PHASE I – WEST PATTERNS
NSLU NO. 143 (GRIER A NO. 1) GRIER B FED
WELLS IN AREA OF REVIEW

UNIT WELL NO.	FORMER NAME & WELL NO.
NSLU 121	STATE J 1
NSLU 122	TELLYER STATE 1
NSLU 97	GRIER FED 1
NSLU 145	GRIER 6
NSLU 124	GRIER 20
NSLU 123	GRIER 2
NSLU 125	GRIER 4X
NSLU 120	DESA 1
NSLU 142	GRIER 16
NSLU 181	PROPOSED NEW PRODUCER
NSLU 183	PROPOSED NEW PRODUCER
NSLU 144	GRIER A 1
NSLU 159	GRIER B 2
NSLU 158	H J LOE 5
NSLU 160	H J LOE 1
NSLU 161	GRIER 4
J CLEO THOMPSON NONOPERATED	OVERTON ST 9
	TIDEWATER 7
	WSLU 12
	WSLU 10

NORTH SQUARE LAKE UNIT CAPITAL

	Drill 4 wells per mo. @ 200 M$/well	Convert wells & build plant	
Mar-99	800	330	
Apr-99	800	330	
May-99	800	330	
Jun-99	800	330	
Jul-99	800	330	
Aug-99	800	330	
Sep-99	800	330	
Oct-99	800	330	
Nov-99	800	330	
Dec-99	800	330	
TOTAL	8000	3300	11300
Jan-00	800	330	
Feb-00	800	330	
Mar-00	800	330	
Apr-00	800	330	
May-00	800	330	
Jun-00	800	330	
Jul-00	800	330	
Aug-00	800	330	
Sep-00	800	330	
Oct-00	800	330	
Nov-00	800	330	
Dec-00	800	330	
TOTAL	9600	3960	13560
Jan-01	800	330	
Feb-01	800	330	
Mar-01	800	330	
Apr-01	800	330	
May-01	800	330	
Jun-01	800	330	
Jul-01	800	330	
Aug-01	800	330	
Sep-01	200	330	
TOTAL	6600	2970	9570
GRAND TOTAL	24200	10230	34430

PROPOSED NORTH SQUARE LAKE UNIT
GP II ENERGY INC OPERATED
EDDY COUNTY NM

DATE: 12/15/98
TIME: 10:19:34
FILE: NSLU
GET#: 2

RESERVES AND ECONOMICS

AS OF JANUARY 1, 1999

-END-	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES---		--------OPERATIONS, M$--------					10.00 PCT
MO-YR	OIL, MBBL	GAS, MMCF	OIL, MBBL	GAS, MMCF	OIL $/B	GAS $/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES	CAPITAL COSTS, M$	CASH FLOW BTAX, M$	CUM. DISC BTAX, M$
12-99	.639	.128	.511	.102	16.00	1.60	8.339	.677	230.000	11300.000	-11522.338	-10814.701
12- 0	24.146	4.829	19.317	3.863	17.00	1.70	334.956	27.198	607.200	13560.000	-13859.442	-22642.713
12- 1	569.100	113.820	455.280	91.056	18.00	1.80	8358.941	678.713	834.900	9570.000	-2724.672	-24668.830
12- 2	847.351	169.470	677.881	135.576	19.00	1.90	13137.333	1066.700	859.947	.000	11210.686	-16635.009
12- 3	975.417	195.084	780.334	156.067	20.60	2.06	16396.378	1331.321	885.745	.000	14179.312	-7397.552
12- 4	1032.240	206.448	825.792	165.158	21.22	2.12	17872.087	1451.143	912.318	.000	15508.626	1787.422
12- 5	1024.630	204.926	819.704	163.941	21.85	2.19	18272.540	1483.659	939.687	.000	15849.194	10320.763
12- 6	923.354	184.670	738.683	147.736	22.51	2.25	16960.440	1377.122	967.878	.000	14615.440	17474.470
12- 7	807.011	161.403	645.609	129.122	23.19	2.32	15268.132	1239.712	996.914	.000	13031.506	23273.043
12- 8	705.328	141.065	564.262	112.852	23.88	2.39	13744.669	1116.014	1026.822	.000	11601.833	27966.150
12- 9	616.457	123.292	493.166	98.634	24.60	2.46	12373.254	1004.660	1057.626	.000	10310.968	31757.908
12-10	538.783	107.756	431.026	86.205	25.34	2.53	11138.621	904.413	1089.355	.000	9144.853	34815.118
12-11	470.896	94.179	376.717	75.343	26.10	2.61	10027.216	814.171	1122.036	.000	8091.009	37274.118
12-12	411.564	82.313	329.251	65.850	26.88	2.69	9026.710	732.933	1155.697	.000	7138.080	39246.289
12-13	359.706	71.941	287.765	57.553	27.68	2.77	8126.015	659.800	1190.368	.000	6275.847	40822.603
12-14	314.384	62.877	251.507	50.302	28.52	2.85	7315.214	593.967	1226.079	.000	5495.168	42077.357
S TOT	9621.006	1924.201	7696.805	1539.360	22.72	2.27	178360.845	14482.203	15102.572	34430.000	114346.070	42077.357
REM.	1613.551	322.710	1290.841	258.167	29.89	3.26	39428.646	3202.139	14477.286	.000	21749.221	45691.110
TOTAL	11234.557	2246.911	8987.646	1797.527	23.75	2.41	217789.491	17684.342	29579.858	34430.000	136095.291	45691.110
CUM.	.000	.000										
ULT.	11234.557	2246.911										

NET OIL REVENUES (M$)	213450.469
NET GAS REVENUES (M$)	4339.022
TOTAL REVENUES (M$)	217789.491

BTAX RATE OF RETURN (PCT)	32.85	PROJECT LIFE (YEARS)	26.000
BTAX PAYOUT YEARS	5.18	DISCOUNT RATE (PCT)	10.000
BTAX PAYOUT YEARS (DISC)	5.81	GROSS OIL WELLS	65.000
BTAX NET INCOME/INVEST	4.95	GROSS GAS WELLS	65.000
BTAX NET INCOME/INVEST (DISC)	2.54	GROSS WELLS	130.000
INITIAL W.I. FRACTION	1.000000	INITIAL NET OIL FRACTION	.800000
FINAL W.I. FRACTION	1.000000	FINAL NET OIL FRACTION	.800000
PRODUCTION START DATE	3- 1-99	INITIAL NET GAS FRACTION	.800000
MONTHS IN FIRST LINE	12.00	FINAL NET GAS FRACTION	.800000

---------PRESENT WORTH PROFILE---------

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	136095.291	30.0	2029.009
2.0	108268.230	35.0	-1524.512
5.0	77801.015	40.0	-4011.101
8.0	56454.251	45.0	-5771.405
10.0	45691.110	50.0	-7025.305
12.0	36960.026	60.0	-8552.349
15.0	26722.688	70.0	-9295.787
18.0	19001.749	80.0	-9606.514
20.0	14891.196	90.0	-9671.190
25.0	7196.060	100.0	-9594.061

NSLU- CURRENT OPERATIONS
OP II ENERGY INC OPERATED
EDDY COUNTY NM

DATE: 12/15/98
TIME: 10:19:34
FILE: NSLU
GET#: 1

R E S E R V E S   A N D   E C O N O M I C S

AS OF JANUARY 1, 1999

-END- MO-YR	---GROSS PRODUCTION--- OIL, MBBL	GAS, MMCF	----NET PRODUCTION---- OIL, MBBL	GAS, MMCF	--PRICES--- OIL $/B	GAS $/M	--------OPERATIONS, M$-------- NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES	CAPITAL COSTS, M$	CASH FLOW BTAX, M$	10.00 PCT CUM. DISC BTAX, M$
12-99	51.671	10.334	41.337	8.267	16.00	1.60	674.619	54.777	276.000	.000	343.842	327.965
12- 0	47.279	9.456	37.823	7.565	17.00	1.70	655.852	53.252	284.280	.000	318.320	603.984
12- 1	43.260	8.652	34.608	6.922	18.00	1.80	635.404	51.592	292.808	.000	291.004	833.378
12- 2	39.583	7.917	31.666	6.334	19.00	1.90	613.689	49.829	301.593	.000	262.267	1021.324
12- 3	36.219	7.243	28.975	5.794	20.60	2.06	608.821	49.434	310.640	.000	248.747	1183.376
12- 4	33.140	6.628	26.512	5.302	21.22	2.12	573.782	46.589	319.960	.000	207.233	1306.110
12- 5	30.323	6.065	24.258	4.852	21.85	2.19	540.751	43.907	329.558	.000	167.286	1396.178
12- 6	27.746	5.549	22.197	4.439	22.51	2.25	509.650	41.381	339.445	.000	128.824	1459.232
12- 7	25.387	5.078	20.310	4.062	23.19	2.32	480.315	39.000	349.629	.000	91.686	1500.029
12- 8	23.229	4.645	18.583	3.716	23.88	2.39	452.655	36.754	360.117	.000	55.784	1522.594
12- 9	9.163	1.833	7.330	1.466	24.60	2.46	183.906	14.932	155.875	.000	13.099	1527.544
12-10												
12-11												
12-12												
12-13												
12-14												
S TOT	367.000	73.400	293.599	58.719	19.80	1.98	5929.444	481.447	3319.905	.000	2128.092	1527.544
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	1527.544
TOTAL	367.000	73.400	293.599	58.719	19.80	1.98	5929.444	481.447	3319.905	.000	2128.092	1527.544

	OIL, MBBL	GAS, MMCF
CUM.	.000	.000
ULT.	367.000	73.400

NET OIL REVENUES (M$)	5813.181
NET GAS REVENUES (M$)	116.263
TOTAL REVENUES (M$)	5929.444

BTAX RATE OF RETURN (PCT)	100.00
BTAX PAYOUT YEARS	.00
BTAX PAYOUT YEARS (DISC)	.00
BTAX NET INCOME/INVEST	.00
BTAX NET INCOME/INVEST (DISC)	.00
INITIAL W.I. FRACTION	1.000000
FINAL W.I. FRACTION	1.000000
PRODUCTION START DATE	1- 1-99
MONTHS IN FIRST LINE	12.00

PROJECT LIFE (YEARS)	10.420
DISCOUNT RATE (PCT)	10.000
GROSS OIL WELLS	65.000
GROSS GAS WELLS	65.000
GROSS WELLS	130.000
INITIAL NET OIL FRACTION	.800000
FINAL NET OIL FRACTION	.800000
INITIAL NET GAS FRACTION	.800000
FINAL NET GAS FRACTION	.800000

---------PRESENT WORTH PROFILE---------

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	2128.092	30.0	963.917
2.0	1977.057	35.0	883.916
5.0	1783.227	40.0	817.213
8.0	1621.189	45.0	760.890
10.0	1527.544	50.0	712.789
12.0	1443.577	60.0	635.154
15.0	1333.012	70.0	575.379
18.0	1237.843	80.0	528.020
20.0	1181.565	90.0	489.599
25.0	1061.246	100.0	457.812