

MESAVERDE FORMATION

UNIT	INITIAL CONDITIONS			CURRENT CONDITIONS			AVERAGE Qi (MCFD)	AVERAGE EUR (BCF)		
	WHSIP (PSI)	BHSIP (PSI)	Z	BHSIP/Z (PSI)	WHSIP (PSI)	BHSIP (PSI)			Z	BHSIP/Z (PSI)
SAN JUAN 29-5 UNIT	1102	1234	0.91	1356	753	843	0.93	906	444	1.6677
SAN JUAN 30-5 UNIT	1155	1294	0.90	1438	920	1030	0.92	1120	419	1.6764

MESAVERDE

CAPITAL EXPENSES (M\$)

1. SINGLE COMPLETION:

	<u>TANGIBLE</u>	<u>INTANGIBLE</u>	<u>TOTAL</u>
DRILL & COMPLETE	\$68.51	\$306.07	\$374.58
FACILITIES	\$13.50	\$16.50	\$30.00
TOTAL	\$82.01	\$322.57	\$404.58

2. DUAL COMPLETION:

	<u>TANGIBLE</u>	<u>INTANGIBLE</u>	<u>TOTAL</u>
DRILL & COMPLETE	\$59.31	\$278.89	\$338.20
FACILITIES	\$13.50	\$16.50	\$30.00
TOTAL	\$72.81	\$295.39	\$368.20

3. COMMINGLE COMPLETION:

	<u>TANGIBLE</u>	<u>INTANGIBLE</u>	<u>TOTAL</u>
DRILL & COMPLETE	\$36.51	\$233.13	\$269.64
FACILITIES	\$6.75	\$8.25	\$15.00
TOTAL	\$43.26	\$241.38	\$284.64

*805,000
including Debit*

MESAVERDE
OPERATING COSTS (M\$) *U200*

	<u>SAN JUAN 29-5 UNIT</u>	<u>SAN JUAN 30-5 UNIT</u>
1. SINGLE COMPLETION:	\$5.54	\$4.42
2. DUAL COMPLETION:	\$4.71	\$4.08
3. COMMINGLE COMPLETION:	\$4.27	\$3.92

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**San Juan 29-5 Unit
Summary of Development Drilling Economics**

<u>Well Type</u>	<u>Mesaverde</u>		<u>Dakota</u>	
	<u>Cost</u> <u>(\$000)</u>	<u>AARR</u>	<u>Cost</u> <u>(\$000)</u>	<u>AARR</u>
Single Well	405	14.4%	458	8.2%
Dual Well	368	16.9%	436	9.4%
Down-hole Commingle	285	24.7%	329	14.5%

**San Juan 29-5 Unit
Gas Price Sensitivities
New Downhole Commingled Drill Well**

<u>Gas Price</u>	<u>1997 Posting (/MMBTU)</u>	<u>Mesaverde</u>		<u>Dakota</u>	
		<u>Cost (\$000)</u>	<u>AARR</u>	<u>Cost (\$000)</u>	<u>AARR</u>
Base	\$1.50	285	24.7%	329	14.5%
Base + 20%	\$1.80	285	32.4%	329	19.0%
Base + 33%	\$2.00	285	37.4%	329	22.0%