss detailed operations and Riverbend progress. After the prepared remarks, we will welcome questions from conference call participants.

I would now like to turn the call over to King to recap the third quarter's financial results.

King Grant: Thanks, Mark.

Commodity prices in the Rockies reached a multiyear low during the third quarter which hit the income statement with lower revenues and also resulted in an impairment charge for the quarter.

Although production volumes are up slightly, oil and gas revenue was down by 35% when compared to the third quarter of 2006 because of a 42% decline in natural gas prices which makes up 94% of our production.

The average realized price per gas for the quarter was \$2.89 per Mcf versus \$5 per Mcf for the same period in '06.

For liquids, the average price received during the third quarter was \$56.82 per barrel as compared to \$59.36 for the same period last year. All of Gasco's production remains unhedged.

We recorded an impairment of \$32.8 million because of lower prices at the end of the quarter. The impairment would have been 65.6 million if we had used the 35 cents per Mcf spot price on September 30th. The good news is prices are continuing to look stronger. Recent spot prices have been above \$5 per Mcf in the Rockies.

Gasco reported a net loss attributable to common shareholders of \$35.1 million or 37 cents per share as compared to a net loss for the same period in 2006 of \$0.8 million or 1 cent per share.

Excluding the impairment charge for Q3 '07, Gasco would have posted a net loss of \$2.4 million or \$0.03 per share. The price at which we would not have taken the ceiling test write-down was \$4.20 per Mcf.

Gasco generated approximately \$0.7 million in earnings before interest taxes, DD&A, and impairments during the quarter compared to \$2.5 million during the same period last year. Lease operating expenses for the quarter were \$1.05 per Mcfe compared to 79 cents per Mcfe during the same period last year. This increase was principally the result of four factors.

First, 10 cents was the result of an increased number of operated wells but curtail production; second, costs associated with returning our oil wells to production added about a nickel per Mcfe; an increase in charges on our outside operated wells added another 10 cents per Mcfe; and finally, we experienced a substantial increase in the cost billed by our contract pumpers which was 8 cents per Mcfe.

After adjusting for these factors, LOE per unit would have been about 72 cents per Mcfe. This per unit cost is similar to our nine-month rate of 77 cents per Mcfe and is more indicative of a true run rate.

Mike will add a little more color to our efforts to reduce our pumper costs.

DD&A expense included \$0.3 million of depreciation attributable to our gas pipeline assets. Depletion was \$1.86 per Mcfe versus \$2.04 per Mcfe in Q3 '06.

We paid off \$9 million of long-term debt during the quarter leaving us with \$3 million drawn on our \$40 million borrowing base at September 30th. That is part of our \$250 million revolving credit facility.

We incurred approximately \$6.7 million in capital expenditures during the quarter bringing our year-to-date expenditures, cash expenditures to approximately \$46 million including in the quarter \$0.7 million for pipeline; \$1.7 million to drill and complete one Mancos formation test; and \$1.6 million for a seismic survey in our Riverbend Project. The balance of \$2.8 million for the quarter was for drilling and completing Blackhawk wells.

September 30th cash and investments were \$9.3 million and we have \$30 million of unused availability under our bank revolver.

We are currently working on our drilling and capital plans for 2008. As Mark mentioned, we will be laying down rig 611 next month. Rig 270's contract is also up next month and we may have the flexibility to continue drilling with 270 on a well-to-well basis.

If we chose to, we could drill with just rig 99 and continue our program within a (bar) through at least mid 2008. We intend to constrain our 2008 investment to cash flow, cash on hand nonstrategic asset sales and if necessary, a modest reliance on bank debt.

I'd now like to turn the call over to Mike Decker to the continue today's conference call with a discussion of operations.

Michael Decker: Thank you, King.

Production was off approximately 12% from the second quarter as we continue to curtail some wells and we postpone completion on 10 newly drilled wells. In spite of this, we report a 4.5% increase over the third quarter 2006 and for the nine months, we are up 16%.

We anticipate increased production at the end of this year as we resumed oil production on some of our curtailed wells and restart our completion program.

Curtailed volumes for the third quarter are estimated at 130 million cubic feet or approximately 1.4 million cubic feet of gas per day. As a reference point, our second-quarter curtailment was estimated at 1.1 million cubic feet of gas per day.

Briefly I would like to address changes we recently made in our field production operations.

We have been looking for some time into bringing our pumper operations in house. During the last quarter, the opportunity presented itself. This was essentially effective October 1. This is a natural transition as Gasco continues to grow and will allow us to control directly our production operations.

Turning to drilling activity, Gasco spudded eight gross wells or two net and reached total depth on nine gross wells 2.4 net in Utah. We are currently running three drilling rigs as stated in the Riverbend area.

We continue to improve on our drilling times. Gasco is now drilling these upper Mancos tests in the same amount of time as originally proposed Spring Canyon tests.

In other words, we are drilling upper Mancos wells in 20 days or less, with the fastest being 16 days out from under service casing which is our standard measure.

We are continuing to work to reduce the drilling time and control costs in order to further improve well economics.

Through September 30th of 2007, Gasco has spudded 21 gross operated wells for 7.8 net and reached total depth on 22 gross wells 8.9 net. We also participated in one nonoperated well in Utah for 25%.

During the third quarter, Gasco conducted initial completion operations on five wells 2.8 net. We did not re-enter any wells to complete behind [tight] pay zones. We also did not participate in any outside operated wells completed in the quarter.

Through the first nine months, Gasco conducted initial completion operations on 14 operated wells, 8 net, and re-entered one operated well which is also 1 net to complete behind the pipe pay zones. The company also participated in the completion of one outside operated well for 25%.

At September 30, 2007, Gasco was operating 103 gross producing wells, had 10 wells awaiting initial completion activities, and 28 operated wells with up-hole recompletions.

During the second quarter call, we talked about our first Mancos test, the Federal 14-31. We had completed a five staged frac in the Mancos formation and had turned the well to sales at a rate of 3.47 million cubic feet of gas per day.

The 14-31 averaged approximately 1.5 million cubic feet per day in its first full month of production. Currently our independent reservoir engineers calculate that this well has Mancos reserves of at least 1.15 Bcf.

It's also important to note that this well has declined hyperbolically as we expected. In other words, this well is acting like a conventional reservoir with declines similar to what we were seeing in the Blackhawk and Mesaverde.

We have drilling completed our first upper Mancos test, the Federal 21-19, approximately 2.5 miles north of Federal 14-31. This well TD-ed at a depth of 14,800 feet and was drilled in 20 days.

The 21-19 encountered a similar geologic section which means we saw similar net pay, over pressuring, abundant natural fracturing, abundant natural gas shows and thick silky shale packages. This well has been completed in the past several days and is currently flowing back frac fluids and natural gas.

We've also drilled our second upper Mancos test, the State 21-32b to a depth of 14,250 feet. This is the well that was drilled in 16 days. This well is located approximately 1 mile east of the Federal 14-31.

Again, we found a similar geologic section. This well is currently awaiting completion.

As mentioned in our press release, we expect two upper Mancos wells to reach TD in the month of November. We reached TD yesterday in the Sheep Wash Federal 32-25 and are currently preparing to log the well. The TD is 14,900 feet and was drilled in 23 days.

During drilling, we encountered numerous gas shows, consistent flairs, and maintained strong background gas through the Mancos interval. This well is about 1.5 miles northwest of the 14-31.

The other upper Mancos well to TD in November is the State 21-32a, a 20-acre northern offset to the State 21-32b that is awaiting completion. This well has a projected TD of 14,550 feet.

I would like to clarify what we are calling our upper Mancos tests. At this point in time, we feel the majority of natural gas pay and production are in the upper 2000 feet of 3500 foot Mancos section seen in the Riverbend area. The upper Mancos program allows us to use our conventional casing program, thereby eliminating the need for a deep, expensive, intermediate casing string. The end result is that we can drill and complete this interval for approximately \$1 million with targeted incremental reserves of 3/4-to-1 Bcf.

The Mancos is easy drilling. We average 450 feet per day in the upper interval. We have been able to drill about 2,000 feet of upper Mancos in 4.5 days for an incremental \$200,000.

We will look to drill deeper into the Mancos with our current well design that does not require an extensive intermediate casing string.

Currently our reservoir engineers have calculated that we have 280 to 350 billion cubic feet of natural gas in place per square mile in our Riverbend area.

This is based on gas absorption analyses from the sidewall cores taken in the 14-31. At this time we feel it is too early to quantify a recovery factor and shell plays typical recovery factors range between 5% and 15% on 40-acre spacing.

We anticipate the Mancos section to thicken as we go westward across our acreage position.

We will also be moving closer to the source of the silts which may result in increased net pay.

I will now turn the call back over to Mark.

Mark Erickson: Thank you again for joining us.

Before we turn it over to questions I want to impart a few closing thoughts.

We are pleased with the continued gains on the operating front. Our expanding maintenance program has yielded preliminary results that lead us to believe the Mancos is a game changing addition to reserves, production and overall project economics.

During the next six months our goals include securing funding for the future development of the project, firm up our gas marketing plan to provide for a secure flow path to solid gas market, expand our Mancos program and continue with our plans to monetize nonstrategic assets with the target of approximately \$10 million in asset sales.

Operator, I'd now like to turn the call over for questions.

Operator: At this time, I would like to remind everyone, if you would like to ask a question, please press star then the number 1 on your telephone keypad. We'll pause for just a moment to compile the Q&A Roster.

Your first question comes from Neal Dingmann with Dahlman Rose.

Neal Dingmann: Good morning, guys.

Say, any plant on - when you look at these wells going forward as far as you're working interest, you know, given I guess what you like or don't like or what you've seen with these wells, you know, what are your plans on what your interest will be?

Mark Erickson: Our average interest out here, Neal, averages 65% to 75% currently. So going forward, it is what it is. The only dilution we've seen in our interest is like through the NFR deal where they are participating with us in the program.

For 2008, we'd very much like to continue with NFR and expand the current program that we have with them. So we try to maintain, you know, something in the 30% to 50% range of, you know, a two-rig drilling program in 2008.

Neal Dingmann: Okay, and then looking at the Mancos well so far, you know, have you seen or is there enough results so far where you're having I guess more - are you of the opinion this is going to be a contiguous play and you can just kind of continue with that trend? Or, you know, what will you have to see before, you know, the belief is there?

And I guess what I'm sort hinging on is I know there were some comments out by EOG that, you know, they weren't sort of questioning I guess some of theirs.

And so what I'm getting at is your play versus some of the other plays in the Mancos, is it apples to apples looking at that or how would you maybe give me some color around that?

Mark Erickson: First, I kind of struggle with EOG's comments in that to my knowledge I don't believe they've drilled a Mancos well in the Uinta Basin for sure they haven't drilled one west of the river.

When you look at the project area, you know, you're looking at something that covers well in excess of 1000 square miles. And so Mother Nature isn't going to make everything the same out there.

The good news is, is that from, you know, from published information, old wells drilled in the area, we know that the Mancos underlies our acreage position. And it should thicken as we move from the eastern side of our acreage to the western side of our acreage.

And in addition to that, as we move west we're getting closer to the sediments that we consider to be the productive intervals in the Mancos formation.

So we're hopeful that as we move west that we will pick up both a thicker section with more siltstone members or thicker siltstone members.

The one encouraging thing that we're seeing on the west side of our acreage is the Petro-Canada well, based on field reports, you know, there have been flares observed.

We think that they're encountering, you know, a similar section to what we are based on the old wells and also kind of seeing some of the flares that we're getting there.

We won't have definitive information until we drill our own well or if we can work a swap with Petro-Canada. But, you know, we feel very positive that this play will extend across our acreage position.

And the significance to us is when you look at our Wilken Ridge area, it's an area that we've always said has been just right on the cusp of economics. But

when you add the Mancos to that potential that we know already exists in that area, if we can get even 50% of what we are seeing in the Riverbend area, you know, it's going to move that area into the economic window and you'll be looking at our whole acreage position as being commercial.

Neal Dingmann: Sure, sure. And then my last question, obviously, with the rigs coming out from the rig program next year, I mean, will the plan be then to continue with the three or you'll evaluate when that comes off or, you know, obviously, I think your cost situation will be different than on that side, will it not?

Mark Erickson: Well, our capital investment side will be different what our CAPEX program for next year.

When you look at what King's comments were on CAPEX, we're pretty well taking a very conservative look at budget for next year and we're planning for basically one net rig similar to what we did this year.

We're definitely relaying down rig 611. That rig is not capable of going to the depths that we need to go to develop the Mancos.

So even though that has been a well-performing rig, it's got great crews on it, it just doesn't meet our needs right now. So that will go away. It will leave us with two rigs, 270 will keep drilling on a well-by-well basis, not locking it into long-term contracts.

And then, as we get into the year and have a better understanding of, you know, our financial picture, commodity prices, we'll look at picking up additional rigs late 2008, second half of 2008 or into 2009.

Neal Dingmann: Perfect, perfect. Okay, guys, look forward to next year.

Man: Thank you, Neal.

Man: Thanks, Neal.

Operator: Your next question comes from David Tameron from Wachovia.

David Tameron: Hi. Good morning.

Man: Good morning, Dave.

David Tameron: A couple of questions. You touched on this briefly but can you - what Questar is doing, they're going deeper, bigger targets. Are there any inferences you can make from their geology or from some of the logs you've seen that apply to your acreage? I think Mike, you talked about as you go west it gets thicker.

Michael Decker: Right.

David Tameron: Mike, can you - is there anything you could pull from some of the stuff they've said? They've obviously said they've validated the play. So just trying to - get a read through to your acreage.

Michael Decker: Dave, we've only got access to one Questar well log that we've traded for and be very reluctant to comment on what they are doing.

The one thing that we have heard rumored out there is that they did discover a Dakota marine bar or something in that one well that supposedly (IT-ed at) greater than 6 million cubic feet a day. I haven't seen that yet.

But that could be an explanation for why they're drilling deeper. They could be looking at getting deep control as kind of part of a regional play and expiration wise. You know, as we move west across our acreage, we also would like to take some wells down to the Dakota.

As you recall, our 14-31 drilled to the Dakota, it wasn't successful but it did find gas chart sounds in the Dakota. They just weren't what we consider to be reservoir quality. But the potential to find a Dakota bar or something, you know, on our acreage is very probable but it's just given our budget.

We just can't go out there and drill every well down to the Dakota. It's very expensive and we think we've got a commercial play just with the upper half of the Mancos and we think it's prudent to harvest some of the low hanging fruit.

Michael Decker: David, I would add that, you know, just based on at least the one well that we've have, we are again seeing the similar geologic characteristics that we look for, you know, you are seeing natural fractures, you know, the drilling with the players, they are having overpressuring, and they also have the silty section at least within the one log that we do have or I should say our silty sections -- plural. And so we are seeing similar characteristics of what we were seeing in the Riverbend area.

David Tameron: Okay. All right. Did Questar have any overlapping interest with your acreage?

Mark Erickson: We do. As you recall about 25,000 acres of our land was Shenandoah farm out and Questar acquired Shenandoah. So they do have interest. In those acres we've earned to depth drilled. We also acquired Pendragon which point about 50% of those deep rights. So Questar owns a small part of the up-hole and a

larger percentage of the - let's say from the Blackhawk down in our western area.

Michael Decker: Then we do have acreage on the eastern - a little bit of acreage just on the eastern side of the river, David.

David Tameron: Uh-huh.

Michael Decker: And from what we understand, Questar is drilling within a mile of our acreage position on the eastern side of the river.

David Tameron: Okay. And so if you have Questar -- okay, okay, fair enough.

A quick question on economics. I mean obviously 3 million for a Bcf and a half or 2 Bcf works in the Blackhawk, on a - 4 for 3 is better if we do that in the Mancos, what's that - what does that mean for your breakeven price, Mark?

Mark Erickson: Well I'm looking at - let's pick kind of wide reserve ranges, you know, right now if we look at like a 3 Bcf well for \$4 million, you know, you're looking at a finding cost in the range of \$1.75 per Mcf.

If you tack \$0.75 on that for operating costs, you know, you're looking at a fully produced price in the range of \$2.50. And that's essentially our breakeven price. You moved that to Wyoming, pool price, that's, you know, we're now at a CIG or Wyoming pool price breakeven in the range of \$3. That's substantially better than the \$5 where we're at.

And, you know, if you are looking for a (PB10) number or higher, you know, you get there at a \$4 CIG price and it starts to improve from there going forward.

So that's why we look at this Mancos as being so important, it's that incremental reserves basically a Bcf for \$1 million has a huge impact on our overall project economics.

David Tameron: Have you run any rates of return on this as far as...

Mark Erickson: Yes I have.

David Tameron: At a normalized gas price?

Michael Decker: You know, it's really easy at \$6 gas price is enough to be looking at rates of return of 30% to 50%. It's very valid.

David Tameron: All right. I will jump back into queue. I have a few more questions but I'll let everybody else jump on.

Man: Thank you.

Operator: Our next question comes from Greg Anderson with ArcLight Securities.

Greg Anderson: Hello.

Man: Hello?

Greg Anderson: Just a quick question about the BREK merger. The question is why is it taking so long and when is it expected to be completed?

King Grant: We did file our - an amendment Number 2 to the S-4 late last evening. We do expect to close it in mid-December - it looks that's the current timing that it's been on a couple of factors. It has taken some time to get some things in order on their side.

Greg Anderson: So it is basically the delay is their fault then?

King Grant: I didn't say fault. It has just taken some time to get things ready to go.

Greg Anderson: Okay. Thank you.

Man: You're welcome.

Operator: You're next question comes from Kim Pacanovsky with Ferris, Baker, Watts.

Kim Pacanovsky: Good morning, gentlemen. In the press release it says that the Federal 32-19 was completed in the upper 300 feet of the Mancos. Why was that such a significantly smaller section than the other completions, which were about 1900 feet and 1950?

Mark Erickson: Right. Hey, Kim, it's actually the Federal 32-20.

Kim Pacanovsky: Oh, yes, 32-20, sorry.

Mark Erickson: Okay. And that was drilled into the upper 300 feet. That was drilled as a Spring Canyon test. And we actually were just - drilled a little bit deeper than we anticipated. It was meant to be only Spring Canyon test but we got due to just some different issues, we got 300 feet below the Spring Canyon and so

what the did that got us into the very upper part of the Mancos and we had to stop there because of the rig abilities.

Kim Pacanovsky: Uh-huh. Okay.

Mark Erickson: And so that - so we then went ahead and elected to complete that interval because after drilling out Spring Canyon, we encountered numerous gas shows in that but it gave us an idea of what a single frac stage in the Mancos might do.

Kim Pacanovsky: Okay, and that well is just cleaning up right now?

Mark Erickson: That is correct. I mean, that was also fraced just a day before the 21-19 was.

Kim Pacanovsky: Okay, great. When are you going to release some rates on those wells?

Mark Erickson: That's a good question. Right now we're - like I say, it's cleaning up and we're flowing back natural gas and frac fluid. And so we will try to get something out there as soon as we feel comfortable with - get steady results.

Kim Pacanovsky: Okay, great. If you look at kind of the aerial footprint of where - if you assume that Petro-Canada's well is successful, if you look at that well, Questar's wells and your wells, what kind of area are you covering between the three of you as far as what has been successfully drilled?

Mark Erickson: Well, if you go ahead and we are probably looking at - we're looking at a map right now. We are probably looking at an area about 50 miles long by 20 miles wide based on current activity.

Kim Pacanovsky: Okay.

King Grant: With what -- a dozen, two dozen wells?

Mark Erickson: Yes, I mean that is a good point, King. I mean you are also looking at maybe two dozen wells within that large area.

Kim Pacanovsky: And when do you plan to sort of reach out geographically toward the west to see if you are getting, you know, where the thicker section is?

Mark Erickson: You know, I don't want to - I hate to go ahead and give a date, but I would say within the next six months you will see us moving out further to the west. We do have an obligation well that we need to be drilling some time soon out in the Gate Canyon area for the Federal unit obligations. And that would probably be where the next area we would be stepping out to the west. And it would be reasonably close to the currently drilling Petro-Canada well.

Kim Pacanovsky: Okay, great. Thanks, guys, it's exciting stuff. Thank you.

Mark Erickson: Thank you.

Operator: Your next question comes from Brian Kuzma with JPMorgan.

Brian Kuzma: Good morning, guys.

Mark Erickson: Good morning, Brian.

Brian Kuzma: Just a couple of questions. On the Federal 14-31, what did your production log show in terms of, like, contribution from various zones? Is most of that production coming from one member or is it spread out across your completion?

Mark Erickson: You know, Brian, we got poor quality on that production log. And it's showing that we've got natural gas, you know, coming out of all zones. We also have some, you know, water coming out of some of the zones as well. But it was of poor quality.

We had to go in do some mechanical restrictions with a very slim hole tool and it was affected by production noise with the gas and water flowing and did not perform to what we had expected.

So at this point...

((Crosstalk))

Mark Erickson: ...the log itself did not perform and so at this point in time, we have very question all results on that. We're obviously disappointed in that, and we're looking at rerunning a log sometime here in the near future, a different one.

Brian Kuzma: And you guys are going to keep running production logs on your first couple wells? Do you think that is going to be standard practice?

Mark Erickson: We'll treat this just like we did our early Blackhawk wells, Brian, where we went ahead and ran production logs so we could understand what we're getting out of the different stages and we do anticipate that as well.

Brian Kuzma: Okay. And what percentage of the whole Mancos section, just I guess in the upper third have you been actually completing on these wells?

Mark Erickson: Well, we're actually completing in the upper - we're actually drilling anywhere between 50% to 67% of the entire section.

Brian Kuzma: Okay.

Mark Erickson: Okay? And we just got done - on the 21-19 we had three separate stages and we're probably looking at about 750 to 1000 feet of completion.

Brian Kuzma: Okay. And that is across that like a 1900 foot - (grid) section.

Mark Erickson: That would be correct, correct.

Brian Kuzma: Okay. And then I guess another question I had was as you go west, you said that you think it gets thicker and particularly the silt - the siltstone composition gets thicker. What leads you guys to believe that?

Mark Erickson: Well, Brian, first off, we do have at least, you know, one or two logs out to the west although they are old logs and don't have the detail we like. But as we've always said, if you call them the Blackhawk, we said the Blackhawk was deposited from west to east and west being closer to the source.

And here we're thinking that we might also have, you know, be closer to the source with respect to the silty members and might be able to experience more siltstone layers within the Mancos as we go further west just because we are closer to the source. Okay? But again, that is based on geologic models. We have, you know, two wells but it's based on what we're looking at regionally.

Brian Kuzma: Okay, that makes sense. And I guess finally do you guys care to give any guidance in terms of your completion schedule like with prices where they are at your take away capacity where it is, wouldn't you guys think you could get that by year-end?

Mark Erickson: Well at this point in time, Brian, we anticipate scheduling at least one frac per week here until the end of the year. Okay, and to address your completion schedule question and that is what we plan.

In some cases like with rig 611 drilling at Spring Canyon only wells, we would go ahead and complete maybe in a week we might be able to complete a Spring Canyon zone and then also complete a Mancos zone and another well too. So we might - I'm going to say it will be 1 to 2 fracs per week between now and the end of the year.

King Grant: We were still constrained in October and are starting to see enough relief in prices here in November to start flowing the additional gas at a much better price than we saw in the third quarter effort.

Mark Erickson: And we are starting to take wells off curtailment as well.

Brian Kuzma: Okay. And so if things keep going the way they are, you guys shouldn't be curtailed at all by year-end?

Mark Erickson: That's the way it's looking, I would agree. My crystal ball is not that polished but I'd say that's where we're headed right now.

King Grant: If winter starts.

Brian Kuzma: All right, guys. Thanks.

Operator: Your next question comes from Robert Lynd with Simmons & Company.

Robert Lynd: Good morning.

Mark Erickson: Good morning, Robert.

Robert Lynd: Mike, can we expect at least in the near term all wells will be taken down to the Mancos?

Michael Decker: Yeah. Like, Robert, like you said, rig 611 is on his last well and it is just moving to that well as we speak. And it will be the last Blackhawk only well. After that, we anticipate that we will be taking all the wells on 270 and all the wells on rig 99 down into the upper Mancos.

Robert Lynd: Okay. And with the high-resolution 2-D seismic - and I apologize, can you remind us where this is being shot and just a general question - how will this help you?

Mark Erickson: Robert, at this point in time, the seismic was shot across our entire acreage position. It's on a regional grid and we are - and remember we had to process it and shoot it in two phases. We have been working Phase 1 and tying into our well log information. Phase 2 we are just bringing in-house.

So I'd like to say that we are seeing some interesting deep features, which could lead to possible enhanced fracturing in the Mancos, which is what we were hoping to possibly see. But that is about where we are right now. Like I say it's really early on in our processing at this point in time.

Robert Lynd: Okay, thanks. And then just one final question for King. You kind of alluded to funding the '08 budget with cash on hand, cash flow and a little bank debt. At \$7 gas, can you give us a better idea of what you might have to draw on your bank line? \$7 NYMEX.

King Grant: \$7 NYMEX, so like \$5.50 in the Rockies...

Robert Lynd: Right. Assuming \$1.50 differential.

King Grant: Right. I think we'd be in the - remember that number, Mark? It was like year-end '08, it would be like - (unintelligible) of less than 50 - I was thinking it was less than 15.

Robert Lynd: Okay, less than 15 million?

King Grant: Yes.

Robert Lynd: All right, thanks. That is helpful. That's all I had.

Operator: Your next question comes from Chris Pikul with Morgan Keegan.

Chris Pikul: Yes, thanks.

Mark Erickson: Good morning, Chris.

Chris Pikul: When you talk about at least 1.15 Bcfe on the first Mancos well, what other kind of factors - the (fudge) factors that can increase that? And when you are talking, you know, some of these other where you are just completing the upper half of the Mancos, it sounds like you are sort of on the upper end of the expectations when you say you think you can get a b with this new completion methodology. Can you just tell me about that a little bit?

Mark Erickson: Well, the 14-31 we think we need six to nine months worth of production data in order to reliably pick the long-term or estimate the EURs for the well. That well, you know, we're picking now off of 45 days worth of production data.

The well is also flowing up casing and tubing. It's not really optimized on the completion standpoint. And we need to see how the curve flattens out which will ultimately give us the reserves on it.

Chris Pikul: And that is through the whole Mancos. So for you guys to say that you're going to get a b, you are kind of looking closer to the, you know, the 1-3/4 to 2 Bcf kind of Mancos well?

Michael Decker: Yes, I mean, Chris, right now what we're seeing - I mean the reason that we're - obviously there are several reasons as I'd mentioned in the dialog what why we are focused on the upper Mancos.

First off is that we feel the reservoir -- the primary reservoir within the shale is coming from the large thick silt silty member, okay? And in our area within the Riverbend area, the concentration -- there's a greater concentration of these silty zones within our upper 2/3 section than what there is in the bottom third.

So that is where we feel we can pick up, you know, more reserves from just drilling that portion. And then of course mechanically, we can do without having to set the intermediate casing which saves a lot of money.

So, you know, right now as I mentioned in the dialog, we've, you know, just completed the first upper Mancos test. We're seeing encouraging, you know, things, flow rates and so on and I would say right now we are ballparking it at like 3/4 of a b to 1 b out of this upper Mancos section.

Mark Erickson: And one other thing, Chris, is on the volumetrics on 40 acre spacing, the 1.15 Bcf would yield a recovery factor of about 6.5% which is on the low side of the range of 5% to 15%.

Chris Pikul: Okay, right.

Michael Decker: Yeah. And then I'd just say - the other question on that 14-31 that we just don't have an answered to is what is going to be the final decline rate? What is it going to flat out at? You know 8%, 6%, 4%? You know, we just don't know. We just don't have the history obviously.

Chris Pikul: Is there an implied rate in that 1.15 you were talking about or...

Michael Decker: I think it declines -- the final decline rate is about 6%.

Chris Pikul: Okay. So to the extent that we can draw any conclusions from, you know, initial production rates, if you put on the first well at 2.1 million I think for the first whatever it was 24 hours or so, we'd expect to see something in the 1 to 1.5 kind of range for, you know, a similar well that you do completion method? Is that fair or no?

Michael Decker: If you recall - I mean we say that we produce -- we average 1.5 million a day during the 30 days that the 14-31 was on. And so, you know, I would say if we can be in that, you know, plus or minus 1 million a day, somewhere in there, you know, that would be encouraging. That would go ahead and probably give us that 3/4 to 1 b.

Mark Erickson: When you look at the 30-day number, Chris, like 1.5 million average kind of a rule of thumb in the Rockies is look at that 30-day average number and for every million a day you get about a Bcf of recovery.

So at 1.5 man average your kind of looking at maybe I don't want to say high side, but it appears to be in the range of the 14-31, 50 at 1.5 Bcf well which then we'd be yielding a Bcf out of a upper Mancos well pretty easily.

Chris Pikul: Great. Do you think you guys would be in a position to get any kind of credit for year-end reserves on Mancos?

Michael Decker: We anticipate that, Chris. And we will be sitting down with (unintelligible) here in the next couple of weeks to begin that dialog.

King Grant: One of the reasons we invested so heavily in the absorption analysis, we've done quite a bit of science on these early wells.

Michael Decker: Yes. And so we put the science into it, you know, we drilled the drilling (unintelligible) and then of course we're also - you know, we're running the extensive logs on these wells.

And as we noted, we are drilling our first 20-acre offset in the Mancos as well and so all this is going to help us work with (unintelligible) in coming up with continuity and just how extensive this play could potentially be.

Chris Pikul: No, I think it an exciting development. You guys have done a good job. One more thing, Mark, you know, we've sort of danced around this. As you are taking more - or it sounds like you are pretty much going to take every well you can to the Mancos. Would you characterize that as sort of optimism about what you are seeing so far or is it still more in the data gathering phase?

Mark Erickson: No, it is based on optimism as well as data gathering. I mean we're seeing solid results from the Mancos.

Chris Pikul: Okay, very good. Thank you very - thank you much, gentlemen.

Mark Erickson: Thank you, Chris.

Operator: Your next question comes from David Tameron with Wachovia.

David Tameron: Hi, a couple of follow-ups.

So everything is going down to the Mancos or you said the majority of wells going down to the Mancos? And is - and that par participating in all of those?

King Grant: They have participated in every one to date, David, except for the 14-31, the very first one.

David Tameron: Okay. And what happens if they would say no, if they choose to opt out?

King Grant: We could drill it ourselves and offer them a substitute location. It just depends on how great a location we think it is at the time, I think, you know.

David Tameron: Okay, but obviously--

King Grant: Their indication is that they like the Mancos and are optimistic about continuing to drill it and had early discussions about, you know, continuing the program beyond the 30-well initial commitment.

David Tameron: Okay, yes, that is where I was going with it. Obviously they've seen the logs and they've chosen to participate.

Michael Decker: Yes, we've had extensive meetings with them and stuff and they've been good meetings and as King says, they have been encouraged by what they are seeing. And we are currently talking to them about extending the program.

David Tameron: Okay, fair enough.

And one more question. As you look out to some of the other areas, Gate Canyon, some of the other areas you've drilled previously, with the well costs coming down, does that allow you to book more reserves not that you're into some of those other areas that may have been deemed uneconomic before?

Michael Decker: Well David, we have to be after drilling some right now to prove that because that is what (unintelligible) would be looking for. It's encouraging but it's a show-me kind of attitude. And so we'd actually have to be out there drilling some to go ahead and try to get, you know, the additional reserves booked.

David Tameron: Okay. And how do you look at reserves at 2007 year-end? Any indication assuming we get a normalized price?

King Grant: Higher than at the end of 2006.

Michael Decker: How's that for guidance, David?

David Tameron: Any more bracket around that? Let me go a different way then. Last year, Mark, you put out publicly I think you put out -- I know it was probably - that at X dollar price you were going to -- you know, at a normalized price you would have booked over 100 Bcf for reserves.

Mark Erickson: Right, it was about 120 at \$7 gas price. And that was the maximum our reserves could have been at the end of last year.

If you recall when we talked about the NFR program, we said the result of that would be adding 25 net PUDs. So what we're going to look at going forward with reserve bookings is take a pretty conservative approach.

We're going to look at everything that is economic but we're also going to look at its impact on our DD&A rate, as you know, some of the -- as well as what our future development plans are. And so we're going to be sensitive to what our capital constraints are and how we're going to actually develop our reserves.

King Grant: So we don't have a plan to drill a lot of PUDs then we won't in the next 24 to 36 months at the time we do the report then you wouldn't book every single one. Does that make sense?

David Tameron: Yes, it does, okay. But in theory, you are ahead of where you were last year -- costs are lower, you've drilled some more wells?

Mark Erickson: We are definitely ahead of where we were a year ago.

David Tameron: Okay, so assuming price cooperates, year-end reserves should show a substantial increase?

Mark Erickson: We're going to show very good reserve book.

David Tameron: All right, fair enough. Thanks.

Mark Erickson: Thanks, David.

Operator: At this time, there are no further questions. I would now like to turn the call back over to our host for concluding remarks.

Mark Erickson: Thanks everyone for attending our third quarter call and look forward to next quarter and giving you further updates. Thank you.

Operator: Thank you. This concludes the Gasco Energy Third Quarter Conference Call.
You may now disconnect.

END