Case I : Re-entry Alone ($1.8 million investment)

EVALUATION RIOBLNCO.5	EUREKA PETROLEUM ECONOMICS SOFTWARE PACIFIC RESOURCES MANAGEMENT	RUN DATE: 09-30-2003 RUN TIME: 09:27:44

AS OF DATE: JAN04

NAME:	RIO BLANCO 4 NO. 1 AND NO. 3	ECONOMICS FOR REENTRY	NPV 5.0%	20671.740 BFIT
FIELD:	WILDCAT	$1,800,000 TOTAL INVESTMENT	NPV 10.0%	17753.691 BFIT
LOCATION:	LEA COUNTY, NM	RESERVES-10.9BCF RATE-6000MCFD	NPV 15.0%	15547.673 BFIT
FORMATION:	DEVONIAN	GAS PRICE $4.50/MCF 1ST YEAR	NPV 20.0%	13830.863 BFIT
OPERATOR:			NPV 25.0%	12461.406 BFIT
			IRR	>100% BFIT
			PAYOUT	APR04 BFIT
			PI	14.71:1 BFIT

====== INTERESTS AND EFFECTIVE DATE ======							======== PRICES ========			=============== GROSS RESERVES ===============				
COST	OIL	GAS	COND	PRODT	DATE		BEGINING	ENDING	AVERAGE	CUMULATIVE	REMAINING	ULTIMATE	%REMAINING	
1.00000	1.00000	0.78350	0.78350	0.78350	JAN04	OIL	0.00	0.00	0.00	0.000	0.000	0.000	0.00	OIL
						GAS	4.50	4.00	4.10	0.000	10905.189	10905.189	100.00	GAS
						COND	23.00	23.00	23.00	0.000	21.810	21.810	100.00	COND
						PRDT	0.00	0.00	0.00	0.000	0.000	0.000	0.00	PRDT

YEAR	GROSS WELLCOUNT	GROSS GAS PRODUCTION	GROSS COND PRODUCTION	NET GAS PRODUCTION	GROSS GAS AS FUEL	AVERAGE GAS PRICE	NET GAS SALES	NET TOTAL REVENUE	INPUT LOE --WELL--	INPUT LOE --GAS--
==========	===WELLS===	===MMSCF===	===MBBLS===	===MMSCF===	===MMSCF===	==$/MSCF===	====M$=====	====M$=====	=M$/WELLYR=	==$/MSCF===
2004(12Mo)	1.000	2188.800	4.378	1714.925	131.328	4.500	7254.131	7333.018	24.000	0.320
2005	1.000	1951.087	3.902	1528.677	117.066	4.000	5747.822	5818.142	24.000	0.321
2006	1.000	1543.227	3.086	1209.118	92.595	4.000	4546.280	4601.900	24.000	0.329
2007	1.000	1220.626	2.441	956.360	73.239	4.000	3595.910	3639.903	24.000	0.336
2[illegible]	1.000	965.462	1.931	756.440	57.930	4.000	2844.207	2879.003	24.000	0.340
20[illegible]	1.000	763.640	1.527	598.312	45.820	4.000	2249.646	2277.169	24.000	0.345
2010	1.000	604.006	1.208	473.239	36.242	4.000	1779.372	1801.141	24.000	0.350
2011	1.000	477.743	0.955	374.311	28.666	4.000	1407.406	1424.624	24.000	0.350
2012	1.000	377.874	0.756	296.064	22.674	4.000	1113.198	1126.817	24.000	0.350
2013	1.000	298.882	0.598	234.174	17.934	4.000	880.491	891.263	24.000	0.350
2014	1.000	236.403	0.473	185.222	14.185	4.000	696.430	704.950	24.000	0.350
2015	1.000	186.985	0.374	146.502	11.220	4.000	550.846	557.585	24.000	0.350
2016(7 Mo)	1.000	90.456	0.181	70.872	5.428	4.000	266.478	269.738	24.000	0.350
2017	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2018	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SUBTOTAL	1.000	10905.189	21.810	8544.216	654.328	4.100	32932.215	33325.250	24.000	0.333
REMAINING	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOT 12.6Yr	1.000	10905.189	21.810	8544.216	654.328	4.100	32932.215	33325.250	24.000	0.333

YEAR	NET TOTAL LOE	NET TOTAL PROD TAX	NET TOTAL LOE+TAX	NET TOTAL INVESTMENTS	NET LEASE REVENUE	NET BFIT CASHFLOW	BFIT CF DISC 5.0%	CUM BFIT CASHFLOW	CUM BFIT CF DISC 5.0%	CUM NET REVENUE
==========	====M$=====	====M$=====	====M$=====	====M$=====	====M$=====	====M$=====	====M$=====	====M$=====	====M$=====	====M$=====
2004(12Mo)	724.416	643.989	1368.404	1800.000	5964.613	4164.613	4016.921	4164.613	4016.921	7333.018
2005	650.299	510.894	1161.193	0.000	4656.948	4656.948	4324.045	8821.562	8340.966	13151.159
2006	531.722	404.095	935.817	0.000	3666.083	3666.083	3241.921	12487.645	11582.887	17753.059
2007	434.130	319.622	753.752	0.000	2886.150	2886.150	2430.695	15373.795	14013.582	21392.961
2008	352.257	252.807	605.064	0.000	2273.939	2273.939	1823.904	17647.734	15837.486	24271.965
2009	287.456	199.959	487.415	0.000	1789.754	1789.754	1367.188	19437.488	17204.676	26549.133
2010	235.402	158.159	393.561	0.000	1407.580	1407.580	1024.048	20845.068	18228.725	28350.273
2[illegible]	191.210	125.097	316.307	0.000	1108.317	1108.317	767.934	21953.385	18996.658	29774.898
[illegible]	156.256	98.946	255.202	0.000	871.614	871.614	575.171	22824.998	19571.830	30901.715
2013	128.609	78.262	206.871	0.000	684.392	684.392	430.122	23509.389	20001.951	31792.977
2014	106.741	61.902	168.643	0.000	536.307	536.307	321.007	24045.695	20322.959	32497.926
2015	89.445	48.962	138.406	0.000	419.179	419.179	238.955	24464.873	20561.914	33055.512
2016(7 Mo)	45.660	23.686	69.345	0.000	200.393	200.393	109.827	24665.266	20671.740	33325.250
2017	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2018	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SUBTOTAL	3933.601	2926.381	6859.982	1800.000	26465.266	24665.266	20671.740	24665.266	20671.740	33325.250
REMAINING	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOT 12.6Yr	3933.601	2926.381	6859.982	1800.000	26465.266	24665.266	20671.740	24665.266	20671.740	33325.250

NMOCD Case No. 13085
EGL/Landreth Exhibit No. 14
October 2, 2003

Economic Analysis for Development of Devonian Reservoir in Section 4 Single Well (re-entry) versus Two Wells

Case II: Re-entry plus second well in S/2 Sec. 4
(Total $5.3 million investment)

EVALUATION RIOBLNCO.2

EUREKA
PETROLEUM ECONOMICS SOFTWARE
PACIFIC RESOURCES MANAGEMENT

RUN DATE: 09-30-2003
RUN TIME: 08:50:28

AS OF DATE: JAN04

NAME:	RIO BLANCO 4 NO. 1 AND NO. 3	ECONOMICS WITH A SECOND WELL	
FIELD:	WILDCAT	$5,300,000 TOTAL INVESTMENT	
LOCATION:	LEA COUNTY, NM	RESERVES-10.9BCF RATE-12000MCF	
FORMATION:	DEVONIAN	GAS PRICE $4.50/MCF 1ST YEAR	
OPERATOR:			

NPV	5.0%	20222.777	BFIT
NPV	10.0%	18590.416	BFIT
NPV	15.0%	17188.053	BFIT
NPV	20.0%	15971.599	BFIT
NPV	25.0%	14907.273	BFIT
IRR		>100%	BFIT
PAYOUT		JUN04	BFIT
PI		5.18:1	BFIT

====== INTERESTS AND EFFECTIVE DATE ======

COST	OIL	GAS	COND	PRODT	DATE
1.00000	1.00000	0.78350	0.78350	0.78350	JAN04

======== PRICES ======== / =============== GROSS RESERVES ===============

	BEGINING	ENDING	AVERAGE	CUMULATIVE	REMAINING	ULTIMATE	%REMAINING	
OIL	0.00	0.00	0.00	0.000	0.000	0.000	0.00	OIL
GAS	4.50	4.00	4.20	0.000	10902.989	10902.989	100.00	GAS
COND	23.00	23.00	23.00	0.000	21.806	21.806	100.00	COND
PRDT	0.00	0.00	0.00	0.000	0.000	0.000	0.00	PRDT

YEAR	GROSS WELLCOUNT ===WELLS===	GROSS GAS PRODUCTION ===MMSCF===	GROSS COND PRODUCTION ===MBBLS===	NET GAS PRODUCTION ===MMSCF===	GROSS GAS AS FUEL ===MMSCF===	AVERAGE GAS PRICE ==$/MSCF===	NET GAS SALES ====M$=====	NET TOTAL REVENUE ====M$=====	INPUT LOE --WELL-- =M$/WELLYR=	INPUT LOE --GAS-- ==$/MSCF===
2004(12Mo)	2.000	4377.600	8.755	3429.850	262.656	4.500	14508.262	14666.035	24.000	0.304
2005	2.000	3253.033	6.506	2548.752	195.184	4.000	9583.300	9700.542	24.000	0.309
2006	2.000	1738.752	3.478	1362.313	104.329	4.000	5122.283	5184.950	24.000	0.325
2007	2.000	929.367	1.859	728.159	55.765	4.000	2737.866	2771.362	24.000	0.340
2008	2.000	496.748	0.993	389.202	29.807	4.000	1463.393	1481.296	24.000	0.350
2009(4 Mo)	2.000	107.488	0.215	84.217	6.450	4.000	316.653	320.527	24.000	0.350
2010	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2011	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2012	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2013	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2014	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2015	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2016	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2017	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2018	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SUBTOTAL	2.000	10902.989	21.806	8542.492	654.192	4.201	33731.758	34124.711	24.000	0.314
REMAINING	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOT 5.3 Yr	2.000	10902.989	21.806	8542.492	654.192	4.201	33731.758	34124.711	24.000	0.314

YEAR	NET TOTAL LOE ====M$=====	NET TOTAL PROD TAX ====M$=====	NET TOTAL LOE+TAX ====M$=====	NET TOTAL INVESTMENTS ====M$=====	NET LEASE REVENUE ====M$=====	NET BFIT CASHFLOW ====M$=====	BFIT CF DISC 5.0% ====M$=====	CUM BFIT CASHFLOW ====M$=====	CUM BFIT CF DISC 5.0% ====M$=====	CUM NET REVENUE ====M$=====
2004(12Mo)	1378.790	1287.977	2666.767	5300.000	11999.268	6699.268	6408.963	6699.268	6408.963	14666.035
2005	1053.187	851.810	1904.998	0.000	7795.544	7795.544	7249.692	14494.813	13658.655	24366.578
2006	613.095	455.293	1068.388	0.000	4116.562	4116.562	3646.065	18611.375	17304.721	29551.527
2007	363.985	243.355	607.340	0.000	2164.022	2164.022	1825.466	20775.396	19130.188	32322.889
2008	221.862	130.073	351.935	0.000	1129.361	1129.361	907.356	21904.758	20037.543	33804.184
2009(4 Mo)	53.621	28.146	81.766	0.000	238.760	238.760	185.237	22143.518	20222.781	34124.711
2010	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2011	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2012	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2013	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2014	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2015	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2016	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2017	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2018	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SUBTOTAL	3684.540	2996.655	6681.194	5300.000	27443.518	22143.518	20222.781	22143.518	20222.781	34124.711
REMAINING	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOT 5.3 Yr	3684.540	2996.655	6681.194	5300.000	27443.518	22143.518	20222.781	22143.518	20222.781	34124.711

NMOCD Case No. 13085
EGL/Landreth Exhibit No. _____
October 2, 2003

Net Present Value Income Discounted at 10% =

(a) Re-entry alone	$17,753,000
(b) Re-entry plus second well in S/2 Sec. 4	$18,590,000
Difference	$837,000
Additional Investment Required	$3,500,000
Return on Investment over 5.3 yrs:	$837,000 / $3,500,000 =24%

Equivalent to 4% compounded rate of interest