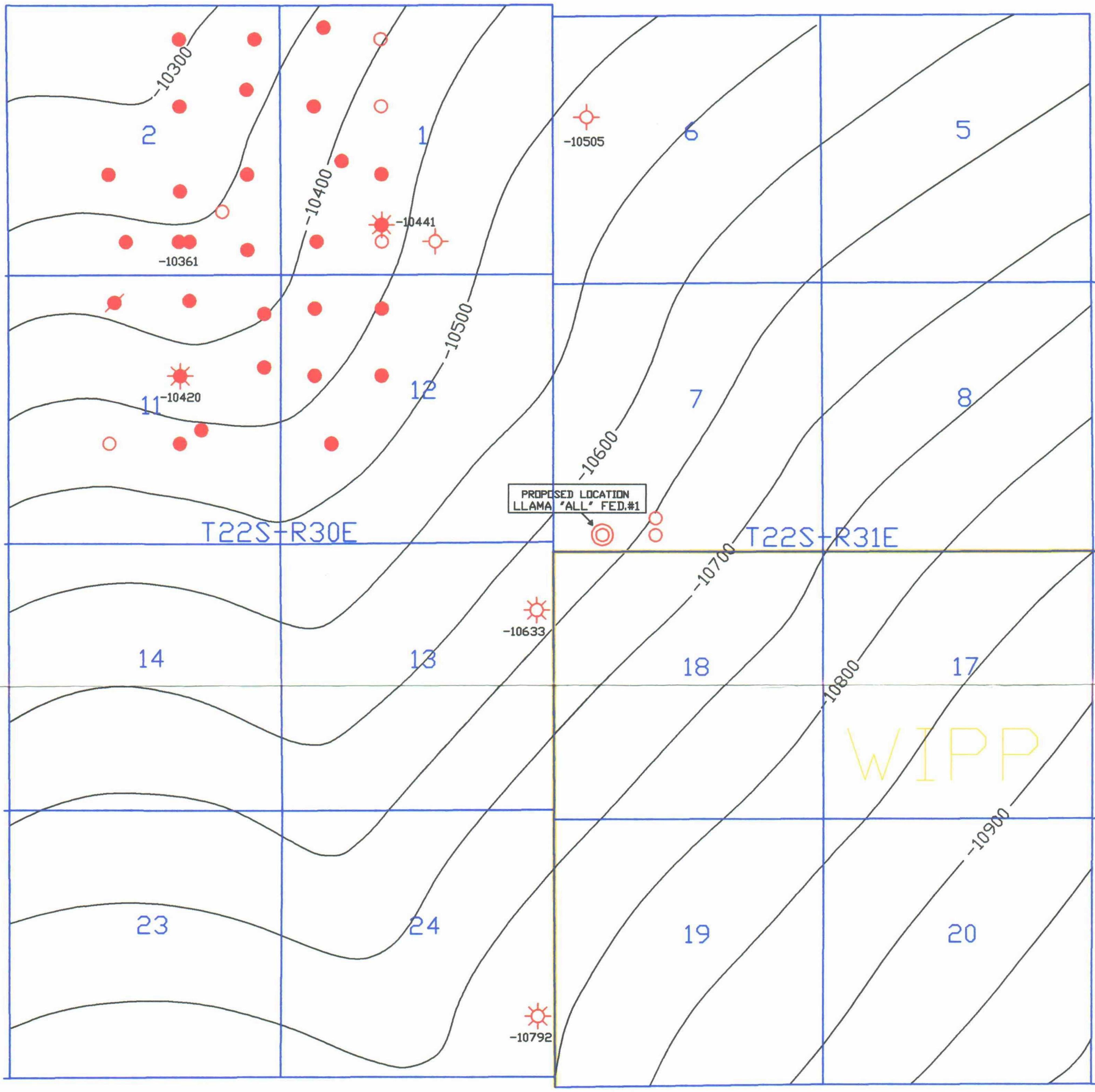


YATES PETROLEUM CORPORATION
105 South Fourth (505) 748-1471
ARTESIA, NEW MEXICO 88210

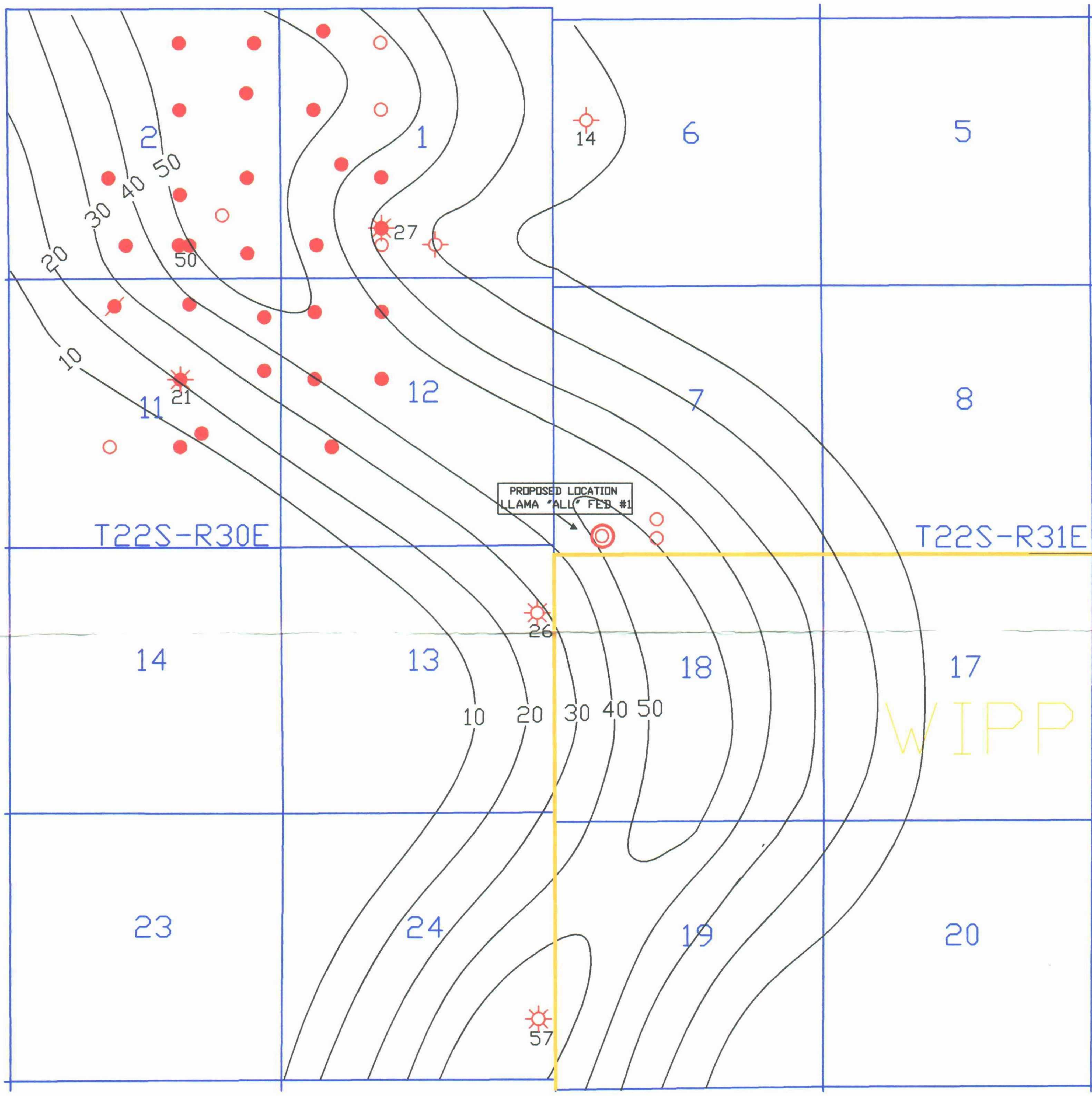
7/94 (VM)
DRAFT\94012A

LLAMA AREA
STRUCTURE MAP
TOP OF LOWER MORROW

GEO: BRENT MAY

C.I. = 50'
SCALE: 1"=2000'

YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 7



7/94(TF)
DRAFT/94012C

YATES PETROLEUM CORPORATION
105 South Fourth (505) 748-1471
ARTESIA, NEW MEXICO 88210

LLAMA AREA
SAND ISOLITH
MORROW CLASTICS
GR ≤ 50 API

C.I. = 10'

GEO: BRENT MAY

SCALE: 1"=2000'

YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 8

Testimony of Robert S. Fant

I. Reservoir History

II. Model Description and History Matching

III. Recovery Projections

Main Points:

- The Los Medanos (Atoka) reservoir is a complex system. The reservoir is composed of two large, relatively high permeability sand bodies. These pods are connected by narrow section of lower permeability. The complexity of this reservoir system requires the use of reservoir simulation for proper description of the reservoir and for the accurate prediction of wellbore recoveries.

- Moving the location of the Yates Petroleum Corporation Llama 'ALL' Federal #1 from an orthodox location to the proposed unorthodox location will have no impact on the recovery of the offset wells.

- The imposition of a penalty on the Yates Petroleum Corporation Llama 'ALL' Federal #1 would damage the correlative rights of Yates Petroleum Corporation to the advantage of offset operators.

YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 9

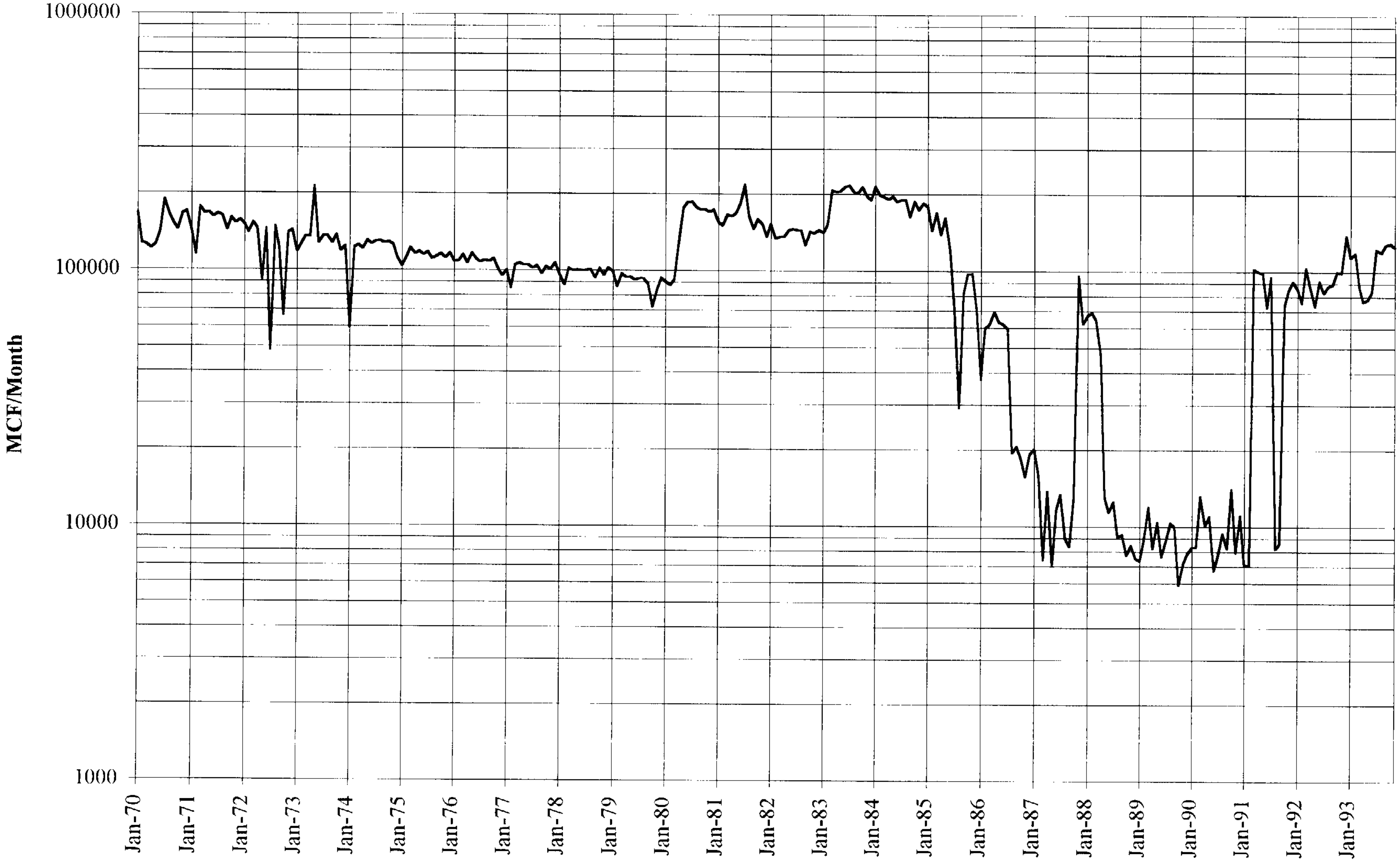
Wells Which Have Produced From the Los Medanos (Atoka) Reservoir

Well	Location	Date Completed	Assigned Pool
James Ranch Unit #1	Unit O - Sec. 36 T22S - R30E	August, 1957	Los Medanos (Atoka)
James Ranch Unit #10	Unit H - Sec. 1 T23S - R30E	April, 1980	Los Medanos (Atoka)
James Ranch Unit #11	Unit E - Sec. 36 T22S - R30E	May, 1981	Los Medanos (Atoka)
James Ranch Unit #13	Unit L - Sec. 31 T22S - R31E	February, 1983	Los Medanos (Atoka)
Apache 25 Federal #1	Unit H - Sec. 25 T22S - R30E	April, 1994	Los Medanos (Atoka)
Apache 13 Federal #1	Unit H - Sec. 13 T22S - R30E	November, 1993	Livingston Ridge (Atoka)

YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 10

Los Medanos (Atoka Sand) Field Production

(Dwights Energy Data)

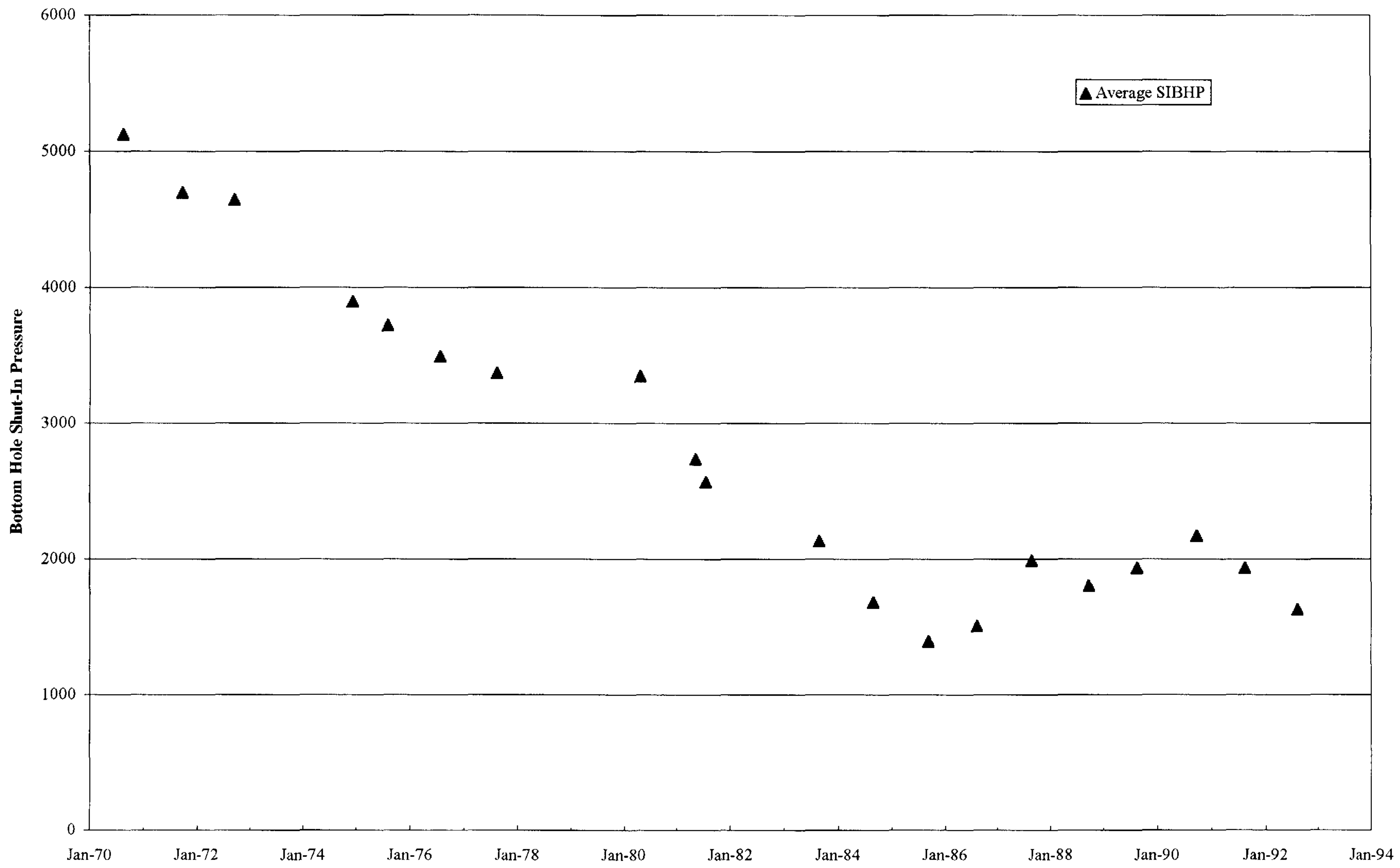


YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 11

R.S. Fant

7/19/94

Los Medanos Pressure History

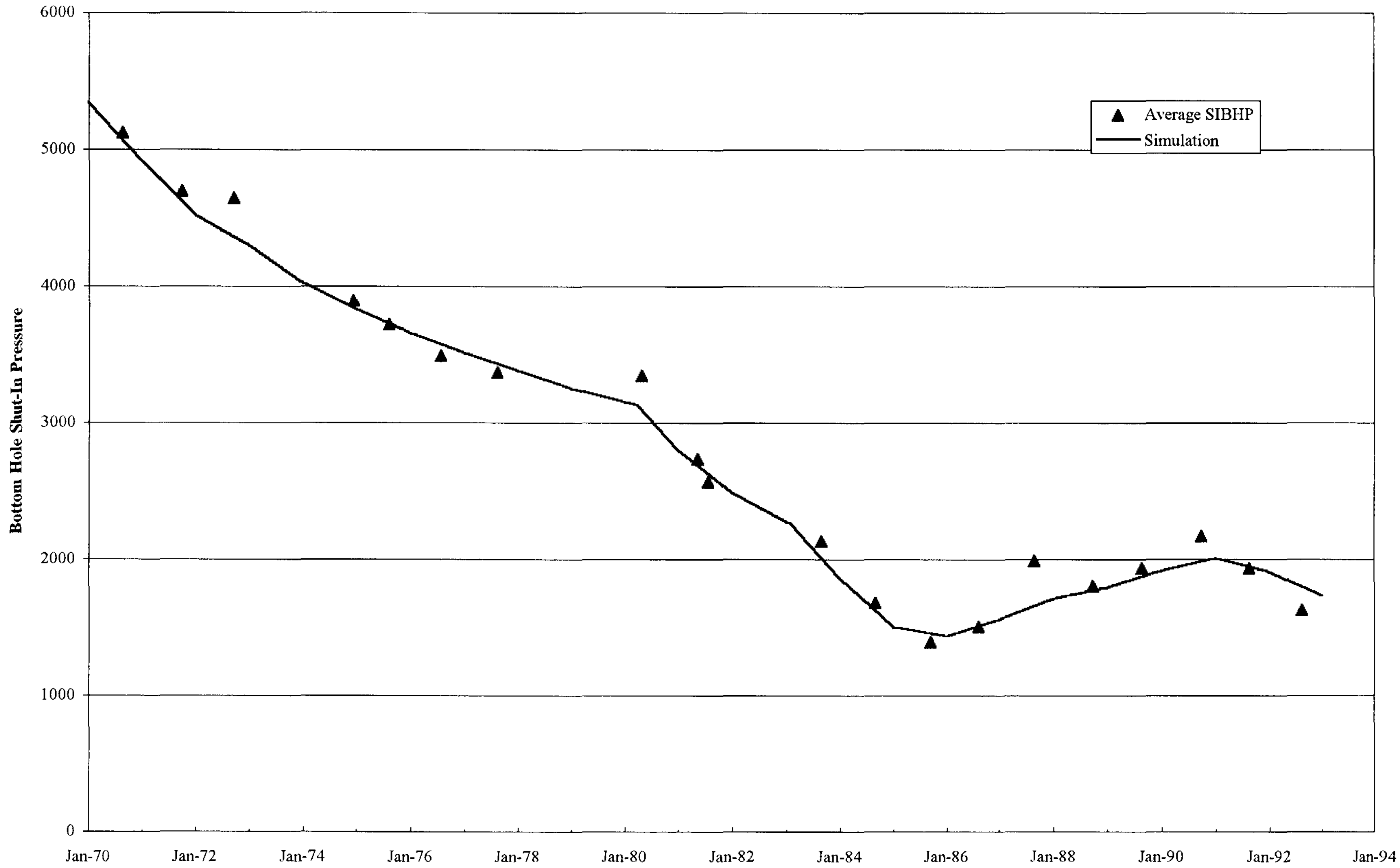


YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 12

R.S. Fant

7/19/94

Los Medanos Pressure Match

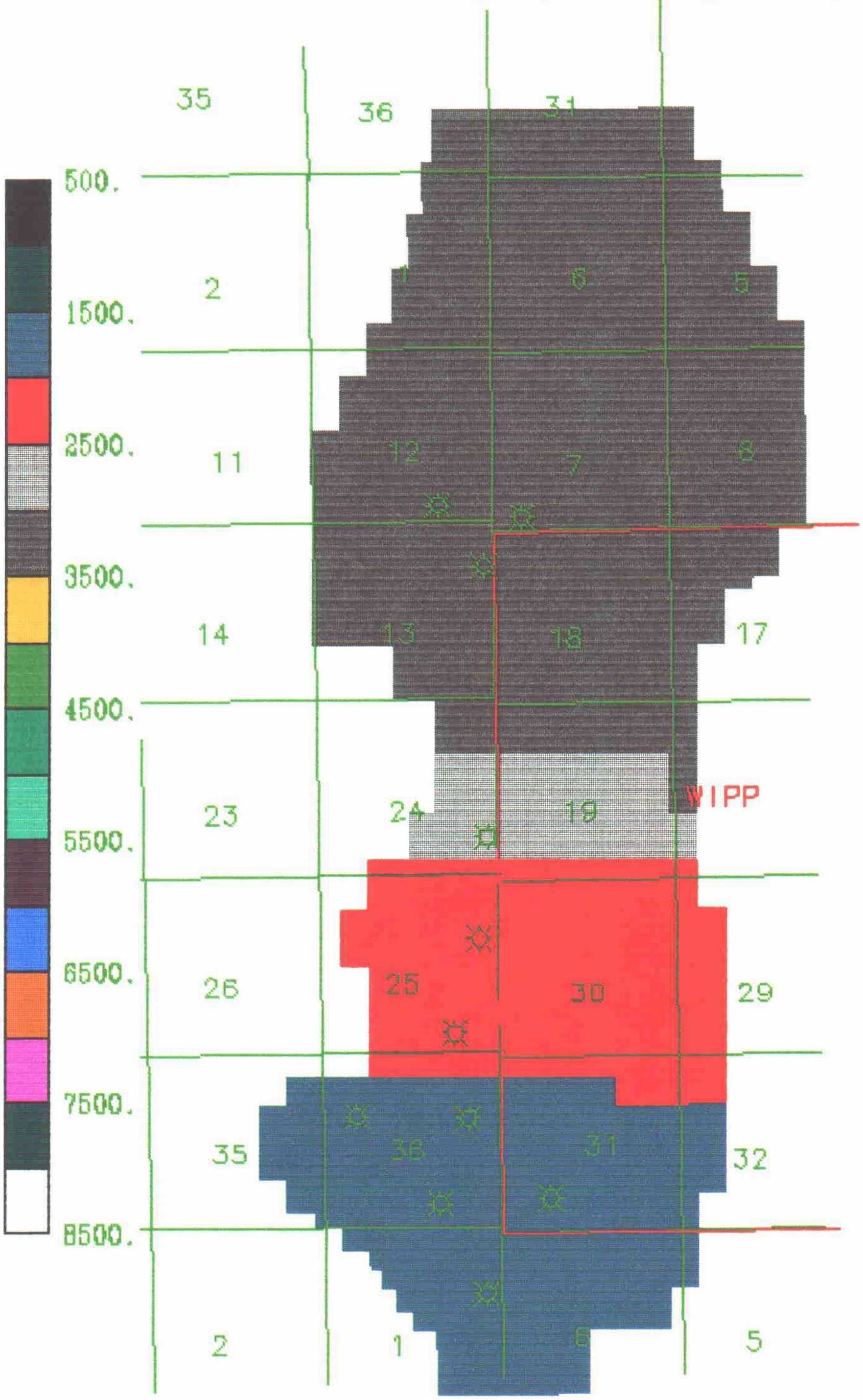


YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 13

R.S. Fant

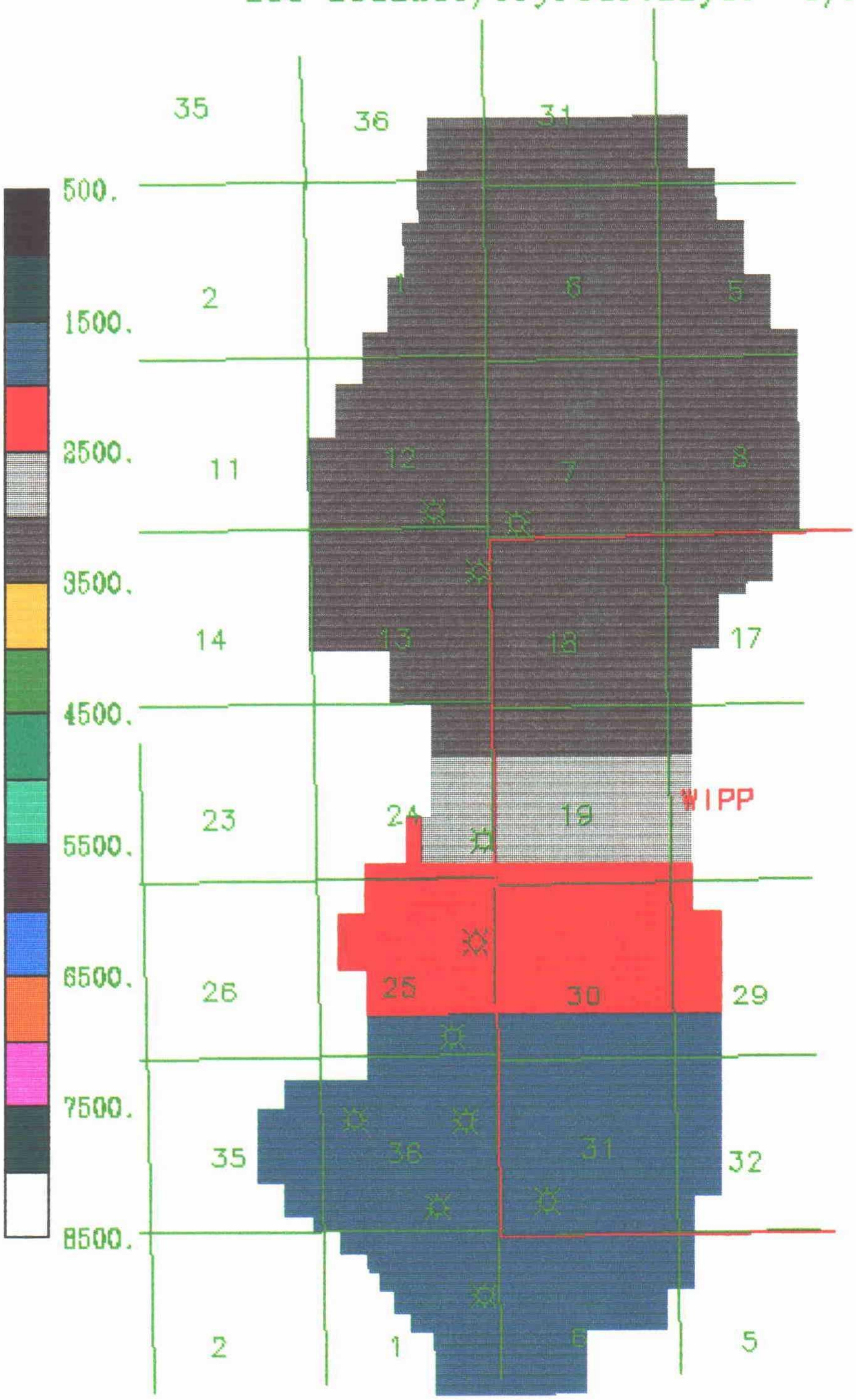
7/19/94

Los Medanos/TryFour:Layer 1/Pressure(PSIA)/10013.0 Days



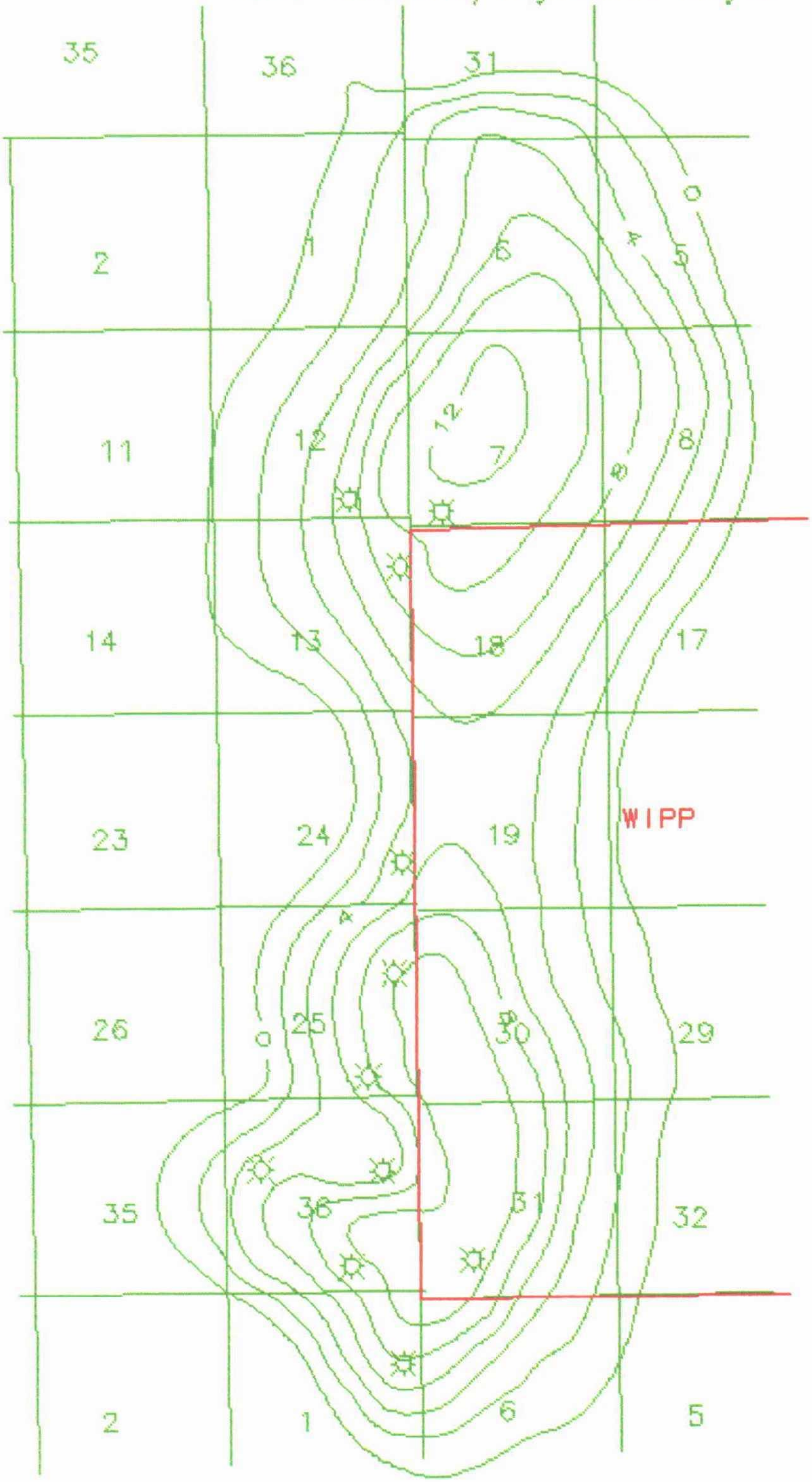
YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 14

Los Medanos/TryFour:Layer 1/Pressure(PSIA)/10166.0 Days



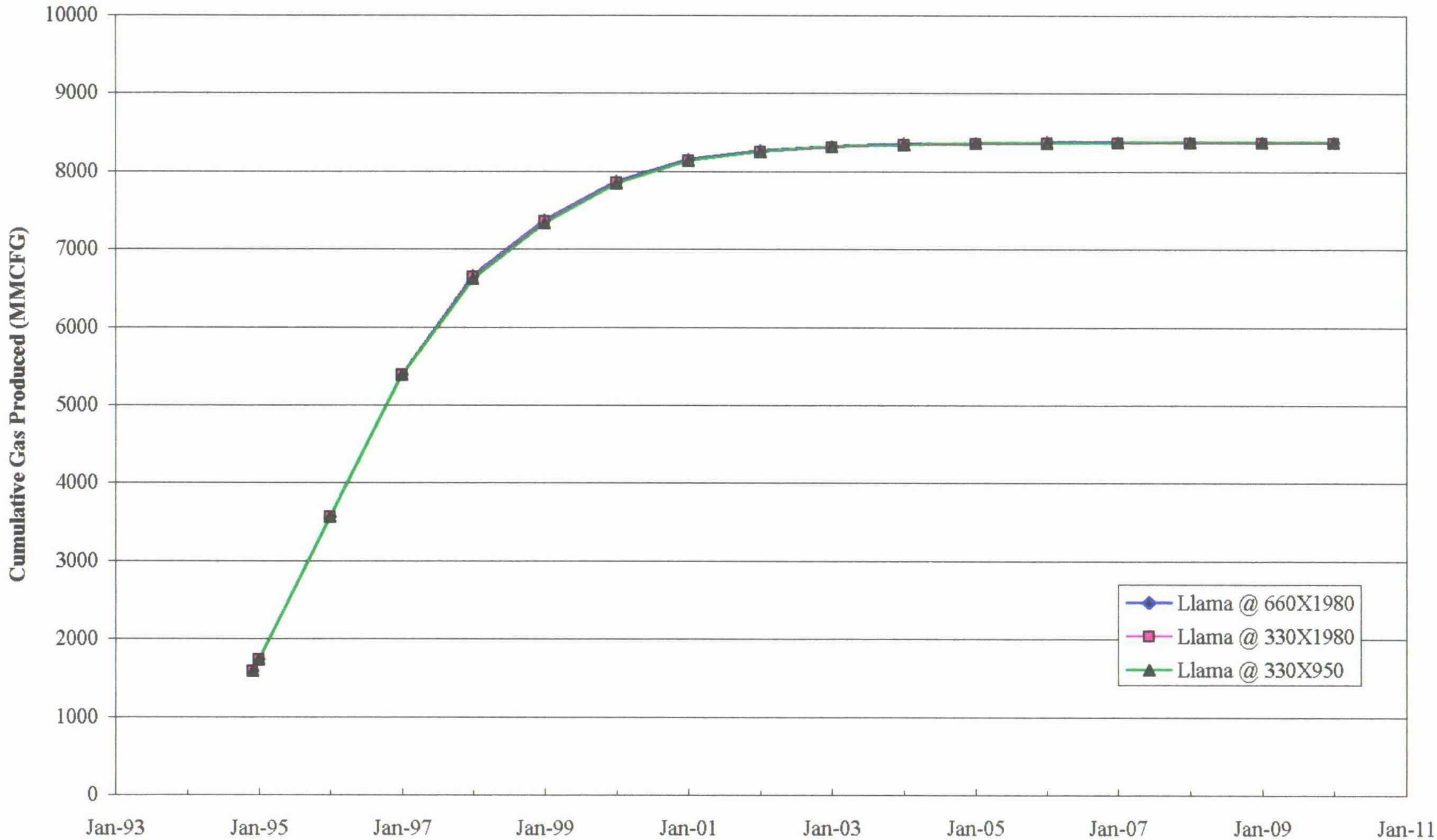
YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 15

Los Medanos/TryThree:Layer 1/Vertical Net Thkn(FT)



YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 16

Apache 13 Federal #1 Cumulative Production Predictions

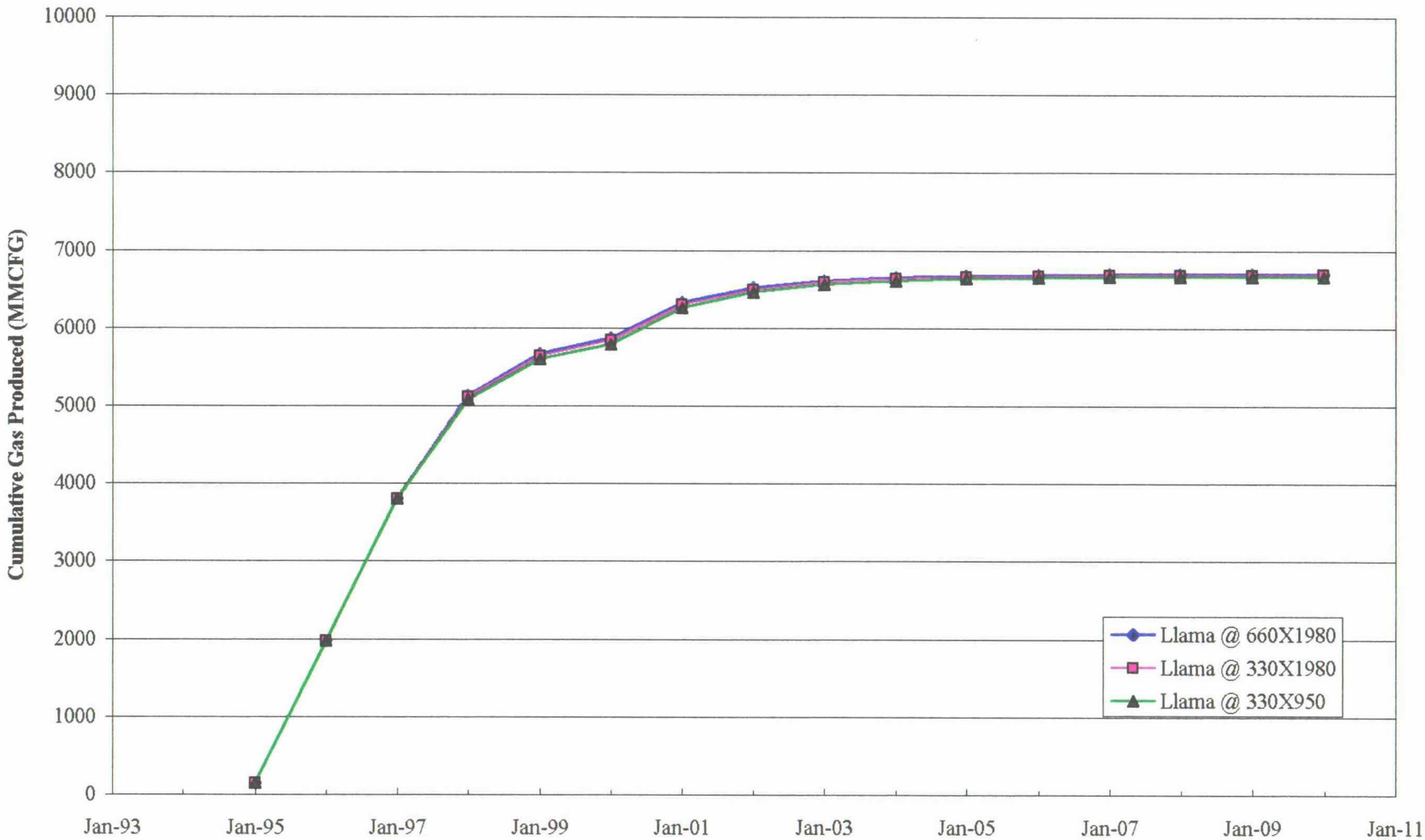


YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 17

Robert S. Fant

7/19/94

Llama #1 Cumulative Production Predictions



Robert S. Fant

YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 18

7/19/94

Field and Lease Gas-In-Place Volumes
(All Volumes are in BCFG)

No split off of S/2, S7

	Sections 6+7	Whole Sect.

	Fieldwide	Yates Leases	Section 13
OGIP	64.8	14.1	3.0
Gas-In-Place 11/1/1993	27.6	7.6	1.6
Gas-In-Place 12/1/1994	26.0	6.6	1.4
Ultimate Recovery	61.1	6.6	8.3
Ultimate Recovery with 50% Penalty on Llama 'ALL' Federal #1	61.1	3.7	9.9

YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 19

Yates Llama ALL Federal #1

Unit M 7-22S-31E

Summary of Economics for Vertical and Directional Well

	Rate of Return	Payout	Profit/Investment
I. Vertical Well No Penalty	99%	1.26 Yr.	1.70
II. Vertical Well 50% Penalty	24%	2.40 Yr.	0.44
III. Directional Well No Penalty	35%	2.14 Yr.	0.64

These are risk-weighted economics.

Reserves	Chance of Occurring Vertical	Direction Well
Dry	30%	35%
0.5 x Predicted	30%	30%
Predicted	35%	30%
1.5 x Predicted	5%	5%

YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 20

YATES PETROLEUM CORPORATION
105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

AUTHORITY FOR EXPENDITURE

NEW DRILLING & RECOMPLETION

AFE NO. 94-156-0
AFE DATE 6/1/94

AFE Type: [X] New Drilling [ ] Recompletion
Well Objective: [X] Oil [ ] Gas [ ] Injector
Well Type: [X] Development [ ] Exploratory
AFE STATUS: [X] Original [ ] Revised [ ] Final

LEASE NAME	LLAMA 'ALL' FED. #1 (DIRECTIONAL)	PROJ'D DEPTH	14,300' TVD
COUNTY	EDDY	STATE	NEW MEXICO
LEGAL DESC.	330' FSL & 950' FWL SURFACE LOCATION	LOCATION	SECTION 7-22S-31E
FIELD	660' FSL & 1980' FWL @ 13000' (ATOKA PAY)	HORIZON	MORROW

DIVISION CODE	100	DIVISION NAME	Oil & Gas Division
DISTRICT CODE		DISTRICT NAME	
BRANCH CODE		BRANCH NAME	

PROGNOSIS: DIRICTIONAL WELL, KOP @ 7000' TO BHL, ATOKA PAY @ 13000'

		DRY HOLE	COMP'D WELL
INTANGIBLE DRILLING COSTS:			
920-100	Staking, Permit & Legal Fees	1,900	1,900
920-110	Location, Right-of-Way	46,300	46,300
920-120	Drilling, Footage 7000' @ $ 20.75/FT	154,000	154,000
920-130	Drilling, Daywork 105 DAYS @ $5830/DAY	612,200	612,200
920-140	Drilling Water, Fasline Rental	50,000	50,000
920-150	Drilling Mud & Additives	130,000	130,000
920-160	Mud Logging Unit, Sample Bags	52,000	52,000
920-170	Cementing - Surface Casing	90,000	90,000
920-180	Drill Stem Testing, OHT	40,000	40,000
920-190	Electric Logs & Tape Copies	48,500	48,500
920-200	Tools & Equip. Rntl., Trkg. & Welding	380,000	380,000
920-210	Supervision & Overhead	85,000	85,000
920-220	Contingency	180,000	200,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	140,000	140,000
920-350	Cementing - Production Casing		40,000
920-410	Completion Unit - Swabbing		25,000
920-420	Water for Completion		10,000
920-430	Mud & Additives for Completion		600
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		10,000
920-460	Tools & Equip. Rental, Etc. - Completion		20,000
920-470	Stimulation for Completion		50,000
920-480	Supervision & O/H - Completion		5,300
920-490	Additional LOC Charges - Completion		2,000
920-510	Bits, Tools & Supplies - Completion		12,300
920-500	Contingency for Completion		
	TOTAL INTANGIBLE DRILLING COSTS	2,009,900	2,205,100
TANGIBLE EQUIPMENT COSTS:			
930-010	Christmas Tree & Wellhead	1,500	65,800
930-020	Casing 13-3/8" @ 500'	10,000	10,000
	9-5/8" @ 3800'	44,000	44,000
	7" @ 12600' MD	151,200	151,200
	4-1/2" liner @ 11,800'-14,300'		30,000
930-030	Tubing 2-7/8" & 2-3/8"		66,200
930-040	Packer & Special Equipment		15,000
940-010	Pumping Equipment		
940-020	Storage Facilities		37,000
940-030	Separation Equip., Flowlines, Misc.		25,300
940-040	Trucking & Construction Costs		32,500
	TOTAL TANGIBLE EQUIPMENT COSTS	206,700	477,000
TOTAL COSTS		2,216,600	2,682,100

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.

Prepared By: Al Springer | Operations Approval:

OWNER | SHARE

BY ______ DATE ______

BY ______ DATE ______

BY ______ DATE ______

Y ______ DATE ______

YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 21

form AFEND (rev 4/93)

YATES PETROLEUM CORPORATION
105 South Fourth Street
Artesia, New Mexico 88210
Telephone (505) 748-1471

*FINAL

THORITY FOR EXPENDITURE

NEW DRILLING & RECOMPLETION

AFE NO. 4 | 94-156-0
AFE DATE | 6/1/94

AFE Type: [X] New Drilling [ ] Recompletion
Well Objective: [X] Oil [ ] Gas [ ] Injector
Well Type: [X] Development [ ] Exploratory
AFE STATUS: [X] Original [ ] Revised [ ] Final

EASE NAME	LLAMA 'ALL' FED. #1	PROJ'D DEPTH	14,300'
COUNTY	EDDY	STATE	NEW MEXICO
EGAL DESC.	330' FSL & 950' FWL	LOCATION	SECTION 7-22S-31E
FIELD		HORIZON	MORROW

DIVISION CODE	100	DIVISION NAME	Oil & Gas Division
DISTRICT CODE		DISTRICT NAME	
BRANCH CODE		BRANCH NAME	

PROGNOSIS:

INTANGIBLE DRILLING COSTS:		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	1,900	1,900
920-110	Location, Right-of-Way	46,300	46,300
920-120	Drilling, Footage 14,300' @ $18.50/FT.	265,000	265,000
920-130	Drilling, Daywork 60 DAYS @ $5500/DAY	330,000	330,000
920-140	Drilling Water, Fasline Rental	44,400	44,400
920-150	Drilling Mud & Additives	107,500	107,500
920-160	Mud Logging Unit, Sample Bags	34,000	34,000
920-170	Cementing - Surface Casing	70,000	70,000
920-180	Drill Stem Testing, OHT	40,000	40,000
920-190	Electric Logs & Tape Copies	40,000	40,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	137,000	137,000
920-210	Supervision & Overhead	50,600	50,600
920-220	Contingency		
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase		70,000
920-350	Cementing - Production Casing		30,000
920-410	Completion Unit - Swabbing		25,000
920-420	Water for Completion		10,000
920-430	Mud & Additives for Completion		600
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		10,000
920-460	Tools & Equip. Rental, Etc. - Completion		20,000
920-470	Stimulation for Completion		50,000
920-480	Supervision & O/H - Completion		5,300
920-490	Additional LOC Charges - Completion		2,000
920-510	Bits, Tools & Supplies - Completion		12,300
920-500	Contingency for Completion		
	TOTAL INTANGIBLE DRILLING COSTS	1,166,700	1,401,900
TANGIBLE EQUIPMENT COSTS:			
930-010	Christmas Tree & Wellhead	1,500	65,800
930-020	Casing 13-3/8" @ 500'	10,000	10,000
	9-5/8" @ 3800'	44,000	44,000
	7-7/8" @ 11,300'	135,600	135,600
	4-1/2" liner @ 1,800'-14,300'		30,000
930-030	Tubing 2-7/8" & 2-3/8"		61,200
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		
940-020	Storage Facilities		37,000
940-030	Separation Equip., Flowlines, Misc.		25,300
940-040	Trucking & Construction Costs		32,500
	TOTAL TANGIBLE EQUIPMENT COSTS	191,100	441,400
TOTAL COSTS		1,357,800	1,843,300

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.

Prepared By	Al Springer	Operations Approval	

OWNER		SHARE
YATES PETROLEUM CORPORATION		70%
BY	DATE 6-16-94	
YATES DRILLING COMPANY		10%
BY	DATE 6-16-94	
ABO PETROLEUM CORPORATION		10%
BY John A. Yates	DATE 6-16-94	
MYCO INDUSTRIES, INC.		10%
	DATE 6-16-94	

form AFEND (rev 4/93)

LLAMA ALL FEDERAL 1
330 FS & 950 FW 7-22S-31E
LIVINGSTON RIDGE(LOS MEDANOS) ATOKA
EDDY COUNTY, NEW MEXICO

DATE: 07/20/94
TIME: 16:15:55
FILE: LLAMA
GET#: 4

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

AS OF DECEMBER 1, 1994

VERTICAL WELL
RES = 3.3 BCF

-END-	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES---		--------OPERATIONS, M$--------					25.00 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$
12-94	.000	77.500	.000	65.875	.00	1.75	115.281	12.473	4.000	1787.000	-1688.192	-1689.105
12-95	.000	912.500	.000	775.625	.00	1.75	1357.344	146.865	48.000	.000	1162.479	-666.389
12-96	.000	912.500	.000	775.625	.00	1.75	1357.344	146.865	48.000	.000	1162.479	151.784
12-97	.000	634.500	.000	539.325	.00	1.75	943.819	102.122	48.000	.000	793.697	598.678
12-98	.000	258.500	.000	219.725	.00	1.75	384.519	41.605	48.000	.000	294.914	731.520
12-99	.000	94.500	.000	80.325	.00	1.75	140.569	15.209	48.000	.000	77.360	759.397
12- 0	.000	237.000	.000	201.450	.00	1.75	352.538	38.144	60.000	100.000	154.394	800.571
12- 1	.000	102.000	.000	86.700	.00	1.75	151.725	16.416	60.000	.000	75.309	817.939
12- 2	.000	49.000	.000	41.650	.00	1.75	72.888	7.887	60.000	.000	5.001	818.862
S TOT	.000	3278.000	.000	2786.300	.00	1.75	4876.027	527.586	424.000	1887.000	2037.441	818.862
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	818.862
TOTAL	.000	3278.000	.000	2786.300	.00	1.75	4876.027	527.586	424.000	1887.000	2037.441	818.862

	OIL, MBBL	GAS, MMCF
CUM.	.000	.000
ULT.	.000	3278.000

NET OIL REVENUES (M$)	.000
NET GAS REVENUES (M$)	4876.027
TOTAL REVENUES (M$)	4876.027

BTAX RATE OF RETURN (PCT)	66.84	PROJECT LIFE (YEARS)	8.083
BTAX PAYOUT YEARS	1.62	DISCOUNT RATE (PCT)	25.000
BTAX PAYOUT YEARS (DISC)	1.94	GROSS OIL WELLS	.000
BTAX NET INCOME/INVEST	2.08	GROSS GAS WELLS	1.000
BTAX NET INCOME/INVEST (DISC)	1.45	GROSS WELLS	1.000
INITIAL W.I. FRACTION	1.000000	INITIAL NET OIL FRACTION	.000000
FINAL W.I. FRACTION	1.000000	FINAL NET OIL FRACTION	.000000
PRODUCTION START DATE	12- 1-94	INITIAL NET GAS FRACTION	.850000
MONTHS IN FIRST LINE	1.00	FINAL NET GAS FRACTION	.850000

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

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	2037.441	125.0	-495.789
5.0	1700.814	150.0	-614.006
10.0	1422.374	175.0	-705.547
15.0	1188.623	200.0	-778.629
20.0	989.838	250.0	-888.295
30.0	670.334	300.0	-966.995
40.0	425.189	350.0	-1026.505
50.0	231.373	400.0	-1073.276
75.0	-112.032	450.0	-1111.144
100.0	-336.980	500.0	-1142.527

Vertical Well - No Penalty

Reserves = 3.3 Bcf

0.5 x Predicted

YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 22

LLAMA ALL FEDERAL 1
330 FS & 950 FW 7-22S-31E
LIVINGSTON RIDGE(LOS MEDANOS) ATOKA
EDDY COUNTY, NEW MEXICO

DATE: 07/19/94
TIME: 17:52:08
FILE: LLAMA
GET#: 2

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

AS OF DECEMBER 1, 1994

VERTICAL WELL
RES = 6.6 BCF

	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES---		--------OPERATIONS, M$--------					25.00 PCT
-END- 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$
12-94	.000	155.000	.000	131.750	.00	1.75	230.563	24.947	4.000	1787.000	-1585.384	-1587.247
12-95	.000	1825.000	.000	1551.250	.00	1.75	2714.688	293.729	48.000	.000	2372.959	500.414
12-96	.000	1825.000	.000	1551.250	.00	1.75	2714.688	293.729	48.000	.000	2372.959	2170.543
12-97	.000	1269.000	.000	1078.650	.00	1.75	1887.638	204.242	48.000	.000	1635.396	3091.359
12-98	.000	517.000	.000	439.450	.00	1.75	769.038	83.210	48.000	.000	637.828	3378.664
12-99	.000	189.000	.000	160.650	.00	1.75	281.138	30.419	48.000	.000	202.719	3451.715
12- 0	.000	474.000	.000	402.900	.00	1.75	705.075	76.289	60.000	100.000	468.786	3583.523
12- 1	.000	204.000	.000	173.400	.00	1.75	303.450	32.834	60.000	.000	210.616	3632.097
12- 2	.000	98.000	.000	83.300	.00	1.75	145.775	15.773	60.000	.000	70.002	3645.012
12- 3	.000	50.000	.000	42.500	.00	1.75	74.375	8.048	60.000	.000	6.327	3645.946
S TOT	.000	6606.000	.000	5615.100	.00	1.75	9826.428	1063.220	484.000	1887.000	6392.208	3645.946
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	3645.946
TOTAL	.000	6606.000	.000	5615.100	.00	1.75	9826.428	1063.220	484.000	1887.000	6392.208	3645.946

CUM.	.000	.000
ULT.	.000	6606.000

NET OIL REVENUES (M$)	.000
NET GAS REVENUES (M$)	9826.428
TOTAL REVENUES (M$)	9826.428

BTAX RATE OF RETURN (PCT)	265.17	PROJECT LIFE (YEARS)	9.083
BTAX PAYOUT YEARS	.79	DISCOUNT RATE (PCT)	25.000
BTAX PAYOUT YEARS (DISC)	.86	GROSS OIL WELLS	.000
BTAX NET INCOME/INVEST	4.39	GROSS GAS WELLS	1.000
BTAX NET INCOME/INVEST (DISC)	3.00	GROSS WELLS	1.000
INITIAL W.I. FRACTION	1.000000	INITIAL NET OIL FRACTION	.000000
FINAL W.I. FRACTION	1.000000	FINAL NET OIL FRACTION	.000000
PRODUCTION START DATE	12- 1-94	INITIAL NET GAS FRACTION	.850000
MONTHS IN FIRST LINE	1.00	FINAL NET GAS FRACTION	.850000

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

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	6392.208	125.0	856.376
5.0	5617.588	150.0	612.412
10.0	4985.965	175.0	423.997
15.0	4462.219	200.0	273.844
20.0	4021.523	250.0	48.913
30.0	3322.259	300.0	-112.271
40.0	2793.166	350.0	-234.044
50.0	2379.241	400.0	-329.699
75.0	1654.665	450.0	-407.112
100.0	1185.450	500.0	-471.254

Vertical Well - No Penalty

Reserves = 6.6 Bcf

Predicted

LLAMA ALL FEDERAL 1
330 FS & 950 FW 7-22S-31E
LIVINGSTON RIDGE(LOS MEDANOS) ATOKA
EDDY COUNTY, NEW MEXICO

DATE: 07/20/94
TIME: 08:21:07
FILE: LLAMA
GET#: 3

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

AS OF DECEMBER 1, 1994

VERTICAL WELL
RES = 9.9 BCF

-END- MO-YR	GROSS PRODUCTION OIL, MBBL	GROSS PRODUCTION GAS, MMCF	NET PRODUCTION OIL, MBBL	NET PRODUCTION GAS, MMCF	PRICES OIL $/B	PRICES GAS $/M	OPERATIONS, M$ NET OPER REVENUES	OPERATIONS, M$ SEV+ADV TAXES	OPERATIONS, M$ NET OPER EXPENSES	CAPITAL COSTS, M$	CASH FLOW BTAX, M$	25.00 PCT CUM. DISC BTAX, M$
12-94	.000	155.000	.000	131.750	.00	1.75	230.563	24.947	4.000	1787.000	-1585.384	-1587.247
12-95	.000	1825.000	.000	1551.250	.00	1.75	2714.688	293.729	48.000	.000	2372.959	500.414
12-96	.000	1825.000	.000	1551.250	.00	1.75	2714.688	293.729	48.000	.000	2372.959	2170.543
12-97	.000	1825.000	.000	1551.250	.00	1.75	2714.688	293.729	48.000	.000	2372.959	3506.646
12-98	.000	1475.000	.000	1253.750	.00	1.75	2194.063	237.398	48.000	.000	1908.665	4366.391
12-99	.000	1269.000	.000	1078.650	.00	1.75	1887.638	204.242	48.000	.000	1635.396	4955.713
12- 0	.000	517.000	.000	439.450	.00	1.75	769.038	83.210	48.000	.000	637.828	5139.588
12- 1	.000	189.000	.000	160.650	.00	1.75	281.138	30.419	48.000	.000	202.719	5186.340
12- 2	.000	474.000	.000	402.900	.00	1.75	705.075	76.289	60.000	100.000	468.786	5270.697
12- 3	.000	204.000	.000	173.400	.00	1.75	303.450	32.834	60.000	.000	210.616	5301.784
12- 4	.000	98.000	.000	83.300	.00	1.75	145.775	15.773	60.000	.000	70.002	5310.050
12- 5	.000	50.000	.000	42.500	.00	1.75	74.375	8.048	60.000	.000	6.327	5310.648
S TOT	.000	9906.000	.000	8420.100	.00	1.75	14735.179	1594.347	580.000	1887.000	10673.832	5310.648
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	5310.648
TOTAL	.000	9906.000	.000	8420.100	.00	1.75	14735.179	1594.347	580.000	1887.000	10673.832	5310.648

CUM.	.000	.000
ULT.	.000	9906.000

NET OIL REVENUES (M$)	.000
NET GAS REVENUES (M$)	14735.179
TOTAL REVENUES (M$)	14735.179

BTAX RATE OF RETURN (PCT)	278.17
BTAX PAYOUT YEARS	.79
BTAX PAYOUT YEARS (DISC)	.85
BTAX NET INCOME/INVEST	6.66
BTAX NET INCOME/INVEST (DISC)	3.94
INITIAL W.I. FRACTION	1.000000
FINAL W.I. FRACTION	1.000000
PRODUCTION START DATE	12- 1-94
MONTHS IN FIRST LINE	1.00

PROJECT LIFE (YEARS)	11.083
DISCOUNT RATE (PCT)	25.000
GROSS OIL WELLS	.000
GROSS GAS WELLS	1.000
GROSS WELLS	1.000
INITIAL NET OIL FRACTION	.000000
FINAL NET OIL FRACTION	.000000
INITIAL NET GAS FRACTION	.850000
FINAL NET GAS FRACTION	.850000

PRESENT WORTH PROFILE

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	10673.832	125.0	1060.251
5.0	9061.393	150.0	757.392
10.0	7802.076	175.0	531.239
15.0	6797.970	200.0	355.711
20.0	5982.835	250.0	100.236
30.0	4748.665	300.0	-77.655
40.0	3866.252	350.0	-209.404
50.0	3208.791	400.0	-311.420
75.0	2131.768	450.0	-393.103
100.0	1487.010	500.0	-460.232

Vertical Well - No Penalty

Reserves = 9.9 Bcf

1.5 x Predicted

LLAMA ALL FEDERAL 1
330 FS & 950 FW 7-22S-31E
LIVINGSTON RIDGE(LOS MEDANOS) ATOKA
EDDY COUNTY, NEW MEXICO

DATE: 07/20/94
TIME: 08:44:01
FILE: LLAMA
GET#: 6

RESERVES AND ECONOMICS

LOW RECOVERY CASE
50 % PENALTY

AS OF DECEMBER 1, 1994

VERTICAL WELL
RES = 1.8 BCF

-END-	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES---		--------OPERATIONS, M$--------					25.00 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$
12-94	.000	43.400	.000	36.890	.00	1.75	64.558	6.985	4.000	1787.000	-1733.427	-1733.922
12-95	.000	511.000	.000	434.350	.00	1.75	760.113	82.244	48.000	.000	629.869	-1179.781
12-96	.000	511.000	.000	434.350	.00	1.75	760.113	82.244	48.000	.000	629.869	-736.468
12-97	.000	355.320	.000	302.022	.00	1.75	528.539	57.188	48.000	.000	423.351	-498.099
12-98	.000	144.760	.000	123.046	.00	1.75	215.331	23.299	48.000	.000	144.032	-433.221
12-99	.000	52.920	.000	44.982	.00	1.75	78.719	8.518	48.000	.000	22.201	-425.221
12- 0	.000	132.720	.000	112.812	.00	1.75	197.421	21.361	60.000	100.000	16.060	-423.927
12- 1	.000	57.120	.000	48.552	.00	1.75	84.966	9.193	60.000	.000	15.773	-420.289
S TOT	.000	1808.240	.000	1537.004	.00	1.75	2689.760	291.032	364.000	1887.000	147.728	-420.289
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	-420.289
TOTAL	.000	1808.240	.000	1537.004	.00	1.75	2689.760	291.032	364.000	1887.000	147.728	-420.289
CUM.	.000	.000										
ULT.	.000	1808.240										

NET OIL REVENUES (M$)	.000
NET GAS REVENUES (M$)	2689.760
TOTAL REVENUES (M$)	2689.760

BTAX RATE OF RETURN (PCT)	4.85
BTAX PAYOUT YEARS	4.37
BTAX PAYOUT YEARS (DISC)	7.08
BTAX NET INCOME/INVEST	1.08
BTAX NET INCOME/INVEST (DISC)	.77
INITIAL W.I. FRACTION	1.000000
FINAL W.I. FRACTION	1.000000
PRODUCTION START DATE	12- 1-94
MONTHS IN FIRST LINE	1.00

PROJECT LIFE (YEARS)	7.083
DISCOUNT RATE (PCT)	25.000
GROSS OIL WELLS	.000
GROSS GAS WELLS	1.000
GROSS WELLS	1.000
INITIAL NET OIL FRACTION	.000000
FINAL NET OIL FRACTION	.000000
INITIAL NET GAS FRACTION	.850000
FINAL NET GAS FRACTION	.850000

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

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	147.728	125.0	-1090.685
5.0	-4.431	150.0	-1153.603
10.0	-132.915	175.0	-1202.532
15.0	-242.733	200.0	-1241.710
20.0	-337.590	250.0	-1300.663
30.0	-492.982	300.0	-1343.071
40.0	-614.715	350.0	-1375.186
50.0	-712.505	400.0	-1400.450
75.0	-889.007	450.0	-1420.916
100.0	-1006.714	500.0	-1437.887

Vertical Well - 50% Penalty

Reserves = 1.8 Bcf

0.5 x Predicted

LLAMA ALL FEDERAL 1
330 FS & 950 FW 7-22S-31E
LIVINGSTON RIDGE(LOS MEDANOS) ATOKA
EDDY COUNTY, NEW MEXICO

DATE: 07/20/94
TIME: 08:44:01
FILE: LLAMA
GET#: 5

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

BASE CASE
50 % PENALTY

AS OF DECEMBER 1, 1994

VERTICAL WELL
RES = 3.7 BCF

-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$	25.00 PCT CUM. DISC BTAX, M$
12-94	.000	86.800	.000	73.780	.00	1.75	129.115	13.970	4.000	1787.000	-1675.855	-1676.882
12-95	.000	1022.000	.000	868.700	.00	1.75	1520.225	164.488	48.000	.000	1307.737	-526.372
12-96	.000	1022.000	.000	868.700	.00	1.75	1520.225	164.488	48.000	.000	1307.737	394.036
12-97	.000	710.640	.000	604.044	.00	1.75	1057.077	114.376	48.000	.000	894.701	897.801
12-98	.000	289.520	.000	246.092	.00	1.75	430.661	46.597	48.000	.000	336.064	1049.179
12-99	.000	105.840	.000	89.964	.00	1.75	157.437	17.034	48.000	.000	92.403	1082.477
12- 0	.000	265.440	.000	225.624	.00	1.75	394.842	42.722	60.000	100.000	192.120	1134.526
12- 1	.000	114.240	.000	97.104	.00	1.75	169.932	18.387	60.000	.000	91.545	1155.639
12- 2	.000	54.880	.000	46.648	.00	1.75	81.634	8.833	60.000	.000	12.801	1158.001
S TOT	.000	3671.360	.000	3120.656	.00	1.75	5461.148	590.895	424.000	1887.000	2559.253	1158.001
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	1158.001
TOTAL	.000	3671.360	.000	3120.656	.00	1.75	5461.148	590.895	424.000	1887.000	2559.253	1158.001
CUM.	.000	.000										
ULT.	.000	3671.360										

NET OIL REVENUES (M$)	.000
NET GAS REVENUES (M$)	5461.148
TOTAL REVENUES (M$)	5461.148

BTAX RATE OF RETURN (PCT)	84.83	PROJECT LIFE (YEARS)	8.083
BTAX PAYOUT YEARS	1.44	DISCOUNT RATE (PCT)	25.000
BTAX PAYOUT YEARS (DISC)	1.69	GROSS OIL WELLS	.000
BTAX NET INCOME/INVEST	2.36	GROSS GAS WELLS	1.000
BTAX NET INCOME/INVEST (DISC)	1.64	GROSS WELLS	1.000
INITIAL W.I. FRACTION	1.000000	INITIAL NET OIL FRACTION	.000000
FINAL W.I. FRACTION	1.000000	FINAL NET OIL FRACTION	.000000
PRODUCTION START DATE	12- 1-94	INITIAL NET GAS FRACTION	.850000
MONTHS IN FIRST LINE	1.00	FINAL NET GAS FRACTION	.850000

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

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	2559.253	125.0	-333.529
5.0	2170.325	150.0	-466.835
10.0	1849.671	175.0	-570.001
15.0	1581.225	200.0	-652.332
20.0	1353.481	250.0	-775.830
30.0	988.485	300.0	-864.428
40.0	709.303	350.0	-931.410
50.0	489.093	400.0	-984.047
75.0	99.967	450.0	-1026.661
100.0	-154.289	500.0	-1061.974

Vertical Well - 50% Penalty

Reserves = 3.7 Bcf

Predicted

LLAMA ALL FEDERAL 1
330 FS & 950 FW 7-22S-31E
LIVINGSTON RIDGE(LOS MEDANOS) ATOKA
EDDY COUNTY, NEW MEXICO

DATE: 07/20/94
TIME: 16:03:35
FILE: LLAMA
GET#: 7

RESERVES AND ECONOMICS

HIGH RECOVERY CASE
50 % PENALTY

AS OF DECEMBER 1, 1994

VERTICAL WELL
RES = 5.5 BCF

-END- MO-YR	GROSS PRODUCTION OIL, MBBL	GROSS PRODUCTION GAS, MMCF	NET PRODUCTION OIL, MBBL	NET PRODUCTION GAS, MMCF	PRICES OIL $/B	PRICES GAS $/M	OPERATIONS, M$ NET OPER REVENUES	OPERATIONS, M$ SEV+ADV TAXES	OPERATIONS, M$ NET OPER EXPENSES	CAPITAL COSTS, M$	CASH FLOW BTAX, M$	25.00 PCT CUM. DISC BTAX, M$
12-94	.000	86.800	.000	73.780	.00	1.75	129.115	13.970	4.000	1787.000	-1675.855	-1676.882
12-95	.000	1022.000	.000	868.700	.00	1.75	1520.225	164.488	48.000	.000	1307.737	-526.372
12-96	.000	1022.000	.000	868.700	.00	1.75	1520.225	164.488	48.000	.000	1307.737	394.036
12-97	.000	1022.000	.000	868.700	.00	1.75	1520.225	164.488	48.000	.000	1307.737	1130.362
12-98	.000	826.000	.000	702.100	.00	1.75	1228.675	132.943	48.000	.000	1047.732	1602.305
12-99	.000	710.640	.000	604.044	.00	1.75	1057.077	114.376	48.000	.000	894.701	1924.714
12- 0	.000	289.520	.000	246.092	.00	1.75	430.661	46.597	48.000	.000	336.064	2021.596
12- 1	.000	105.840	.000	89.964	.00	1.75	157.437	17.034	48.000	.000	92.403	2042.907
12- 2	.000	265.440	.000	225.624	.00	1.75	394.842	42.722	60.000	100.000	192.120	2076.219
12- 3	.000	114.240	.000	97.104	.00	1.75	169.932	18.387	60.000	.000	91.545	2089.731
12- 4	.000	54.880	.000	46.648	.00	1.75	81.634	8.833	60.000	.000	12.801	2091.243
S TOT	.000	5519.360	.000	4691.456	.00	1.75	8210.048	888.326	520.000	1887.000	4914.722	2091.243
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	2091.243
TOTAL	.000	5519.360	.000	4691.456	.00	1.75	8210.048	888.326	520.000	1887.000	4914.722	2091.243
CUM.	.000	.000										
ULT.	.000	5519.360										

NET OIL REVENUES (M$)	.000
NET GAS REVENUES (M$)	8210.048
TOTAL REVENUES (M$)	8210.048

BTAX RATE OF RETURN (PCT)	101.67	PROJECT LIFE (YEARS)	10.083
BTAX PAYOUT YEARS	1.44	DISCOUNT RATE (PCT)	25.000
BTAX PAYOUT YEARS (DISC)	1.68	GROSS OIL WELLS	.000
BTAX NET INCOME/INVEST	3.60	GROSS GAS WELLS	1.000
BTAX NET INCOME/INVEST (DISC)	2.16	GROSS WELLS	1.000
INITIAL W.I. FRACTION	1.000000	INITIAL NET OIL FRACTION	.000000
FINAL W.I. FRACTION	1.000000	FINAL NET OIL FRACTION	.000000
PRODUCTION START DATE	12- 1-94	INITIAL NET GAS FRACTION	.850000
MONTHS IN FIRST LINE	1.00	FINAL NET GAS FRACTION	.850000

PRESENT WORTH PROFILE

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	4914.722	125.0	-218.736
5.0	4076.208	150.0	-385.261
10.0	3415.342	175.0	-509.700
15.0	2884.425	200.0	-606.327
20.0	2450.731	250.0	-747.014
30.0	1789.395	300.0	-845.003
40.0	1313.083	350.0	-917.589
50.0	956.373	400.0	-973.798
75.0	368.914	450.0	-1018.808
100.0	15.628	500.0	-1055.797

Vertical Well - 50% Penalty

Reserves = 5.5 Bcf

1.5 x Predicted

LLAMA ALL FEDERAL 1
330 FS & 950 FW 7-22S-31E
LIVINGSTON RIDGE(LOS MEDANOS) ATOKA
EDDY COUNTY, NEW MEXICO

DATE: 07/20/94
TIME: 09:04:26
FILE: LLAMA
GET#: 9

RESERVES AND ECONOMICS

AS OF DECEMBER 1, 1994

DIRECTIONAL WELL
RES = 3.3 BCF

-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$	25.00 PCT CUM. DISC BTAX, M$
12-94	.000	77.500	.000	65.875	.00	1.75	115.281	12.473	4.000	2652.000	-2553.192	-2554.105
12-95	.000	912.500	.000	775.625	.00	1.75	1357.344	146.865	48.000	.000	1162.479	-1531.389
12-96	.000	912.500	.000	775.625	.00	1.75	1357.344	146.865	48.000	.000	1162.479	-713.216
12-97	.000	634.500	.000	539.325	.00	1.75	943.819	102.122	48.000	.000	793.697	-266.322
12-98	.000	258.500	.000	219.725	.00	1.75	384.519	41.605	48.000	.000	294.914	-133.480
12-99	.000	94.500	.000	80.325	.00	1.75	140.569	15.209	48.000	.000	77.360	-105.603
12- 0	.000	237.000	.000	201.450	.00	1.75	352.538	38.144	60.000	100.000	154.394	-64.429
12- 1	.000	102.000	.000	86.700	.00	1.75	151.725	16.416	60.000	.000	75.309	-47.061
12- 2	.000	49.000	.000	41.650	.00	1.75	72.888	7.887	60.000	.000	5.001	-46.138
S TOT	.000	3278.000	.000	2786.300	.00	1.75	4876.027	527.586	424.000	2752.000	1172.441	-46.138
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	-46.138
TOTAL	.000	3278.000	.000	2786.300	.00	1.75	4876.027	527.586	424.000	2752.000	1172.441	-46.138
CUM.	.000	.000										
ULT.	.000	3278.000										

NET OIL REVENUES (M$)	.000
NET GAS REVENUES (M$)	4876.027
TOTAL REVENUES (M$)	4876.027

BTAX RATE OF RETURN (PCT)	23.91	PROJECT LIFE (YEARS)	8.083
BTAX PAYOUT YEARS	2.50	DISCOUNT RATE (PCT)	25.000
BTAX PAYOUT YEARS (DISC)	8.08	GROSS OIL WELLS	.000
BTAX NET INCOME/INVEST	1.43	GROSS GAS WELLS	1.000
BTAX NET INCOME/INVEST (DISC)	.98	GROSS WELLS	1.000
INITIAL W.I. FRACTION	1.000000	INITIAL NET OIL FRACTION	.000000
FINAL W.I. FRACTION	1.000000	FINAL NET OIL FRACTION	.000000
PRODUCTION START DATE	12- 1-94	INITIAL NET GAS FRACTION	.850000
MONTHS IN FIRST LINE	1.00	FINAL NET GAS FRACTION	.850000

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

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	1172.441	125.0	-1360.789
5.0	835.814	150.0	-1479.006
10.0	557.374	175.0	-1570.547
15.0	323.623	200.0	-1643.629
20.0	124.838	250.0	-1753.295
30.0	-194.666	300.0	-1831.995
40.0	-439.811	350.0	-1891.505
50.0	-633.627	400.0	-1938.276
75.0	-977.032	450.0	-1976.144
100.0	-1201.980	500.0	-2007.527

Directional Well

Reserves = 3.3 Bcf

0.5 x Predicted

LLAMA ALL FEDERAL 1
330 FS & 950 FW 7-22S-31E
LIVINGSTON RIDGE(LOS MEDANOS) ATOKA
EDDY COUNTY, NEW MEXICO

DATE: 07/20/94
TIME: 09:04:26
FILE: LLAMA
GET#: 8

RESERVES AND ECONOMICS

AS OF DECEMBER 1, 1994

DIRECTIONAL WELL
RES = 6.6 BCF

-END- MO-YR	GROSS PRODUCTION OIL, MBBL	GROSS PRODUCTION GAS, MMCF	NET PRODUCTION OIL, MBBL	NET PRODUCTION GAS, MMCF	PRICES OIL $/B	PRICES GAS $/M	OPERATIONS, M$ NET OPER REVENUES	OPERATIONS, M$ SEV+ADV TAXES	OPERATIONS, M$ NET OPER EXPENSES	CAPITAL COSTS, M$	CASH FLOW BTAX, M$	25.00 PCT CUM. DISC BTAX, M$
12-94	.000	155.000	.000	131.750	.00	1.75	230.563	24.947	4.000	2682.000	-2480.384	-2482.247
12-95	.000	1825.000	.000	1551.250	.00	1.75	2714.688	293.729	48.000	.000	2372.959	-394.586
12-96	.000	1825.000	.000	1551.250	.00	1.75	2714.688	293.729	48.000	.000	2372.959	1275.543
12-97	.000	1269.000	.000	1078.650	.00	1.75	1887.638	204.242	48.000	.000	1635.396	2196.359
12-98	.000	517.000	.000	439.450	.00	1.75	769.038	83.210	48.000	.000	637.828	2483.664
12-99	.000	189.000	.000	160.650	.00	1.75	281.138	30.419	48.000	.000	202.719	2556.715
12- 0	.000	474.000	.000	402.900	.00	1.75	705.075	76.289	60.000	100.000	468.786	2688.523
12- 1	.000	204.000	.000	173.400	.00	1.75	303.450	32.834	60.000	.000	210.616	2737.097
12- 2	.000	98.000	.000	83.300	.00	1.75	145.775	15.773	60.000	.000	70.002	2750.012
12- 3	.000	50.000	.000	42.500	.00	1.75	74.375	8.048	60.000	.000	6.327	2750.946
S TOT	.000	6606.000	.000	5615.100	.00	1.75	9826.428	1063.220	484.000	2782.000	5497.208	2750.946
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	2750.946
TOTAL	.000	6606.000	.000	5615.100	.00	1.75	9826.428	1063.220	484.000	2782.000	5497.208	2750.946

CUM.	.000	.000
ULT.	.000	6606.000

NET OIL REVENUES (M$)	.000
NET GAS REVENUES (M$)	9826.428
TOTAL REVENUES (M$)	9826.428

BTAX RATE OF RETURN (PCT)	122.07
BTAX PAYOUT YEARS	1.17
BTAX PAYOUT YEARS (DISC)	1.34
BTAX NET INCOME/INVEST	2.98
BTAX NET INCOME/INVEST (DISC)	2.01
INITIAL W.I. FRACTION	1.000000
FINAL W.I. FRACTION	1.000000
PRODUCTION START DATE	12- 1-94
MONTHS IN FIRST LINE	1.00

PROJECT LIFE (YEARS)	9.083
DISCOUNT RATE (PCT)	25.000
GROSS OIL WELLS	.000
GROSS GAS WELLS	1.000
GROSS WELLS	1.000
INITIAL NET OIL FRACTION	.000000
FINAL NET OIL FRACTION	.000000
INITIAL NET GAS FRACTION	.850000
FINAL NET GAS FRACTION	.850000

PRESENT WORTH PROFILE

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	5497.208	125.0	-38.624
5.0	4722.588	150.0	-282.588
10.0	4090.965	175.0	-471.003
15.0	3567.219	200.0	-621.156
20.0	3126.523	250.0	-846.087
30.0	2427.259	300.0	-1007.271
40.0	1898.166	350.0	-1129.044
50.0	1484.241	400.0	-1224.699
75.0	759.665	450.0	-1302.112
100.0	290.450	500.0	-1366.254

Directional Well

Reserves = 6.6 Bcf

Predicted

LLAMA ALL FEDERAL 1
330 FS & 950 FW 7-22S-31E
LIVINGSTON RIDGE(LOS MEDANOS) ATOKA
EDDY COUNTY, NEW MEXICO

DATE: 07/20/94
TIME: 09:04:26
FILE: LLAMA
GET#: 10

RESERVES AND ECONOMICS

AS OF DECEMBER 1, 1994

DIRECTIONAL WELL
RES = 9.9 BCF

-END-	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES---		--------OPERATIONS, M$--------					25.00 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$
12-94	.000	155.000	.000	131.750	.00	1.75	230.563	24.947	4.000	2652.000	-2450.384	-2452.247
12-95	.000	1825.000	.000	1551.250	.00	1.75	2714.688	293.729	48.000	.000	2372.959	-364.586
12-96	.000	1825.000	.000	1551.250	.00	1.75	2714.688	293.729	48.000	.000	2372.959	1305.543
12-97	.000	1825.000	.000	1551.250	.00	1.75	2714.688	293.729	48.000	.000	2372.959	2641.646
12-98	.000	1475.000	.000	1253.750	.00	1.75	2194.063	237.398	48.000	.000	1908.665	3501.391
12-99	.000	1269.000	.000	1078.650	.00	1.75	1887.638	204.242	48.000	.000	1635.396	4090.713
12- 0	.000	517.000	.000	439.450	.00	1.75	769.038	83.210	48.000	.000	637.828	4274.588
12- 1	.000	189.000	.000	160.650	.00	1.75	281.138	30.419	48.000	.000	202.719	4321.340
12- 2	.000	474.000	.000	402.900	.00	1.75	705.075	76.289	60.000	100.000	468.786	4405.697
12- 3	.000	204.000	.000	173.400	.00	1.75	303.450	32.834	60.000	.000	210.616	4436.784
12- 4	.000	98.000	.000	83.300	.00	1.75	145.775	15.773	60.000	.000	70.002	4445.050
12- 5	.000	50.000	.000	42.500	.00	1.75	74.375	8.048	60.000	.000	6.327	4445.648
S TOT	.000	9906.000	.000	8420.100	.00	1.75	14735.179	1594.347	580.000	2752.000	9808.832	4445.648
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	4445.648
TOTAL	.000	9906.000	.000	8420.100	.00	1.75	14735.179	1594.347	580.000	2752.000	9808.832	4445.648

CUM.	.000	.000
ULT.	.000	9906.000

NET OIL REVENUES (M$)	.000
NET GAS REVENUES (M$)	14735.179
TOTAL REVENUES (M$)	14735.179

BTAX RATE OF RETURN (PCT)	141.12	PROJECT LIFE (YEARS)	11.083
BTAX PAYOUT YEARS	1.16	DISCOUNT RATE (PCT)	25.000
BTAX PAYOUT YEARS (DISC)	1.31	GROSS OIL WELLS	.000
BTAX NET INCOME/INVEST	4.56	GROSS GAS WELLS	1.000
BTAX NET INCOME/INVEST (DISC)	2.66	GROSS WELLS	1.000
INITIAL W.I. FRACTION	1.000000	INITIAL NET OIL FRACTION	.000000
FINAL W.I. FRACTION	1.000000	FINAL NET OIL FRACTION	.000000
PRODUCTION START DATE	12- 1-94	INITIAL NET GAS FRACTION	.850000
MONTHS IN FIRST LINE	1.00	FINAL NET GAS FRACTION	.850000

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

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	9808.832	125.0	195.251
5.0	8196.393	150.0	-107.608
10.0	6937.076	175.0	-333.761
15.0	5932.970	200.0	-509.289
20.0	5117.835	250.0	-764.764
30.0	3883.665	300.0	-942.655
40.0	3001.252	350.0	-1074.404
50.0	2343.791	400.0	-1176.420
75.0	1266.768	450.0	-1258.103
100.0	622.010	500.0	-1325.232

Directional Well

Reserves = 9.9 Bcf

1.5 x Predicted

Summary of Yates Engineering Testimony

1. Livingston Ridge Atoka and Los Medanos Atoka are connected.

2. Mitchell Apache 13 #1 produces from partially depleted Atoka.

3. Mitchell Apache 13 #1 will produce several times the gas in place under the Mitchell well.

4. Proposed Yates Llama ALL #1 will produce Yates gas.

5. Unorthodox Yates location does not decrease production from Mitchell Apache 13 #1.

6. Yates economics much poorer if penalty or directional well is forced upon Yates.

YATES PETROLEUM CORP.
BEFORE EXAMINER MORROW
NMOCD CASE NO. 11019
DATE: 07/21/94
EXHIBIT NO. 23