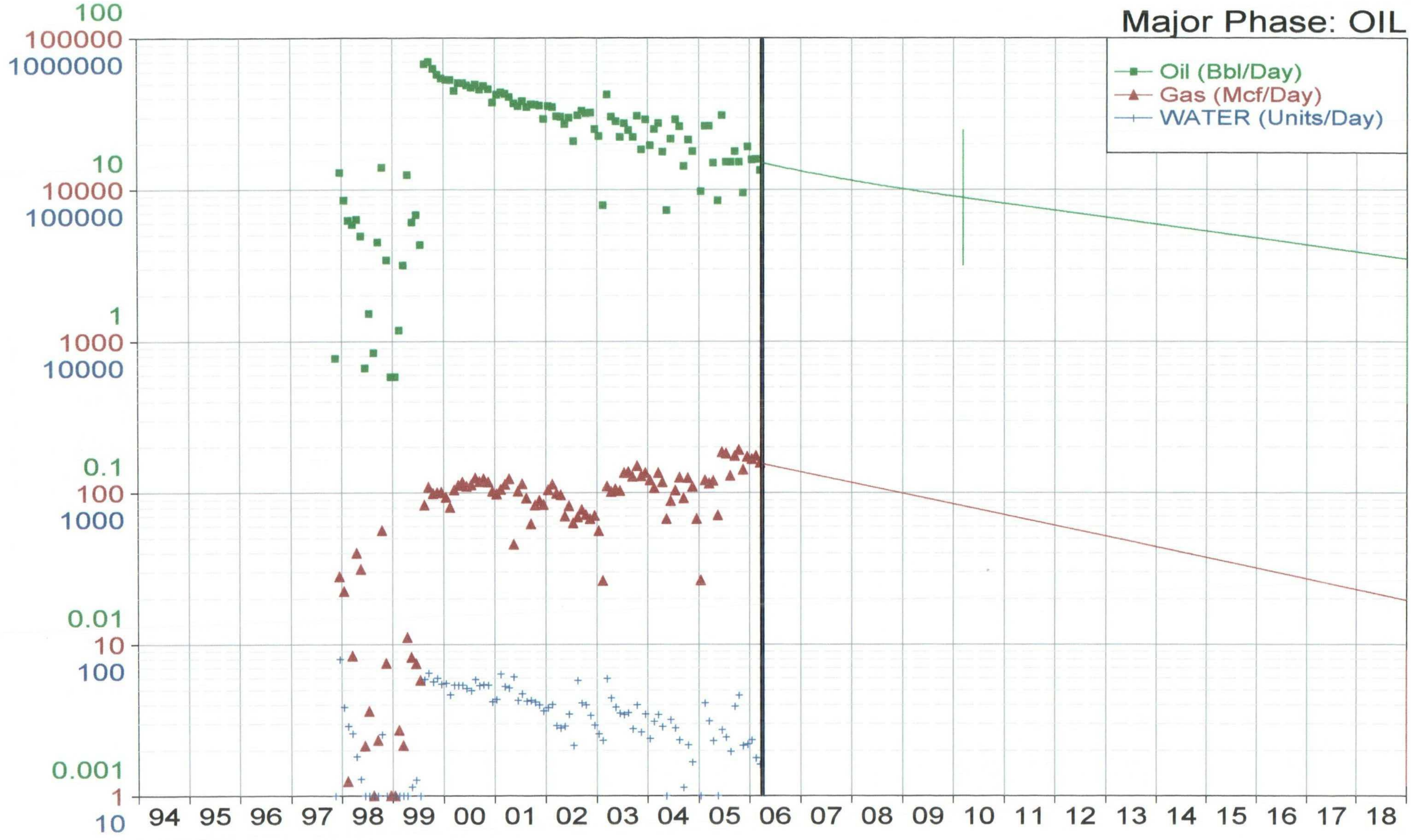
MESCALERO ARL STATE #1
MESCALERO UPPER PENN
2 10S 32E



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13707 Exhibit No. 7
Submitted by:
YATES PETROLEUM CORPORATION
Hearing Date: May 11, 2006

:SCALERO ARL STATE #1
2 10S 32E
:A, NM
:SCALERO UPPER PENN

DATE: 05/05/06
TIME: 16:57:02
FILE: MISC
PROP: 3762
STID: BASE
.CMD: CURRENT:
.OUT: SAMPLE

R E S E R V E S   A N D   E C O N O M I C S

)E GROUP: 00033   DHC: 1

AS OF JUNE 1, 2006

YATES PETROLEUM CORP
API NUMBER: 3002533969

:ND-	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES--		--------OPERATIONS, M$--------					18.00 PCT
)-YR	OIL, MBBL	GAS, MMCF	OIL, MBBL	GAS, MMCF	OIL $/B	GAS $/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES	CAPITAL COSTS, M$	CASH FLOW BTAX, M$	CUM. DISC BTAX, M$
!-06	3.859	40.244	3.377	35.214	50.00	5.00	344.920	32.250	36.000	.000	276.670	267.292
!-07	4.499	46.567	3.937	40.746	50.00	5.00	400.580	37.455	48.000	.000	315.125	530.689
!-08	3.928	39.583	3.437	34.635	50.00	5.00	345.025	32.260	48.000	.000	264.765	718.234
!-09	3.484	33.645	3.049	29.439	50.00	5.00	299.645	28.017	48.000	.000	223.628	852.476
!-10	3.125	28.599	2.734	25.024	50.00	5.00	261.820	24.481	48.000	.000	189.339	948.797
!-11	2.813	24.309	2.461	21.270	50.00	5.00	229.400	21.449	48.000	.000	159.951	1017.755
!-12	2.531	20.662	2.215	18.079	50.00	5.00	201.145	18.807	48.000	.000	134.338	1066.836
!-13	2.279	17.563	1.994	15.368	50.00	5.00	176.540	16.507	48.000	.000	112.033	1101.524
!-14	2.050	14.929	1.794	13.063	50.00	5.00	155.015	14.495	48.000	.000	92.520	1125.801
!-15	1.846	12.689	1.615	11.103	50.00	5.00	136.265	12.741	48.000	.000	75.524	1142.595
!-16	1.661	10.786	1.453	9.438	50.00	5.00	119.840	11.205	48.000	.000	60.635	1154.021
!-17	1.495	9.168	1.308	8.022	50.00	5.00	105.510	9.865	48.000	.000	47.645	1161.630
!-18	1.345	7.793	1.177	6.819	50.00	5.00	92.945	8.690	48.000	.000	36.255	1166.537
!-19	1.211	6.624	1.060	5.796	50.00	5.00	81.980	7.666	48.000	.000	26.314	1169.555
!-20	1.089	5.630	.953	4.926	50.00	5.00	72.280	6.758	48.000	.000	17.522	1171.258
!-21	.981	4.786	.858	4.188	50.00	5.00	63.840	5.970	48.000	.000	9.870	1172.071
!-22	.883	4.068	.773	3.560	50.00	5.00	56.450	5.278	48.000	30.000	-26.828	1170.364
TOT	39.079	327.645	34.195	286.690	50.00	5.00	3143.200	293.894	804.000	30.000	2015.306	1170.364
:M.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	1170.364
)TAL	39.079	327.645	34.195	286.690	50.00	5.00	3143.200	293.894	804.000	30.000	2015.306	1170.364
JM.	79.030	269.839										
LT.	118.109	597.484										

NET OIL REVENUES (M$)	1709.750
NET GAS REVENUES (M$)	1433.450
TOTAL REVENUES (M$)	3143.200

TAX RATE OF RETURN (PCT)	100.00
TAX PAYOUT	04/30/2006
TAX PAYOUT (DISC)	04/03/2006
TAX NET INCOME/INVEST	68.18
TAX NET INCOME/INVEST (DISC)	608.04
NITIAL W.I. FRACTION	1.000000
INAL W.I. FRACTION	1.000000
RODUCTION START DATE	4/01/06
ONTHS IN FIRST LINE	9.00

PROJECT LIFE (YEARS)	16.750
DISCOUNT RATE (PCT)	18.000
GROSS OIL WELLS	1.000
GROSS GAS WELLS	.000
GROSS WELLS	1.000
INITIAL NET OIL FRACTION	.875000
FINAL NET OIL FRACTION	.875000
INITIAL NET GAS FRACTION	.875000
FINAL NET GAS FRACTION	.875000

---------PRESENT WORTH PROFILE---------

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	2015.306	30.0	931.310
2.0	1864.117	35.0	862.742
5.0	1674.738	40.0	805.815
8.0	1520.527	45.0	757.827
10.0	1433.115	50.0	716.837
12.0	1355.784	60.0	650.483
15.0	1255.441	70.0	599.061
18.0	1170.364	80.0	557.983
20.0	1120.588	90.0	524.371
25.0	1015.377	100.0	496.313

ATER GROSS PROD. (MU) .000   WATER NET PRODUCTION (MU) .000   WATER NET REVENUES (M$) .000
ESCALERO ARL STATE #1
PI NUMBER: 3002533969

OGRE(R) V2.2 BTAX
FILE NAME: MISC (3762)
CASE NAME: MESCALERO ARL STATE #1   -OK   -MESCALERO   -NM-LEA   -2 10S 32

D A T A   R E P O R T

DATE: 05/05/06
TIME: 16:57:02

101 MESCALERO ARL STATE #1
102 P 2 10S 32E
103 LEA, NM
104 MESCALERO UPPER PENN
105 YATES PETROLEUM CORP
106 API NUMBER: 3002533969
107 LOE GROUP: 00033 DHC: 1

117 CASE $COM
120 2 2006 12 4 01 2006 18 M
120 4 2006 12 6 1 2006 18 M

REMAINING
39 MBO
0.33 Bcf
$2.02 MILLION
CASH FLOW

	W.I. FRACTION	OP. COST ($/W/MO)	OP. COST ($/MO.)	ADV. TAX (PCT)	MAJOR PH. NAME	PROD DATE (MO/DY/YR)
210	1.00000000	.00	4000.00	2.000	OIL	4/01/2006

	PHASE NAME	CUM PROD (MUNITS)	REV. INT FRACTION	PRICE ($/UNIT)	SEV. TAX (PCT)	NO. OF WELLS	RATIO TO MAJOR PH
221	OIL	79.030	.87500000	50.000	7.500	1.0	
222	GAS	269.839	.87500000	5.000	7.500	.0	
223	WATER	98.851	.00000000	.000	.000	.0	

	PH. NAME	CURVE TP	DECLINE%	QI RATE	QT RATE	CUM. LIMIT		(M OR Y)	CALC VALUE	
405	OIL	95.281	16.000	15.000	X	10.000	?	D		
CALC	OIL	95.281END=	10.000	15.000	8.841	3.942	YRS	D	95.425	MBBL
406	OIL	EXP	LAST	LAST	X	2030.000	AD	D		
CALC	OIL	EXP	END= 10.000	8.841	1.097	23.750	YRS	D	122.253	MBBL
410	GAS	EXP	15.000	156.150	X	2030.000	AD	D		
CALC	GAS	EXP	END= 15.000	156.150	3.290	23.750	YRS	D	613.145	MMCF

600 SERIES LINES:

610 DATA WATERC : 0.30 TO LIFE

	SALVAGE	INV. POINT	(G OR N)	M$	RISK
840	ABANDON	LIFE	G	30.000	

FOOTNOTES:

901 MESCALERO ARL STATE #1
902 API NUMBER: 3002533969
907 FIELD# - 612   POOL# - 825
908 YPCNUM: 039485-001

ECONOMIC LIFE (YRS): 16.750
GROSS OIL (MBBL): 39.079
GROSS GAS (MMCF): 327.645

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