

**McQuadrangle, LLC Net Revenue Interests Report
South Redlake Grayburg Project
Eddy County, NM**

Federal Lease No. LC-028755-A

Section 35: SWSE, SESW. 80 acres, mol.

Well No.'s 26, 30, 31 and 32. Currently Producing.

From termination of previous Unit to July 1, 2000.

McQuadrangle, LLC: 82.5% NRI

USA: 12.5% RI

Etz Southern Trust: *1.25% ORRI
Henry Russell Farms: *1.25% ORRI
David W. Jamison: *1.25% ORRI
J. G. Roberts, Jr.: *0.625% ORRI
James Faust Roberts: *0.625% ORRI

*reduced from total 7.5% ORRI to 5.0% ORRI to conform with Rule 43 CFR 192.83.

From 7/1/00 to effective date of Reunitization.

McQuadrangle, LLC: 92.9% NRI

USA: *2.1% Royalty

ORRI: 5.0%
Same as above.

*all federal leases qualified for federal royalty reduction, at varying rates effective 7/1/00, on a lease by lease basis.

From effective date of Reunitization (?).

Federal Lease No. LC-050158.

Section 35: SENW, E/2NE/4, being 120acres, mol.

Well No.'s 14 and 44. Currently Producing.

From termination of previous unit to 7/1/00.

McQuadrangle, LLC:	82.5% NRI
USA:	12.5% RI
Mildred Crane Hudson Estate:	0.5% ORRI
Ruth Turbeville Jones:	0.2499% ORRI
Lulu Harbold Estate	0.4167% ORRI
H. B. Wright Estate:	0.6667% ORRI
Summit Energy:	0.6667% ORRI
Trigg Family Trust:	2.5% ORRI

From 7/1/00 to effective date of Reunitization.

McQuadrangle, LLC:	93.7% NRI
USA:	1.3% RI
ORRI:	5.0%
Same as above.	

From effective date of Reunitization.

Federal Lease No. LC-055561.

Section 35: W/2NE/4, being 80 acres, mol.

Well No.'s 4, 15, 45 and 46. Currently Producing.

From termination of previous unit to 7/1/00.

McQuadrangle, LLC:	*82.5% NRI
USA:	*12.5% RI
Paul Slayton:	2.0% ORRI
George & Lois Williams:	*1.5% ORRI
Maggie Suetta Cockburn:	*1.5% ORRI

*2 federal leases consolidated 8/1/40. Lease subject to varying 'sliding scale royalty' depending on daily production.

All interests are calculated accordingly.

Discrepancy in combined title reports from county and federal records.

From 7/1/00 to effective date of Reunitization.

McQuadrangle, LLC:	92.10% NRI
USA:	2.9% RI
ORRI:	
Slayton, et al: (same as above)	5.0% ORRI

From effective date of reunitization.

Federal Lease No. LC-057798.

Section 35: N/2SE/4, SESE, NESW, being 160 acres, mol.

Well No. 25. Currently Producing.

From termination of previous unit to 7/1/00.

McQuadrangle, LLC:	82.5% NRI
USA:	12.5% RI
R. S. Magruder:	1.25% ORRI
Hellen Kolliker:	1.25% ORRI
E. C. Donohue:	1.25% ORRI
Wilma Donohue:	0.625% ORRI
Edith Fitt:	0.3125% ORRI
Van Wulven Estate:	0.3125% ORRI

From 7/1/00 to effective date of Reunitization.

McQuadrangle, LLC:	94.5% NRI
USA:	0.5% RI
ORRI:	
Magruder, et al (same as above):	5.0% ORRI

From effective date of Reunitization.

Federal Lease No. LC-062412.

Section 1: Lot 4 (NWNW), being 40.22 acres, mol.

Well No. 37. Injection/No Production.

From termination of previous Unit to 7/1/00.

McQuadrangle, LLC, et al:	82.5% NRI
USA:	12.5%
ORRI:	5.0% ORRI

From 7/1/00 to effective date of Reunitization

<u>McQuadrangle, LLC:</u>	94.5% NRI
USA:	0.5%
ORRI:	5.0% ORRI

Navajo Refining Company crediting on the terminated Unit basis

McQuadrangle, LLC:	82.5%
USA:	12.5%
Paul Slayton (purchased by 'McQuadrangle')	0.625% ORRI
Brainard Estate:	2.125% ORRI
Mildred Crane Hudson:	0.5% ORRI
Anna G. Hill Estate:	0.625% ORRI
Josephine D. Hawley:	0.3125% ORRI
Eudora Hawley Heilman Estate:	0.3125% ORRI

From effective date of Reunitization (?)

State Lease No. 2029-75

Section 2: Lot 3 (NENW), being 40.60 acres, mol.

Well No.34. Currently Producing.

From termination of previous Unit to 8/1/00.

McQuadrangle, LLC:	75.0% NRI
State of New Mexico:	12.5% RI
E. A. Paton:	3.125% ORRI
Doris Paton:	3.125% ORRI
L. B. Feather:	3.125% ORRI
H. G. Watson:	3.125% ORRI

From 8/1/00 to effective date of Reunitization.

McQuadrangle, LLC:	82.5% NRI
State of New Mexico:	*5.0%
ORRI:	12.5% ORRI
Same as above.	

*State royalty rate reduction approved on a “well by well basis” reducing 12.5% RI to 5.0% RI.

From effective date of Reunitization (?).

State of New Mexico Lease No. B-752-2.

Section 36: E/2SW/4, NWSE, being 120 acres, mol.

Well No.'s 21, 43 and 51. Currently Producing.

From termination of previous Unit to effective date of Reunitization.

McQuadrangle, LLC:	81.25% NRI
State of New Mexico:	12.5% RI
Colaro Corporation:	6.25% ORRI

NOTE: Well # 43 did not and currently will not qualify for state royalty rate reduction however recent production number's reflect that Well #21 and #51 will qualify. Applications for royalty rate reduction for these wells have been sent to NMSLO for approval, and consequent reduction from 12.5% to 5.0%.

From effective date of Reunitization (?).

State of New Mexico Lease No. B-1483-26.

Section 2: Lot 2 (NWNE), being 40.46 acres, mol.

Well No. 38. Currently Producing.

From termination of previous unit to 8/1/00.

McQuadrangle, LLC:	81.25% NRI
State of New Mexico:	12.5% RI
Laura Kaempf:	6.25% ORRI

From 8/1/00 to effective date of Reunitization.

McQuadrangle, LLC:	88.75% NRI
State of New Mexico:	5.0% RI
Laura Kaempf:	6.25% ORRI

From effective date of Reunitization (?).

State of New Mexico Lease No. B-6869-43.

Section 2: SWNE, being 40 acres, mol.

Well No. 40. Plugged and abandoned.

Although not producing, "Navajo" crediting "McQuadrangle", State of New Mexico and the following on the terminated unit basis.

ORRI:

Mildred Crane Hudson:	1.5% ORRI
Charles B. Gonsales:	1.0% ORRI
(purchased by "McQuadrangle")	

State of New Mexico Lease No. B-8318-94.

Section 36: SENW, being 40 acres, mol.

Well No.s 12 and 47. Currently Producing.

From termination of previous Unit to 8/1/00.

McQuadrangle, LLC:	71.25% NRI
State of New Mexico:	12.5% RI
Vada Spurr:	6.25% ORRI
John W. Gates:	0.41667% ORRI
J. E. Bedingfield:	8.54166% ORRI
Leland J. Price:	0.41667% ORRI
Rex Wheatley:	0.625% ORRI

From 8/1/00 to effective date of Reunitization (Well #47 only!)

Same as above.

From 8/1/00 to effective date of Reunitization (Well #12 only!).

McQuadrangle, LLC:	78.75% NRI
State of New Mexico:	5.0% RI
ORRI:	16.25% ORRI
Same as above.	

State of New Mexico Lease No. B-9229-3

Section 2: Lot 1 (NENE), being 40.33 acres, mol.

Well No. 36. Currently Producing.

From termination of previous Unit to 8/1/00.

McQuadrangle, LLC:	82.5% NRI
State of New Mexico:	12.5% RI
Mildred Crane Hudson:	*2.5% ORRI
Rutter & Wilbanks:	*2.5% ORRI

*NOTE: Title report from NMSLO records conflicts with interests conveyed in county records.

From 8/1/00 to effective date of Reunitization.

McQuadrangle, LLC:	90.0% NRI
State of New Mexico:	5.0% RI
ORRI:	5.0% ORRI
Same as above.	

From effective date of Reunitization.

State of New Mexico Lease No. B-11538-14.

Section 36: NWSW, NENW, being 80 acres, mol.

Well No.'s 1 and 50. Currently Producing.

From termination of previous Unit to 8/1/00.

McQuadrangle, LLC:	77.5% NRI
State of New Mexico:	12.5% RI
Fenix Royalty, LLC:	6.25% ORRI
J. E. Bedingfield:	5.0% ORRI
Fred Henderson:	1.25% ORRI
Paul Frost:	0.625% ORRI
Pam, Inc.:	3.225% ORRI

From 8/1/00 to effective date of Reunitization,

Well # 50 only!.

Same as above.

NOTE: Well #50 now able to qualify for royalty reduction. Applications transmitted to NMSLO for pending approval.

Well No. 1.

McQuadrangle, LLC:	85.0% NRI
State of New Mexico:	5.0% RI
ORRI:	10.0% ORRI
Same as above.	

State of New Mexico No. E-379-5.

Section 36: SWSW, being 40 acres, mol.

Well No. 27. Currently Producing.

From termination of previous Unit effective date of Reunitization.

McQuadrangle, LLC:	77.5% NRI
State of New Mexico:	12.5% RI
John W. Gates:	0.41667% ORRI
J. E. Bedingfield;	7.29166% ORRI
Leland J. Price:	0.41667% ORRI
Rex Wheatley:	0.625% ORRI
J. Grady Wright:	1.25% ORRI

From effective date of Reunitization(?).

State of New Mexico Lease No. B-9391-6

Section 2: SENE, being 40 acres, mol.

Plugged and abandoned.

McQuadrangle, LLC: 81.25% NRI

State of New Mexico: 12.5% RI

William Hudson, et al 6.25% ORRI

NOTE: All unit revenue credited by “Navajo” to the above belongs to “McQuadrangle, LLC”.

State of New Mexico Lease No. E-1059-1

Section 36: SWNE, being 40 acres, mol.

Well No. 10. Currently Producing.

From termination of previous Unit to 8/1/00.

McQuadrangle, LLC:	71.25% NRI
State of New Mexico:	12.5% RI
Vada Spurk:	6.25% ORRI
J. E. Bedingfield:	8.54166% ORRI
John W. Gates:	0.41667% ORRI
Leland J. Price:	0.41667% ORRI
Rex Wheatley:	0.625% ORRI

From 8/1/00 to effective date of Reunitization.

McQuadrangle, LLC:	78.75% NRI
State of New Mexico:	5.0% RI
ORRI:	10.0%
Same as above.	

From effective date of Reunitization (?).

State of New Mexico Lease No. V-5512

Section 36: W/2NW/4, being 80 acres, mol.

Well No. 13. Currently Producing.

From date of production on present lease.

Southwestern Energy Production Company 87.5% NRI

State of New Mexico: 12.5% RI