

**COST ESTIMATE
WEST SAND DUNES –DELAWARE POOL
PILOT PRESSURE MAINTENANCE PROJECT
POGO PRODUCING COMPANY**

PROJECT COSTS

PURE GOLD “B” FEDERAL WELL NO. 20 CONVERSION	\$ 50,000
ADDITIONAL FACILITIES (INJECTION PUMPS & FLOWLINES)	<u>\$100,000</u>
TOTAL COSTS	\$150,000

VALUE OF INCREMENTAL PRODUCTION

ADDITIONAL OIL RESERVES , (STB)	127,000
ADDITIONAL GAS RESERVES, (MCF)	177,000
Oil Value @ \$15.0/Bbl	\$1,905,000
Gas Value @2.0/Mcf	\$ 356,000
Less Severance Taxes	\$ (83,338)
Less Ad Valorem 1.8%	\$ (40,662)
Less Operating Expenses @ \$5.0/Bbl	<u>\$ (635,000)</u>
TOTAL VALUE OF INCREMENTAL RESERVES	\$1,500,000

