East Hobbs San Andres Unit CO_2 Project Economics with City Water

Economic Assumptions		
WI Capital=	82.24%	& CO2
WI LOE=	61.68%	
NRI=	50.70%	
Oil Price=	$ 70.00	WTI
Oil Price Deduct=	4.00%	%
Oil Sev. Tax=	7.0900%	
Ad Val. Tax=	3.2123%	of rev.
CO2 Lateral Pipeline=	$ 2,984,220	8/8ths
Tank Battery=	$ 3,040,250	8/8ths
Recy/Wtr Inj Facility=	$16,164,289	8/8ths
Field Inj & Gathering=	$ 5,851,000	8/8ths includes city water pipeline
Well Work=	$12,970,001	8/8ths
Total Capital=	$41,009,760	8/8ths

Project Summary		
8/8 Oil Recovered=	4.642	MMBO
8/8 CO2 Injected=	84.673	BCF
8/8 CO2 Purchased=	28.506	BCF
Oil Recovery=	12.6%	Pattern OOIP
Net CO2 Util=	6.1	MCF/BO
Gross CO2 Util=	18.2	MCF/BO
PV10=	13.832	$MM
IRR=	18.1%	
Simple Payout=	7.1	Years

Incremental Performance over Existing

Date	Gross Oil Prd Rate BOPD	Net Revenue M$	WI Total OpEx M$	WI Total Capital M$	Net Cash Flow M$	Cum Cash Flow M$	10% Disc Cash Flow M$	Cum Disc Cash Flow M$
Cum	4,641,670	163,920	71,324	33,726	58,870		13,832	0
2015	0	0	39	327	-366	-366	-362	-362
2016	0	0	557	173	-730	-1,096	-671	-1,034
2017	0	0	762	18,043	-18,805	-19,901	-15,585	-16,618
2018	251	3,144	8,256	9,044	-14,156	-34,057	-10,837	-27,455
2019	1,146	14,280	12,984	6,139	-4,844	-38,901	-3,533	-30,989
2020	1,853	23,108	9,818	0	13,290	-25,611	8,313	-22,676
2021	1,814	22,559	7,631	0	14,928	-10,684	8,538	-14,138
2022	1,632	20,285	7,187	0	13,098	2,415	6,802	-7,336
2023	1,434	17,827	5,478	0	12,349	14,764	5,833	-1,503
2024	1,223	15,251	3,935	0	11,316	26,080	4,866	3,364
2025	1,013	12,597	3,704	0	8,893	34,973	3,477	6,841
2026	805	10,001	3,496	0	6,504	41,478	2,314	9,155
2027	583	7,251	4,179	0	3,071	44,549	996	10,151
2028	398	5,290	1,632	0	3,658	48,207	1,073	11,224
2029	251	4,883	656	0	4,227	52,434	1,125	12,350
2030	170	4,074	412	0	3,662	56,096	891	13,240
2031	78	1,960	292	0	1,668	57,764	370	13,610
2032	44	1,214	248	0	966	58,730	195	13,805
2033	7	197	57	0	140	58,870	26	13,832

Cost Estimate to Pipeline Water From City for 2 Years

Makeup water volume	8,600	barrels per day		
Pipeline Length	0.63	miles		
Pipe Material	PVC			
Pipe, Hydrants, Air Break, Road bore & ROW:				
Purchase & Install Unit Cost	65	$/ft		
Installed Pipe Cost	215,955	$		
Pipeline Length	0.89	miles		
Pipe Material	6" Poly			
Pipe Unit Cost, Install and ROW	21	$/ft		
Installed Pipe Cost	98,700	$		
Transfer Pump and Tank	4,000	$		
Water cost from City	0.15	$/bbl		
Water cost over project life	941,700	$		
Chemical	0.01	$/bbl		
Chemical Cost over project life	62,780	$		
Total Cost	1,323,135	$		
Tax 6.813%	90,145	$		
Grand Total	1,413,280	$ OR	0.23	$/bbl
Grand Total if shutdown 6 mos into injection	710,449	$ OR	0.45	$/bbl
Capital & Opex Exp for Economic Model	340,365	$ AND	0.17	$/bbl

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by: Linn Operating
Hearing Date: 7/16/2015