East Hobbs San Andres Unit CO_2 Project Economics with CO_2 Fill-up

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=	$ 8,572,323	8/8ths includes accelerated injection capital
Well Work=	$12,970,000	8/8ths
Total Capital=	$43,731,082	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=	(3.145)	$MM
IRR=	8.7%	
Simple Payout=	9.4	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	87,984	35,964	39,973		-3,145	0
2015	0	0	0	2,565	-2,565	-2,565	-2,544	-2,544
2016	0	0	2,708	0	-2,708	-5,273	-2,584	-5,129
2017	0	0	8,917	3,214	-12,132	-17,405	-10,540	-15,669
2018	0	0	7,563	17,826	-25,389	-42,794	-20,277	-35,946
2019	451	5,579	10,191	10,710	-15,322	-58,115	-11,129	-47,074
2020	1,385	17,251	12,923	1,649	2,678	-55,437	1,671	-45,403
2021	1,883	23,418	8,655	0	14,763	-40,674	8,833	-36,570
2022	1,771	22,030	7,624	0	14,406	-26,268	7,861	-28,710
2023	1,584	19,700	6,756	0	12,944	-13,324	6,409	-22,301
2024	1,382	17,237	5,037	0	12,200	-1,124	5,493	-16,807
2025	1,171	14,563	3,877	0	10,685	9,562	4,383	-12,425
2026	961	11,950	3,641	0	8,308	17,870	3,100	-9,325
2027	751	9,343	3,577	0	5,766	23,636	1,959	-7,366
2028	533	6,649	3,809	0	2,840	26,476	872	-6,494
2029	360	5,100	1,287	0	3,813	30,289	1,068	-5,427
2030	223	4,792	521	0	4,271	34,560	1,085	-4,341
2031	148	3,611	383	0	3,227	37,787	750	-3,591
2032	64	1,671	276	0	1,396	39,183	294	-3,297
2033	37	1,029	239	0	791	39,973	152	-3,145

Cost Estimate to Fill Reservoir w/ CO_2 for 2 Years			
Makeup water volume	8,600	barrels per day	
CO_2 Equivalent	18,060	mscf per day	
CO_2 price @ $70/bbl	1.40	$/Mscf	
CO_2 Cost Over 2 Year Project	18,457,320	$	
Base Oil Rate	77	barrels per day	
Base Oil rate Decline	18%		
Oil Price	70.00	$/bbl	
Oil Cost Over 2 Year Project Life	3,247,674	$	
Accelerated Injection Well Capital	3,600,000	$	
Injection Well Capital 10% Interest 2.5 Yrs	720,000	$	
Accelerated Injection System Capital	2,200,000	$	
Injection System Capital 10% Interest 2.5 Yrs	440,000	$	
Project Delay	9	months	
Supervision Cost Over 2.5 Year Project Life	700,000	$	
Total Cost	23,564,994	$	
Tax 6.813%	1,605,483	$	
Grand Total	25,170,477	$ OR	4.01 $/bbl
Grand Total if shutdown 6 mos into injection	17,073,084	$ OR	10.88 $/bbl
Capital & Opex Exp for Economic Model	3,118,940	$ AND	3.51 $/bbl

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Exhibit No. 8
Submitted by: Linn Operating
Hearing Date: 7/16/2015