

Lynx Petroleum Consultants, Inc.

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Hobbs, New Mexico 88241

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August 20, 2002

Mr. Guy Baber
Pronghorn Management Corp.
P.O. Box 1772
Hobbs, NM 88241

Re: Proposed San Andres SWD Operations

Dear Guy:

Per your request, I have calculated the water volumes required to sweep the south offset wellbore using the following assumptions:

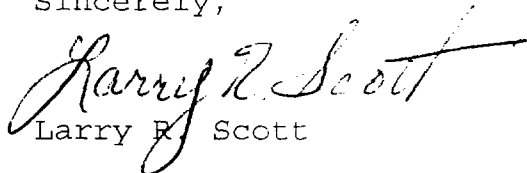
1. Reservoir height = 34 ft.
2. Reservoir porosity = 15 percent
3. All water currently contained in the reservoir is movable.
4. Distance to the south offset well is 1320 ft.

These numbers yield a total volume requirement of 4.97 million barrels or approximately 9 years of operation at 1500 barrels per day.

Your well was logged (electric logs) with conventional resistivity devices, but no direct measurement of porosity. Nevertheless, deep resistivities in the zone of interest run from 1 to 7.5 ohm which will yield water saturations approaching 100% with most any reasonable combination of formation water resistivity and porosity. The south offset well was reported by the original operator to be 29 feet downdip of your well, indicating that it too will be wet in the correlative zone.

Good luck with your application and don't hesitate to call if you have any additional questions.

Sincerely,


Larry R. Scott

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