## East Hobbs San Andres Unit $CO_2$ Project Economics with Piped 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 | gross |
| Tank Battery= | $ 3,040,250 | gross |
| Recy/Wtr Inj Facility= | $16,164,289 | gross |
| Field Inj & Gathering= | $ 7,395,500 | 8/8ths includes water pipeline |
| Well Work= | $12,970,000 | 8/8ths |
| Total Capital= | $42,554,259 | 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= | 10.473 | $MM |
| IRR= | 15.6% | |
| Simple Payout= | 8.1 | 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 | 163,922 | 73,351 | 34,997 | 55,574 | | 10,473 | 0 |
| 2015 | 0 | 0 | 0 | 1,597 | -1,597 | -1,597 | -1,584 | -1,584 |
| 2016 | 0 | 0 | 486 | 0 | -486 | -2,083 | -464 | -2,048 |
| 2017 | 0 | 0 | 1,606 | 3,214 | -4,820 | -6,903 | -4,136 | -6,185 |
| 2018 | 0 | 0 | 2,464 | 17,826 | -20,290 | -27,193 | -16,144 | -22,328 |
| 2019 | 451 | 5,579 | 10,191 | 10,710 | -15,322 | -42,515 | -11,129 | -33,457 |
| 2020 | 1,385 | 17,251 | 12,923 | 1,649 | 2,678 | -39,836 | 1,671 | -31,785 |
| 2021 | 1,883 | 23,418 | 8,655 | 0 | 14,763 | -25,073 | 8,833 | -22,953 |
| 2022 | 1,771 | 22,030 | 7,624 | 0 | 14,406 | -10,667 | 7,861 | -15,092 |
| 2023 | 1,584 | 19,700 | 6,756 | 0 | 12,944 | 2,277 | 6,409 | -8,683 |
| 2024 | 1,382 | 17,237 | 5,037 | 0 | 12,200 | 14,477 | 5,493 | -3,190 |
| 2025 | 1,171 | 14,563 | 3,877 | 0 | 10,685 | 25,162 | 4,383 | 1,193 |
| 2026 | 961 | 11,950 | 3,641 | 0 | 8,308 | 33,471 | 3,100 | 4,292 |
| 2027 | 751 | 9,343 | 3,577 | 0 | 5,766 | 39,237 | 1,959 | 6,251 |
| 2028 | 533 | 6,649 | 3,809 | 0 | 2,840 | 42,077 | 872 | 7,123 |
| 2029 | 360 | 5,100 | 1,287 | 0 | 3,813 | 45,890 | 1,068 | 8,191 |
| 2030 | 223 | 4,792 | 521 | 0 | 4,271 | 50,161 | 1,085 | 9,276 |
| 2031 | 148 | 3,611 | 383 | 0 | 3,227 | 53,388 | 750 | 10,026 |
| 2032 | 64 | 1,671 | 276 | 0 | 1,396 | 54,784 | 294 | 10,320 |
| 2033 | 37 | 1,029 | 239 | 0 | 791 | 55,574 | 152 | 10,473 |

**Cost Est. to Pipeline Wtr From Resolute's Knowles South Property for 2 Yrs**

| | | | |
|---|---|---|---|
| Pipeline Length | 9.25 | miles | |
| Pipeline Diameter | 6 | in | |
| Pipe Max Working Pressure | 400 | psi | |
| Pipe Material | Poly | | |
| Pipe Unit Cost | 15 | $/ft | |
| Pipe Unit Cost to Install | 15 | $/ft | |
| Installed Pipe Cost | 1,465,200 | $ | |
| Valves and Scada | 50,000 | $ | |
| ROW, Damages, Permit & Survey Costs ($6/ft) | 293,040 | $ | |
| Makeup water volume | 8,600 | barrels per day | |
| Frac tank rental at source (1,000 bbl) | 43,800 | $ | |
| Meters and pump at source | 65,000 | $ | |
| Utilities ($0.02/bbl) over project life | 125,560 | $ | |
| Water cost from operator | 0.30 | $/bbl | |
| Water cost over project life | 1,883,400 | $ | |
| Frac tank rental at delivery point (5,000 bbl) | 219,000 | $ | |
| Transfer pump at delivery point | 10,000 | $ | |
| Utilities ($0.005/bbl) over project life | 31,390 | $ | |
| Chemical | 0.10 | $/bbl | |
| Chemical Cost over project life | 627,800 | $ | |
| Project Delay | 9 | months | |
| Supervision Cost Over Project Life | 168,000 | $ | |
| Total Cost | 4,982,190 | $ | |
| Tax 6.813% | 339,437 | $ | |
| Grand Total | 5,321,627 | $ OR | 0.85 $/bbl |
| Grand Total if shutdown 6 mos into injection | 3,516,128 | $ OR | 2.24 $/bbl |
| Capital & Opex Exp for Economic Model | 1,942,117 | $ AND | 0.54 $/bbl |

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Exhibit No. 6
Submitted by: Linn Operating
Hearing Date: 7/16/2015