

Hogback Pennsylvanian Pool
San Juan Co. New Mexico
USG Sec. 18 Well No. 43

Flowing BHP Test:

<u>Choke</u>	<u>BOPD</u>	<u>BHP PSI</u>	<u>PI BBL/PSI</u>	<u>FCP PSI</u>
32/64"	365	1,324	.208	630
48/64"	352	1,119	.180	425
64/64"	347	1,095	.175	410

Static BHP: 3,255 psi

Reserve Determination:

<u>Perforations</u>	<u>Ft. Pay</u>	<u>Porosity %</u>
6573-82	9	4.1
6610-16	6	8.3
6646-56	<u>6</u>	<u>7.3</u>
	21'	Avg. 6.2%

$$\text{Rec.} = 7758 (21) (0.062) (1-0.25) (.40) / 2.2$$

$$= 1,377 \text{ Bbls / Acre}$$

$$40 \text{ acres} = 55 \text{ MBO}$$

$$160 \text{ acres} = 220 \text{ MBO}$$

Decline recovery:

200 BOPD initial "stabilized" rate

35% / year decline rate

= 231 MBO recovery

Development Economics: 160 acres, 80% success.

Drilling, Completion and Equipment: \$753M

Payout: 16 months

ROI: 1.6 @ 15% discount factor