

West Blinebry Drinkard Unit

Lea County, New Mexico

INITIAL CAPITAL INVESTMENT

Unitization, Design, Construction and Implementation Gross= \$10,576,150

INCREMENTAL RESERVES

Gross= 5.9 mmbo

INCREMENTAL ECONOMIC SUMMARY (10 yr Strip Prices)

| | Future Net Revenue (M\$) | AFIT Present Value Disc @ 10% (M\$) | Finding Cost (\$/BOE) | IRR (%) |
|---------------------------------------|--------------------------------|----------------------------------------------|-----------------------------|------------|
| Working Owners (100% WI, 84.0% RI) | 432,929 | 76,979 | 1.97 | 66.8 |
| Mineral Owners | 82,463 | 18,142 | na | na |
| State of New Mexico | 37,439 | 8,237 | na | na |

Note: Economics do not have BLM royalty reduction and the State's EOR tax rate taken into account.