

**ROYALTY AND TAXES PAID TO THE STATE OF NEW MEXICO**

**Laguna 16 No. 1- E/2 of Section 16, T20S, R32E, NMPM, Lea County, New Mexico**

First **gas** production; February, 2004. The State of New Mexico's share of the proceeds (1/6<sup>th</sup>) from this well from first production through March, 2008 has been **\$1,019,785.11**.

First oil/condensate production; March, 2004. The State of New Mexico's share of the proceeds (1/6<sup>th</sup>) from this well from first production through April, 2008 has been **\$779,673.63**

Total proceeds paid in royalties to the State of New Mexico has been **\$1,799,458.74**.

The combined production taxes are:

Severance Tax	<b>\$337,340.82</b>
School Tax	<b>\$326,694.08</b>
Conservation Tax	<b>\$ 17,091.93</b>

AdValorem Tax	<b><u>\$112,569.84</u></b>
<b>TOTAL SEVERANCE TAXES PAID</b>	<b>\$793,696.67</b>

**The total benefit to the State of New Mexico and the Lea County, New Mexico is \$2,593,155.41**