East Hobbs San Andres Unit CO_2 Project Economics with Drilled Glorieta Wells

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=	$16,189,474	8/8ths includes drilling
Well Work=	$12,970,000	8/8ths
Total Capital=	$51,348,233	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=	2.573	$MM
IRR=	10.9%	
Simple Payout=	8.7	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	74,189	42,229	47,504		2,573	0
2015	0	0	0	8,829	-8,829	-8,829	-8,759	-8,759
2016	0	0	613	0	-613	-9,443	-585	-9,345
2017	0	0	2,024	3,214	-5,239	-14,681	-4,503	-13,847
2018	0	0	2,755	17,826	-20,582	-35,263	-16,380	-30,228
2019	451	5,579	10,191	10,710	-15,322	-50,584	-11,129	-41,356
2020	1,385	17,251	12,923	1,649	2,678	-47,906	1,671	-39,685
2021	1,883	23,418	8,655	0	14,763	-33,143	8,833	-30,852
2022	1,771	22,030	7,624	0	14,406	-18,737	7,861	-22,992
2023	1,584	19,700	6,756	0	12,944	-5,793	6,409	-16,583
2024	1,382	17,237	5,037	0	12,200	6,407	5,493	-11,089
2025	1,171	14,563	3,877	0	10,685	17,093	4,383	-6,707
2026	961	11,950	3,641	0	8,308	25,401	3,100	-3,607
2027	751	9,343	3,577	0	5,766	31,167	1,959	-1,648
2028	533	6,649	3,809	0	2,840	34,007	872	-776
2029	360	5,100	1,287	0	3,813	37,820	1,068	291
2030	223	4,792	521	0	4,271	42,091	1,085	1,377
2031	148	3,611	383	0	3,227	45,318	750	2,127
2032	64	1,671	276	0	1,396	46,714	294	2,421
2033	37	1,029	239	0	791	47,504	152	2,573

Cost Estimate to Develop Glorieta Water Source Wells for 2 Years

Producability	800	BWPD/Well	
Number of New Wells	11		
Makeup water volume	8,600	barrels per day	
Well Depth	6,200	ft	
Drilling Cost	93	$/ft	
Well Cost	574,074	$/well	
Drilling Program Cost	6,171,296	$	
Completion Costs and Sub Pump	300,000	$/well	
Completion Program Costs	3,225,000	$	
Temporary Flow Line, Gauge, Valves & Fittings	20,000	$/well	
Surface Facilities Cost	215,000	$	
Well Abandonment Cost	40,000	$/well	
Program Abandonment Cost	430,000	$	
Electricity for lift	10,000.00	$/well/mo	
Program Utilities Cost	2,580,000	$	
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	73,000	$	
Chemical	0.05	$/bbl	
Chemical Cost over project life	730,000	$	
Project Delay	9	months	
Supervision Cost Over Project Life	560,000	$	
Total Cost	14,213,296	$	
Tax 6.813%	968,352	$	
Grand Total	15,181,648	$ OR	2.42 $/bbl
Grand Total if shutdown 6 mos into injection	12,756,799	$ OR	8.13 $/bbl
Capital & Opex Exp for Economic Model	10,736,091	$ AND	0.71 $/bbl

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