

ARTESIA UNIT
CAPITAL COSTS

Drill 35 Producers @ 232 M\$ ea.	8120 M\$
Recomplete 72 zones in 44 wells @ 45 M\$ ea	3240 M\$
Convert 41 producers @ 30 M\$ ea	1250 M\$
Facilities	60 M\$
Injection Lines (41 Conversion @ 9 M\$ ea)	370 M\$
Miscellaneous	<u>500 M\$</u>
TOTAL	13540 M\$

ARTESIA UNIT
RECOMPLETION AND FLOOD DOWNSPACING
INCREMENTAL ECONOMICS

Working Interest	100 %
Revenue Interest	70 %
Gross Oil	4069 MBO
Net Oil	2848 MBO
Gross Gas	1406 MMCF
Net Gas	984 MMCF
Gross Capital	13540 M\$
Rate of Return	18.5 %
PWP @ 10%	10435 M\$
PWP @ 15%	3307 M\$
Payout	5.9 Years
Cost to Develop	4.60 \$/NEB
Return on Investment	4.2 \$/\$