North Caprock Celero Queen Unit I
Waterflood Project Economic Summary

Initial Waterflood Project

4 Producers	State 32#1	T12S-R32E	Section 32	UL K
	State 32#2	T12S-R32E	Section 32	UL E
	State 32#3	T12S-R32E	Section 32	UL M
	State 31#1	T12S-R32E	Section 31	UL I
9 Injectors	State 32#4	T12S-R32E	Section 32	UL L
	State 32#5	T12S-R32E	Section 32	UL F
	State 32#11	T12S-R32E	Section 32	UL D
	State 31#2	T12S-R32E	Section 31	UL H
	State 32#6	T12S-R32E	Section 32	UL J
	State 32#8	T12S-R32E	Section 32	UL N
	State 31#3	T12S-R32E	Section 31	UL P
	State 31#5	T12S-R32E	Section 31	UL J
	State 5#1	T13S-R32E	Section 5	UL D

Capital Assumptions **2,500 M$**

Well work			Facility Work	
175 M$	Prod	700 M$	Battery	150 M$
150 M$	Inj	1350 M$	Pipeline/Electrical/ROW	300 M$
Total Well Work		*2,050 M$*	*Total Facilites*	*450 M$*

Operating Expense Assumptions

1750 $/month/well		Prod
250 $/month/well		Inj
1000 $/month	Misc	
Total Operating Expense		*10,250 $/month*

Production Forecast

7.5 bopd/producer	30	bopd	4% Decline Rate
500 bwpd/injector	4500	bwpd	

Incremental Reserves & Economics

222 MBO	Gross	4.8	payout, yrs	Oil Price	86 $/bbl	flat
184 MBO	Net	20%	Rate of Return			

Oil Conservation Division
Case No. 3
Exhibit No. 3