

Economics for Estimated Ultimate Recovery

State Bancos # 100 & # 100S

320 acres

Township 32 North, Range 5 West, Section 32

Assumptions

Effective Pricing (\$/mcf) 4.38

	<i>Initial</i>	<i>Proposed</i>	<i>Difference</i>
	<i>W/ 2 ST</i>	<i>W/1 ST</i>	
<i>Lateral Length</i>	2,900	2,200	(700)
<i>Capital (M\$)</i>	1,600	880	(720)
<i>Original Gas in Place (bcf)</i>	13.7	13.7	0
<i>Estimated Ultimate Recovery (bcf)</i>	3.2	3.1	(.1)
<i>Rate of Return (%)</i>	38.1	67.3	29.2
<i>Net Present Value @ 10% (M\$)</i>	1,189	1,880	691
<i>Discounted Payout (yrs)</i>	3.9	2.8	(1.1)