



Economic Evaluation

Project: C:\Data\Projects\EHUSales03.MDB

Date: 3/14/2003

Time: 4:29 PM

Lease Name: EAST HOBBS PRIMARY (SUMMARY)
Field Name: HOBBS EAST (SAN ANDRES)
Operator: ENERQUEST RESOURCES
County, ST: LEA, NM

Reservoir: SAN ANDRES
Lease API: - -
Location: 0-0-0

Pricing: Flat \$25/Bbl. \$4/MCF
Differential: -\$1.84/bbl, -\$0.26/MCF

Reserve Type:
Reserve Class: Developed, Producing

Economic Dates:
Effective Date 01/2003
Calculated Limit 04/2017
Economic Life 172 Months
14 Years 4 Months

Initial Division of Interest:

WI: 100.000000	Oil: 80.000000	ORI: 0.000000	Discount Present Worth:
	Gas: 80.000000	0.000000	
Reversion Date: None	Injection: 0.000000	0.000000	

Economics Information:

Net Payout Date: 01/2003
Rate of Return: >100 %
Return on Investment: 0.00
Disc Return on Invest: 0.00

Economics Summary:

	Bbl Oil	Mcf Gas	
Ultimate Gross	6,908,696	14,946,747	0.00 % 10,152,596
Historic Gross	5,977,335	13,734,263	2.00 % 9,353,157
Gross at Eff Date	5,987,145	13,747,112	4.00 % 8,662,401
Remaining Gross	921,551	1,199,635	6.00 % 8,061,613
Remaining Net	737,241	959,708	8.00 % 7,535,819
			9.00 % 7,297,181
			12.00 % 6,663,246
			20.00 % 5,415,783
			25.00 % 4,857,419
			30.00 % 4,411,491
			50.00 % 3,277,981

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/MMBtu)	
12/2003	21	111,896	146,480	89,517	117,184	23.16	3.74	2,511,472
12/2004	21	101,825	133,150	81,460	106,520	23.16	3.74	2,285,001
12/2005	21	92,661	121,033	74,129	96,827	23.16	3.74	2,078,953
12/2006	21	84,321	110,019	67,457	88,016	23.16	3.74	1,891,485
12/2007	21	76,732	100,008	61,386	80,006	23.16	3.74	1,720,922
12/2008	21	69,827	90,907	55,861	72,726	23.16	3.74	1,565,740
12/2009	21	63,542	82,634	50,834	66,108	23.16	3.74	1,424,551
12/2010	21	57,823	75,115	46,259	60,092	23.16	3.74	1,296,094
12/2011	21	52,619	68,279	42,095	54,623	23.16	3.74	1,179,221
12/2012	21	47,884	62,066	38,307	49,653	23.16	3.74	1,072,887
12/2013	21	43,574	56,418	34,859	45,134	23.16	3.74	976,141
12/2014	21	39,652	51,284	31,722	41,027	23.16	3.74	888,119
12/2015	21	36,084	46,617	28,867	37,294	23.16	3.74	808,035
12/2016	21	32,836	42,375	26,269	33,900	23.16	3.74	735,173
04/2017	21	10,275	13,250	8,220	10,600	23.16	3.74	230,019
Grand Total:		921,551	1,199,635	737,241	959,708	23.16	3.74	20,663,812

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	10% Cash Flow (\$)
12/2003	630,000	180,036	1,701,437	0	1,701,437	1,701,437	1,618,085
12/2004	630,000	163,799	1,491,202	0	1,491,202	3,192,639	1,289,277
12/2005	630,000	149,027	1,299,925	0	1,299,925	4,492,564	1,021,776
12/2006	630,000	135,588	1,125,897	0	1,125,897	5,618,462	804,577
12/2007	630,000	123,360	967,562	0	967,562	6,586,024	628,614
12/2008	630,000	112,235	823,505	0	823,505	7,409,528	486,425
12/2009	630,000	102,113	692,438	0	692,438	8,101,966	371,864
12/2010	630,000	92,904	573,190	0	573,190	8,675,156	279,879
12/2011	630,000	84,526	464,695	0	464,695	9,139,850	206,315
12/2012	630,000	76,903	365,983	0	365,983	9,505,834	147,757
12/2013	630,000	69,968	276,173	0	276,173	9,782,007	101,404
12/2014	630,000	63,658	194,461	0	194,461	9,976,468	64,957
12/2015	630,000	57,917	120,118	0	120,118	10,096,586	36,530
12/2016	630,000	52,694	52,478	0	52,478	10,149,064	14,582
04/2017	210,000	16,487	3,532	0	3,532	10,152,596	916
Grand Total:	9,030,000	1,481,216	10,152,596	0	10,152,596	10,152,596	7,072,958

Economic Evaluation

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Date: 3/18/2003

Time: 8:56 AM

Summary Lease Report

EHU WATERFLOOD - PROPOSED CASE

Pricing: Flat \$25/Bbl. \$4/MCF

Differential: -\$1.84/bbl, -\$0.26/MCF

Economic Dates:

Effective Date 01/2003

Calculated Limit 02/2038

Economic Life 422 Months

35 Years 2 Months

Discount Present Worth:

0.00 % 148,104,457

2.00 % 128,988,569

4.00 % 113,475,349

6.00 % 100,636,663

8.00 % 89,838,512

9.00 % 85,059,819

12.00 % 72,702,371

20.00 % 49,670,358

25.00 % 39,894,788

30.00 % 32,352,945

50.00 % 14,638,687

Economics Information:

Net Payout Date: 12/2005

Rate of Return: >100 %

Return on Investment: 21.79

Disc Return on Invest: 12.32

Economics Summary:

Ultimate Gross 15,668,151 Bbl Oil

Historic Gross 5,977,335 Mcf Gas

Gross at Eff Date 5,987,145

Remaining Gross 9,681,006

Remaining Net 7,744,805

16,767,332

13,734,263

13,747,112

3,020,220

2,416,176

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/MMBtu)	
12/2003	24	111,896	146,480	89,517	117,184	23.16	3.74	2,511,472
12/2004	27	101,825	133,150	81,460	106,520	23.16	3.74	2,285,001
12/2005	27	363,882	176,545	291,106	141,236	23.17	3.74	7,272,396
12/2006	27	2,036,066	516,549	1,628,853	413,239	23.17	3.74	39,285,361
12/2007	27	2,092,881	519,931	1,674,305	415,944	23.17	3.74	40,348,654
12/2008	27	1,146,241	315,121	916,993	252,097	23.17	3.74	22,189,013
12/2009	27	564,196	186,927	451,356	149,542	23.17	3.74	11,016,708
12/2010	27	548,143	177,259	438,514	141,807	23.17	3.74	10,690,274
12/2011	27	426,971	146,258	341,577	117,006	23.17	3.74	8,351,522
12/2012	27	277,617	109,920	222,094	87,936	23.17	3.74	5,474,411
12/2013	27	225,619	94,338	180,496	75,471	23.17	3.74	4,463,993
12/2014	27	208,127	86,356	166,502	69,085	23.17	3.74	4,115,910
12/2015	27	189,227	78,463	151,382	62,770	23.17	3.74	3,741,992
12/2016	27	172,044	71,291	137,635	57,033	23.17	3.74	3,402,044
12/2017	13	136,815	39,506	109,452	31,605	23.17	3.74	2,654,119
Remainder:		1,079,455	222,127	863,564	177,702	23.17	3.74	20,673,383
Grand Total:		9,681,006	3,020,220	7,744,805	2,416,176	23.17	3.74	188,476,256

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	10% Cash Flow (\$)
12/2003	785,988	180,036	1,545,449	7,123,000	-5,577,551	-5,577,551	-5,653,110
12/2004	941,976	163,799	1,179,226	0	1,179,226	-4,398,325	1,019,831
12/2005	941,976	517,990	5,812,430	0	5,812,430	1,414,105	4,439,651
12/2006	941,976	2,792,287	35,551,098	0	35,551,098	36,965,204	25,351,422
12/2007	941,976	2,867,720	36,538,958	0	36,538,958	73,504,162	23,722,082
12/2008	941,976	1,577,444	19,669,593	0	19,669,593	93,173,755	11,719,899
12/2009	941,976	783,601	9,291,130	0	9,291,130	102,464,886	4,984,789
12/2010	941,976	760,327	8,987,971	0	8,987,971	111,452,856	4,382,164
12/2011	941,976	594,092	6,815,454	0	6,815,454	118,268,310	3,034,182
12/2012	941,976	389,616	4,142,820	0	4,142,820	122,411,130	1,674,575
12/2013	941,976	317,767	3,204,250	0	3,204,250	125,615,380	1,174,467
12/2014	941,976	292,981	2,880,954	0	2,880,954	128,496,333	960,266
12/2015	941,976	266,364	2,533,652	0	2,533,652	131,029,986	767,758
12/2016	941,976	242,165	2,217,903	0	2,217,903	133,247,889	611,004
12/2017	521,976	188,709	1,943,434	0	1,943,434	135,191,323	486,656
Remainder:	6,291,516	1,468,734	12,913,133	0	12,913,133	148,104,457	1,959,051
Grand Total:	19,845,168	13,403,631	155,227,457	7,123,000	148,104,457	148,104,457	80,634,688