

THE WISER OIL COMPANY

Caprock Maljamar Unit Waterflood Project

Production was established in the Maljamar Field in 1926 with the completion of the Maljamar Baish #1. Development was extended into the Wiser area in 1942 and proceeded on 40-acre spacing through the early 1960's. Oil production peaked in the Wiser area in 1959.

Waterflooding utilizing 80-acre five spots was initiated in the Wiser area by five separate operators during the early 1960's. Results varied by operator but were generally good. Active waterflooding continued for several years but effectively ceased in the late 1970's.

Wiser acquired the properties in several transactions during 1992 and 1993. Production at that time was approximately 290 BOPD and 1090 BWPD from 39 active producing wells (there were 16 injection wells recycling the produced water.) In 1994 Wiser unitized the area into the Caprock Maljamar Unit and began a major development program to increase oil recovery from the unit. The program included drilling infill producers on 20-acre spacing, converting existing wells to injection and greatly expanding surface production and injection facilities.

Production peaked at 1,328 BOPD in late 1996 followed by a sharp decline. Additional development work increased production to a slightly lower peak in early 1998 before a more moderate decline was established. Injection work was generally completed at the same time as infill drilling and full injection was reached by mid-1997.

November 1998 production averaged 868 BOPD and 7,502 BWPD from 68 active producing wells. Injection averaged 12,495 BWPD into 81 active injection wells with the bulk of make-up water supplied through Conoco's fresh water system.

ATTEST
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EXHIBIT

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November 1998 Status

Active Producing Wells

Phase I	14
Phase II	30
Phase III	<u>24</u>
TOTAL	68

Active Injection Wells

Phase I	21	*
Phase II	36	
Phase III	<u>25</u>	*
TOTAL	82	

Injection Volumes (bbls)

Phase I	96,682	*
Phase II	164,412	
Phase III	<u>113,783</u>	*
TOTAL	374,877	

Project Commencement Date (first injection)

Phase I	May, 1994
Phase II	November, 1994
Phase III	October, 1996

Development Capital (M\$)

Combined	\$35,770
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Estimated Net Value (M\$)

Combined Incremental Cash Flow	(\$15,000) **
Combined Incremental Cash Flow	\$7,000 +

- * Excluding offset injection
- ** Using Year-End 1998 reserves and prices
- + Using Year-End 1998 reserves and \$17 oil price