

VALUE OF PRODUCTION TO WORKING INTEREST
IN THE DUFER'S POINT GALLUP-DAKOTA OIL POOL

Original Full Interest (WI, RI, and ORRI): 100.00%

Lease Encumbrances:

North End of Pool: Many of the leases are
Indian Allottee leases carrying royalty of: 16 2/3%

South End of Pool: Most leases are stand-
ard State and Federal leases and carry a
standard royalty rate of: 12 1/2%

However many of these State and Federal
leases carry up to 10% overriding royalties
so it is believed that a safe estimate of
the average lease encumbrance in the
Duffer's Point Gallup-Dakota Pool is: 20.00%

Net Working Interest: 80.00%

WORKING INTEREST'S SHARE
OF PRODUCTION

80% of average oil reserves = .80 x 25139 or 20111 Bbls.

80% of average gas reserves = .80 x 42284 or 33827 MCF

Average price of Duffer's Point oil today = \$29.60/bbl

Average price of Duffer's Point gas today (Sec.103) = \$2.83
per MCF plus about 20% for BTU content for a total average
value of approximately \$3.40 per MCF.

VALUE OF PRODUCT:

OIL: 20111 x \$29.60 = \$595285.60

GAS: 33827 x \$3.40 = \$115011.80

TOTAL \$710297.40

