

Costs & Economic Information

Proposals regarding Section 25 - T25N-R03W

SW/4	McElvain Naomi # 1 (Mesaverde Re-entry of Plugged Wynona # 1)	\$ 364,150
NE/4	DJ Simmons, Bishop Federal 25 # 1 (DK/GP New Drill-Directional)	\$ 785,842
SE/4	DJ Simmons, Bishop Federal 25 # 2 (DK/GP New Drill)	\$ 658,153
NW/4	McElvain, Naomi # 2 (Mesaverde New Drill)	\$ 698,840

A Mesaverde Completion attempt by DJ Simmons in either of the New Drill wells is estimated to cost \$ 461,706. Of this amount, \$ 225,306 will be credited to the Dakota/Gallup owners for the use of the wellbore, and \$ 236,400 would be new charges relating to the recompletion effort.

The Dakota and Gallup formations in the area are spaced upon 160 acre pro-ration units. The Mesaverde formation on the subject acreage is outside of the existing Blanco Mesaverde Pool. The Blanco Mesaverde pool is spaced upon 320 acre pro-ration units, and south of the “Chacra” line is defined to be 750 below Huerfanito Bentonite Marker.

Dakota/Gallup Reserves/Production are based upon offset production of area wells. Most specifically the Dakota/Gallup Production of the Wynona # 1 (SW/4).

Mesaverde Reserves/Production are based upon offset production of area wells. Most specifically the Mesaverde Ora # 2 (NE/4-Sec 21-T25NR3W) and the Myers # 1 (NW/4-Sec 35-T25NR3W).

DJ Simmons