

**SOUTH CORBIN FEDERAL #3
ECONOMIC ANALYSIS
LEA COUNTY NEW MEXICO**

RESERVE MODEL:

GAS RESERVES = 760 MMCF

INITIAL RATE = 600 MCF/D

OIL RESERVES = 3.8 MBO

INITIAL RATE = 3 BOPD

LIFE = 20.3 YEARS

YIELD = 5 BBL/MMCFG

ECONOMIC PARAMETERS

GAS PRICE = 1.41 \$/MCF (FLAT)

OIL PRICE = 19.0 \$/BBL (FLAT)

OPERATING EXPENSE = 1200 \$/MONTH

OVERHEAD = 500 \$/MONTH

DRILL INCREMENTAL 2150 FT TO MORROW FORMATION

COMPLETED WELL COST = 434.0 M\$

AFIT RATE-OF-RETURN = 11.0%

AFIT NET PRESENT VALUE = 4.0 M\$

AFIT PAYOUT = 4.6 YEARS

DRILL 13,500 FT NEW DRILL WELL TO MORROW FORMATION

COMPLETED WELL COST = 888.0 M\$

AFIT RATE-OF-RETURN = 0.0%

AFIT NET PRESENT VALUE = -242.0 M\$

AFIT PAYOUT = N/A

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