

Tarco Hearing - Russell C #3

Waterflood Study Parameters

Sec 35 T17S R27E and Sec 2 T18S R27E

Eddy County, NM

As done by Clinton B. Crocker

Dated November 9, 1987

Various Reservoir Data and Properties:

Area	360 Acres	Well Spacing	10 acre
Swi	46%	Well Pairs	18
Depth	412'	K (Cores)	7.0, 9.5, 12.2 md
Avg h	9.8 ft	Res P(init)	206 psi
Porosity	19.1%	Oil Grav	35° API
BHT	80°F	Primary RF	9%
Boi	1.025	Secondary/Primary	2:1

Calculations per injection/production well pairs (waterflood reserves only):

Year	Oil Production (bbl)	Water Injection (bbl)	Op Ex (\$)	Cash Flow (\$)
1	9,007	9,676	17,445	510,816
2	9,162	19,352	22,438	514,913
3	1,994	19,352	15,270	101,678
4	1,713	19,352	14,989	85,478
5	1,471	19,352	14,747	71,527
6	1,263	19,352	14,539	59,536
7	1,085	19,352	14,361	49,274
8	931	19,352	14,207	40,396
9	800	19,352	14,076	32,844
10	0	0	0	0
11	0	0	0	0
Totals	27,426	164,492	142,072	1,466,463

Economics:

Oil Price	\$85/bbl	Taxes	8%
Net Rev Int	75%	Cash Flow (M\$)	\$1,466
Op Ex	Oil - \$300/month + \$1.00/bbl Water - \$0.50/bbl	NPV @ 20% (M\$)	\$962

OCD Case# 14931
Tarco Energy, L.C.
November 29, 2012
Ex# 8