

LEASE : STATE ETA #3  
 OPERATOR : AMERICAN EXPLORATION  
 FIELD : TOWNSEND  
 COUNTY : LEA  
 STATE : NM

FORMATION : MORROW  
 RES. CLASS : PDP  
 DISTRICT : TYLER  
 PROGRAM YR : 0  
 CODE : ANM0650MORRSTATEETA 1  
 DATE : 11/04/97  
 TIME : 14:45:58  
 DBS FILE : TOWNSEND  
 SETUP FILE : MOC0198  
 SEQ NUMBER : 5

COMMENT :  
 COMMENT :  
 COMMENT :

OIL CONSERVATION DIVISION  
 MOC EXHIBIT 11  
 CASE NO. 11842

BFIT RESERVES AND ECONOMICS  
 AS OF DATE: 1/98

OWNER CODE : TOTAL

-END- MO-YR	GROSS OIL PRODUCTION ---MBBLS---	GROSS GAS PRODUCTION ---MMCF---	NET OIL PRODUCTION ---MBBLS---	NET GAS PRODUCTION ---MMCF---	NET OIL PRICE ---\$/BBL---	NET GAS PRICE ---\$/MCF---	NET OIL SALES ---M\$---	NET GAS SALES ---M\$---	TOTAL NET SALES ---M\$---
12-98	1.120	312.845	.863	240.891	19.000	1.760	16.388	423.968	440.356
12-99	.975	234.634	.750	180.668	19.000	1.760	14.258	317.976	332.234
12-00	.848	175.976	.653	135.501	19.000	1.760	12.404	238.482	250.886
12-01	.738	145.325	.568	111.901	19.000	1.760	10.792	196.945	207.737
12-02	.642	132.973	.494	102.389	19.000	1.760	9.389	180.205	189.593
12-03	.558	121.670	.430	93.686	19.000	1.760	8.168	164.887	173.055
12-04	.486	111.328	.374	85.723	19.000	1.760	7.106	150.872	157.978
12-05	.423	101.865	.325	78.436	19.000	1.760	6.183	138.048	144.230
12-06	.368	93.207	.283	71.769	19.000	1.760	5.379	126.314	131.692
12-07	.320	85.284	.246	65.669	19.000	1.760	4.680	115.577	120.257
SUBTOT	6.476	1515.107	4.987	1166.632	19.000	1.760	94.747	2053.273	2148.020
REMAIN	2.001	756.857	1.540	582.780	19.000	1.760	29.269	1025.692	1054.962
TOTAL	8.477	2271.964	6.527	1749.412	19.000	1.760	124.016	3078.965	3202.981

-END- MO-YR	NET PROD. TAXES ---M\$---	DIRECT OPER EXPENSE ---M\$---	TOTAL EXP.+TAXES ---M\$---	NET OPER. INCOME ---M\$---	NET INVESTMENT ---M\$---	FUTURE NET CASHFLOW ---M\$---	CUMULATIVE CASHFLOW ---M\$---	DISC. CASHFLOW ---M\$---	CUM. DISC. CASHFLOW ---M\$---
12-98	39.140	18.000	57.140	383.216	861.900	-478.684	-478.684	-497.148	-497.148
12-99	29.514	18.000	47.514	284.720	.000	284.720	-193.964	245.314	-251.833
12-00	22.274	18.000	40.274	210.613	.000	210.613	16.649	164.263	-87.570
12-01	18.438	18.000	36.438	171.298	.000	171.298	187.947	120.937	33.367
12-02	16.832	18.000	34.832	154.761	.000	154.761	342.708	98.905	132.272
12-03	15.367	18.000	33.367	139.688	.000	139.688	482.397	80.810	213.083
12-04	14.031	18.000	32.031	125.947	.000	125.947	608.344	65.955	279.038
12-05	12.813	18.000	30.813	113.417	.000	113.417	721.761	53.764	332.801
12-06	11.701	18.000	29.701	101.991	.000	101.991	823.752	43.764	376.566
12-07	10.687	18.000	28.687	91.569	.000	91.569	915.322	35.568	412.134
SUBTOT	190.798	180.000	370.798	1777.222	861.900	915.322	915.322	412.134	412.134
REMAIN	93.854	352.500	446.354	608.608	.000	608.608	1523.930	141.148	553.281
TOTAL	284.652	532.500	817.152	2385.829	861.900	1523.930	1523.930	553.281	553.281

	GROSS	W.I.	NET	BFIT	P.W. %	BFIT P.W.
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INITIAL INTEREST	1.00000	1.00000	.77000	BASE DISCOUNT, PCT.	10.00	.00
FINAL INTEREST	1.00000	1.00000	.77000	RATE OF RETURN, PCT.	26.70	5.00
CUM. OIL, MB	.000			UNDISC. PAYOUT, YRS.	2.92	10.00
CUM. GAS, MMCF	.000			DISC. PAYOUT, YRS.	3.72	15.00
REM. OIL, MB	8.477	8.477	6.527	UNDISC. NET/INVESTMENT	2.77	20.00
REM. GAS, MMCF	2271.964	2271.964	1749.412	DISC. NET/INVESTMENT	1.64	25.00
ULT. OIL, MB	8.477			START DATE OF LIFE	1/98	30.00
ULT. GAS, MMCF	2271.964			LIFE, YRS.	29.6	35.00
REVENUE, M\$	4159.716	4159.716	3202.982	GROSS OIL WELLS	.0	40.00
TAXES & EXP., M\$	902.178	817.152	817.152	GROSS GAS WELLS	1.0	50.00