

REDWOLF PRODUCTION, INC.  
Economic Report Summary

REGION: DISTRICT: CNTYSTATE: New Mexico  
PROJECT NAME: BEAR NO. 1 LOCATION:  
BUDGET CATEGORY: EFFECTIVE DATE: DEC 1999  
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES			PRESENT WORTH PROFILE		
FIELD	:	SEC. 36 T26N R13W		PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT	BTAX	ATAX
LSE/BLOCK	:			UNDISCOUNTED	0.80	0.49	RATE (%)	(M\$)	(M\$)
FORMATION	:	FRUITLAND COAL		DISC @ 10.0%	0.18	0.06			
TOTAL DEPTH:				DISC @ 15.0%	0.00	-0.07		139.	86.
OPERATOR	:	REDWOLF PRODUCTION, INC.		INV EFF RATIO (IER):				74.	41.
AFE #	:			UNDISCOUNTED	0.80	0.59		31.	10.
LIFE (YRS)	:	17.7		DISC @ 10.0%	0.18	0.07		0.	-12.
				DISC @ 15.0%	0.00	-0.08		20.0	-29.
WI	ORI	GRI	DATE	PAYOUT (YEARS)	4.8	5.2		25.0	-39.
100.00000	80.00000	80.00000	DEC 1999	RATE OF RETURN (%)	15.0	12.0	DISCOUNT DATE	:	DEC 1999
							DISCOUNT METHOD:	:	EFFECTIVE MON

COMMODITY PRICES				INVESTMENTS (M\$)		CASH FLOW (M\$)			
		BEG	END	AVG	GROSS	NET	NET		
OIL	(\$/BBL)	0.00	0.00	0.00	LEASEHOLD	0.	0.	TOTAL REVENUES	523.
GAS	(\$/MCF)	1.75	1.75	1.75	DRY HOLE	0.	0.	EXPENSES:	
NGL	(\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)	167.
SULPHUR	(\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER	0.
					PLATFORM	0.	0.	PLANT	0.
\$EQUIV BOE RATIO		5.30	5.30	5.30	FACILITIES	0.	0.	SEV & ADVAL TAXES	42.
					PIPELINE	0.	0.	INDIRECT	0.
					PLANT	0.	0.	OVERHEAD	0.
					GATHERING	0.	0.	NET ABAND/SALV	0.
								NET INVESTMENTS	174.
OPEX	(\$/BOE)	2.37	2.97		MISC INTAN	103.	103.	BTAX CASH FLOW	139.
OPEX	(\$/BOE\$)	4.35	5.44		MISC TAN	72.	72.	INCOME TAXES PAID	53.
F&D	(\$/BOE)	2.48	3.10		TOTAL	174.	174.	ATAX CASH FLOW	86.
F&D	(\$/BOE\$)	4.54	5.68		DISC @ 10.0%	173.	173.	ATAX DISC @ 10.0%	10.
ATAX CF	(\$/BOE)		1.53						
ATAX CF	(\$/BOE\$)		2.81						

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
		GROSS		NET			
		REMAIN	ULT	REMAIN	ULT		
OIL	(MBBLS)	0.	0.	0.	0.		
GAS	(MMCF)	373.	373.	299.	299.		
NGL	(MBBLS)	0.	0.	0.	0.		
SULPHUR	(MTONS)	0.	0.	0.	0.		
EQUIVALENT RESERVES:							
BTU	(MBOE)	70.	70.	56.	56.		
VALUE	(MBOE\$)	38.	38.	31.	31.		

INITIAL RATE: OIL (BBL/DAY) 0. GAS (MCF/DAY) 128.  
GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2  
ALTKEY: USA  
VERSION: 7.500  
DATE: 11/30/98 TIME: 14:37:08 RPT FILE: 0 PG # 1 PRJ FILE: DRILL EVAL # 38

**BREAK-EVEN CASE**

PF:DRILL  
 EVAL #: 38  
 VERSION: 7.500

REDWOLF PRODUCTION, INC.  
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 PAGE: 2

NAME : BEAR NO. 1  
 FIELD : SEC. 36 T26N R13W  
 COUNTY, STATE: SAN JUAN COUNTY, NEW MEXICO  
 FORMATION : FRUITLAND COAL  
 OPERATOR : REDWOLF PRODUCTION, INC.

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MBBLS---	---MBBLS---	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M1---	---\$/MCF---	---M1---	---M1---
( 1MO)1999	0.0	0.0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
2000	0.0	0.0	37.3	29.9	5.6	0.00	0.0	1.75	52.3	52.3
2001	0.0	0.0	40.7	32.5	6.1	0.00	0.0	1.75	57.0	57.0
2002	0.0	0.0	36.6	29.3	5.5	0.00	0.0	1.75	51.3	51.3
2003	0.0	0.0	33.0	26.4	5.0	0.00	0.0	1.75	46.1	46.1
2004	0.0	0.0	29.7	23.7	4.5	0.00	0.0	1.75	41.5	41.5
2005	0.0	0.0	26.7	21.4	4.0	0.00	0.0	1.75	37.4	37.4
2006	0.0	0.0	24.0	19.2	3.6	0.00	0.0	1.75	33.6	33.6
2007	0.0	0.0	21.6	17.3	3.3	0.00	0.0	1.75	30.3	30.3
2008	0.0	0.0	19.5	15.6	2.9	0.00	0.0	1.75	27.2	27.2
2009	0.0	0.0	17.5	14.0	2.6	0.00	0.0	1.75	24.5	24.5
2010	0.0	0.0	15.8	12.6	2.4	0.00	0.0	1.75	22.1	22.1
2011	0.0	0.0	14.2	11.3	2.1	0.00	0.0	1.75	19.9	19.9
2012	0.0	0.0	12.8	10.2	1.9	0.00	0.0	1.75	17.9	17.9
2013	0.0	0.0	11.5	9.2	1.7	0.00	0.0	1.75	16.1	16.1
SUB TOTAL	0.0	0.0	340.8	272.6	51.4	0.00	0.0	1.75	477.1	477.1
REMAINDER	0.0	0.0	32.5	26.0	4.9	0.00	0.0	1.75	45.5	45.5
TOT 17.7	0.0	0.0	373.3	298.6	56.3	0.00	0.0	1.75	522.6	522.6

	NET LOE (FIX + VAR)	NET WORKOVR EXP	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M1---	---M1---	---M1---	---M1---	---M1---	---M1---	---M1---	---M1---	---M1---	---M1---
( 1MO)1999	0.0	0.0	0.0	0.0	0.0	174.5	-174.5	-27.4	-147.1	-147.1
2000	8.0	0.0	8.0	4.2	0.0	0.0	40.1	9.4	30.7	-116.4
2001	9.6	0.0	9.6	4.6	0.0	0.0	42.8	7.3	35.5	-80.8
2002	9.6	0.0	9.6	4.1	0.0	0.0	37.6	7.2	30.4	-50.5
2003	9.6	0.0	9.6	3.7	0.0	0.0	32.8	6.7	26.1	-24.3
2004	9.6	0.0	9.6	3.3	0.0	0.0	28.6	6.1	22.5	-1.8
2005	9.6	0.0	9.6	3.0	0.0	0.0	24.8	6.6	18.2	16.3
2006	9.6	0.0	9.6	2.7	0.0	0.0	21.3	5.7	15.7	32.0
2007	9.6	0.0	9.6	2.4	0.0	0.0	18.2	5.7	12.5	44.5
2008	9.6	0.0	9.6	2.2	0.0	0.0	15.5	5.9	9.6	54.1
2009	9.6	0.0	9.6	2.0	0.0	0.0	13.0	4.9	8.0	62.1
2010	9.6	0.0	9.6	1.8	0.0	0.0	10.7	4.1	6.6	68.8
2011	9.6	0.0	9.6	1.6	0.0	0.0	8.7	3.3	5.4	74.2
2012	9.6	0.0	9.6	1.4	0.0	0.0	6.8	2.6	4.2	78.4
2013	9.6	0.0	9.6	1.3	0.0	0.0	5.2	2.0	3.2	81.6
SUB TOTAL	132.8	0.0	132.8	38.2	0.0	174.5	131.7	50.0	81.6	81.6
REMAINDER	34.4	0.0	34.4	3.6	0.0	0.0	7.5	2.8	4.6	86.3
TOT 17.7	167.2	0.0	167.2	41.8	0.0	174.5	139.1	52.9	86.3	86.3

PF:DRILL  
 EVAL #: 38  
 VERSION: 7.500

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 CNTY, STATE: SAN JUAN COUNTY, NEW MEXICO  
 FORMATION : FRUITLAND COAL  
 OPERATOR : REDWOLF PRODUCTION, INC.

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-----M1.-----	-----M1.-----	-----M1.-----	-----MBBLS-----	-----\$/BBL-----	-----M1.-----	-----M-TONS-----	-----M1.-----	-----M1.-----	-----M1.-----
( 1MO)1999	174.5	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2000	0.0	8.0	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2001	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2002	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2003	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2004	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2005	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2006	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2007	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2008	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2009	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2010	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2011	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2012	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2013	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	174.5	132.8	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	34.4	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 17.7	174.5	167.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-----M1.-----	-----M1.-----	-----M1.-----	-----M1.-----	-----M1.-----	-----M1.-----	-----M1.-----	-----M1.-----	-----M1.-----	-----M1.-----
( 1MO)1999	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.2	0.0	5.1
2001	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.5	0.0	6.2
2002	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.5	0.0	6.2
2003	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	0.0	6.2
2004	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0	6.2
2005	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0	1.0
2006	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0	0.0
2007	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	0.0	0.0
2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2009	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	71.5	0.0	30.9
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 17.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	71.5	0.0	30.9