

FASKEN OIL AND RANCH, LTD.

COST ESTIMATE

OPERATOR: Fasken Oil and Ranch, Ltd.

DATE: June 19, 2008

AFE NO: 1291

LEASE NAME: Laguna "16" State

WELL NO.: 2

FIELD: Salt Lake, West (Morrow)

COUNTY: Lea

STATE: New Mexico

2135' FNL & 2455' FWL
Sec. 16, T20S, R32ETANGIBLES

TUBULAR GOODS	SIZE [IN]	FOOTAGE [FT]	PRICE [\$/FT]	SUB	TOTAL	DRY HOLE
Conductor Pipe	36.000	40	\$30.00	\$1,200		\$1,200
Surface Casing	20.000	920	\$175.00	\$161,000		\$161,000
Salt String Casing	13.375	2,600	\$53.00	\$137,800		\$137,800
Inter. Casing	9.625	4,500	\$47.00	\$211,500		\$211,500
Oil string	5.500	13,200	\$21.75	\$287,100		\$0
Tubing	2.875	13,200	\$7.20	\$95,000	\$893,600	\$0
WELLHEAD EQUIPMENT						
Starting Head				\$10,300		\$4,000
Salt String Head				\$13,400		\$6,000
Inter. Head				\$8,100		\$4,000
Tubing Head				\$12,600		\$0
Christmas Tree				\$28,400	\$72,800	\$0
SUB SURFACE PRODUCTION EQUIPMENT						
Tubing Anchor and/or Packer				\$8,000		\$0
Sucker Rods, Pump, BHA, etc.				\$0	\$8,000	\$0
SURFACE PRODUCTION EQUIPMENT						
Pumping Unit c/w Prime Mover				\$0		\$0
Production Unit				\$30,000		\$0
Tanks, Treaters, Separators, Circ. Pump				\$113,300		\$0
Labor				\$50,800	\$194,100	\$0
TOTAL TANGIBLES				\$1,168,500	\$1,168,500	\$525,500

INTANGIBLES**CONTRACTOR DRILLING COST**

	FOOTAGE	RATE		
Drilling Cost	13,200	\$0.00	\$0	\$0
Day Work	70	\$18,500	\$1,295,000	\$1,295,000
Mobilization			\$100,000	\$100,000
Pulling Unit for Completion	60	\$350	\$21,000	\$0
Reverse Drilling Equipment			\$10,000	\$0

CEMENTING SERVICES & EQUIPMENT

Surface	\$36,400	\$36,400
Intermediates	\$81,400	\$81,400
Oil String	\$75,600	\$0
Other	\$2,000	\$195,400
		\$20,000

FORMATION TREATMENT

Acidizing Services & Material	\$15,000	\$0
Fracturing Services & Material	\$150,000	\$0
Tank Rental & Hauling	\$20,000	\$185,000
		\$0

SPECIAL SERVICES

Perforating & Wireline Services	\$15,000	\$0
Mud Logging	60	\$1,200
Open Hole Logging		\$72,000
Cores, DST's, etc.		\$40,000
Packer & BP Rental		\$15,000
		\$0
		\$142,000

DRILLING FLUIDS

Mud & Chemicals	\$85,000	\$85,000
Fresh & Brine Water	\$50,000	\$50,000
Oil for Drilling Mud	\$2,500	\$137,500
		\$2,500

MATERIALS & SERVICES OTHER

Bits & Reamers	\$140,000	\$140,000
Fuel	\$280,000	\$280,000
Hauling - Trucking, Transport, & Pmp Truck	\$22,000	\$10,000
Tubular Inspection & Testing	\$6,000	\$4,000
Casing Expense (Run Csg., PU/LD Machine)	\$35,000	\$24,000
Valves, Piping, & Connections	\$500	\$500
Pit Liners	\$10,000	\$10,000
Rental Equipment	\$165,500	\$137,750
Welding & Roustabout Labor	\$4,300	\$3,500
Cattleguard & Fencing	\$1,000	\$1,000
Misc. Services & Supplies	\$30,000	\$694,300
		\$28,000

LOCATION ACCESS & CLEAN UP

Surveying	\$2,500	\$2,500
ROAD, LOCATION, PITS, & CLEAN UP	\$88,500	\$91,000
		\$88,500

SUPERVISION & LEGAL, ETC.

Geological, Engr. & Supervisory Expense	\$160,200	\$160,200
Well Control Insurance	\$9,200	\$9,200
	\$287,100	\$287,100
	\$3,327,700	\$3,327,700
		\$2,938,000

CONTINGENCIES

10%

TOTAL INTANGIBLES**TOTAL COST**

\$4,496,200 \$4,496,200 \$3,463,500

FASKEN OIL AND RANCH, LTD.

COST ESTIMATE

OPERATOR: Fasken Oil and Ranch, Ltd.
 LEASE NAME: Laguna "16" State
 FIELD: Salt Lake, West (Morrow)
 SHL: 660' FSL and 660' FEL
 BHL: 2135' FNL & 2455' FWL
 Sec. 16, T20S, R32E

DATE: June 19, 2008
 WELL NO.: 2 Directional
 COUNTY: Lea

AFE NO: 1291
 STATE: New Mexico

TANGIBLES

TUBULAR GOODS	SIZE [IN]	FOOTAGE [FT]	PRICE [\$/FT]	SUB	TOTAL	DRY HOLE
Conductor Pipe	36.000	40	\$30.00	\$1,200		\$1,200
Surface Casing	20.000	920	\$175.00	\$161,000		\$161,000
Salt String Casing	13.375	2,600	\$53.00	\$137,800		\$137,800
Inter. Casing	9.625	4,500	\$47.00	\$211,500		\$211,500
Oil string	5.500	14,100	\$23.00	\$324,300		\$0
Tubing	2.875	14,100	\$7.20	\$101,500	\$937,300	\$0
WELLHEAD EQUIPMENT						
Starting Head				\$10,300		\$4,000
Salt String Head				\$13,400		\$6,000
Inter. Head				\$8,100		\$4,000
Tubing Head				\$12,600		\$0
Christmas Tree				\$28,400	\$72,800	\$0
SUB SURFACE PRODUCTION EQUIPMENT						
Tubing Anchor and/or Packer				\$8,000		\$0
Sucker Rods, Pump, BHA, etc.				\$0	\$8,000	\$0
SURFACE PRODUCTION EQUIPMENT						
Pumping Unit c/w Prime Mover				\$0		\$0
Production Unit				\$30,000		\$0
Tanks, Treaters, Separators, Circ. Pump				\$113,300		\$0
Labor				\$50,800	\$194,100	\$0
TOTAL TANGIBLES				\$1,212,200	\$1,212,200	\$525,500

INTANGIBLES

CONTRACTOR DRILLING COST

	FOOTAGE	RATE			
Drilling Cost	14,100	\$0.00	\$0		\$0
Day Work	95	\$18,500	\$1,757,500		\$1,757,500
Mobilization			\$100,000		\$100,000
Pulling Unit for Completion	60	\$350	\$21,000		\$0
Reverse Drilling Equipment			\$10,000	\$1,888,500	\$0

CEMENTING SERVICES & EQUIPMENT

Surface	\$36,400	\$36,400
Intermediates	\$81,400	\$81,400
Oil String	\$75,600	\$0
Other	\$2,000	\$195,400

FORMATION TREATMENT

Acidizing Services & Material	\$15,000	\$0
Fracturing Services & Material	\$150,000	\$0
Tank Rental & Hauling	\$20,000	\$185,000

SPECIAL SERVICES

Perforating & Wireline Services	\$15,000	\$0
Mud Logging	85	\$1,200
Open Hole Logging		\$102,000
Cores, DST's, etc.		\$40,000
Directional Services		\$15,000
		\$400,000

DRILLING FLUIDS

Mud & Chemicals	\$110,000	\$110,000
Fresh & Brine Water	\$50,000	\$50,000
Oil for Drilling Mud	\$2,500	\$162,500

MATERIALS & SERVICES OTHER

Bits & Reamers	\$140,000	\$140,000
Fuel	\$380,000	\$380,000
Hauling - Trucking, Transport, & Pmp Truck	\$47,000	\$35,000
Tubular Inspection & Testing	\$6,000	\$4,000
Casing Expense (Run Csg., PU/LD Machine)	\$35,000	\$24,000
Valves, Piping, & Connections	\$500	\$500
Pit Liners	\$10,000	\$10,000
Rental Equipment	\$307,600	\$307,400
Welding & Roustabout Labor	\$4,300	\$3,500
Cattleguard & Fencing	\$1,000	\$1,000
Misc. Services & Supplies	\$44,500	\$975,900

LOCATION ACCESS & CLEAN UP

Surveying	\$2,500	\$2,500
ROAD, LOCATION, PITS, & CLEAN UP	\$88,500	\$91,000

SUPERVISION & LEGAL, ETC.

Geological, Engr. & Supervisory Expense	\$213,200	\$213,200
Well Control Insurance	\$9,200	\$9,200

CONTINGENCIES 10%

TOTAL INTANGIBLES

TOTAL COST

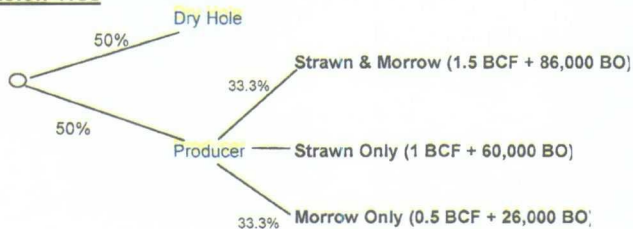
\$407,000	\$407,000	\$375,500
\$4,699,700	\$4,699,700	\$4,341,400
\$5,911,900	\$5,911,900	\$4,866,900

Fasken Oil and Ranch, Ltd.
LAGUNA "16" STATE No. 2 PROSPECT
Lea County, NM

Working Interest	50.00%	
Net Revenue Interest	40.00%	
Operating Expense	\$1,200 per month	+ \$2.20/bw + \$0.37/mcf
Initial Gas Price	\$13.23 per mcf	
Initial Oil Price	\$131.42 per bbl	

<u>Drilling Cost</u>	<u>8/8ths Vertical Well Cost</u>	<u>Net Vertical Well Cost</u>	<u>8/8ths Directional Well Cos:</u>	<u>Net Directional Well Cost</u>
Dry Hole Cost	\$3,463,500	\$1,731,750	\$4,866,900	\$2,433,450.00
Completed Well Cost	\$4,496,200	\$2,248,100	\$5,911,900	\$2,955,950

Decision Tree



Probability of Outcomes:

<u>ONE WELL PROGRAM</u>			
Dry Hole	0.5 x 1.0		0.50000
Strawn & Morrow	0.33 x 0.5		0.16667
Strawn Only	0.33 x 0.5		0.16667
Morrow Only	0.33 x 0.5		0.16667
			1.0000

NOTE: EXPECTED VALUES > 0 MEET ECONOMIC REQUIREMENTS

NET BFIT:

<u>VERTICAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 BFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$1,731,750)	=	(\$865,875)
Strawn & Morrow	0.1667	X	\$5,162,278	=	\$860,380
Strawn Only	0.1667	X	\$2,709,218	=	\$451,536
Morrow Only	0.1667	X	\$111,813	=	\$18,636
	1.00				
				VERTICAL WELL	\$464,677
<u>DIRECTIONAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 BFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$2,433,450)	=	(\$1,216,725)
Strawn & Morrow	0.1667	X	\$4,454,428	=	\$742,405
Strawn Only	0.1667	X	\$2,546,868	=	\$424,478
Morrow Only	0.1667	X	(\$519,037)	=	(\$86,506)
	1.00				
				DIRECTIONAL WELL	(\$136,349)

NET AFIT:

<u>VERTICAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 AFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$960,977)	=	(\$480,489)
Strawn & Morrow	0.1667	X	\$2,665,719	=	\$444,287
Strawn Only	0.1667	X	\$1,310,649	=	\$218,442
Morrow Only	0.1667	X	(\$124,158)	=	(\$20,693)
	1.00				
				VERTICAL WELL	\$161,547
<u>DIRECTIONAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 AFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$1,350,362)	=	(\$675,181)
Strawn & Morrow	0.1667	X	\$2,216,162	=	\$369,360
Strawn Only	0.1667	X	\$1,207,540	=	\$201,257
Morrow Only	0.1667	X	(\$573,715)	=	(\$95,619)
	1.00				
				DIRECTIONAL WELL	(\$200,183)

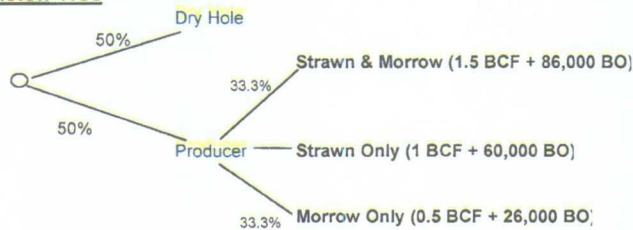
BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14116 Exhibit No. 24
Submitted by:
FASKEN OIL & RANCH, LTD
Hearing Date: June 27, 2008

Fasken Oil and Ranch, Ltd.
LAGUNA "16" STATE No. 2 PROSPECT
Lea County, NM

Working Interest	50.00%	
Net Revenue Interest	40.00%	
Operating Expense	\$1,200 per month	+\$2.20/bw + \$0.37/mcf
Initial Gas Price	\$13.23 per mcf	
Initial Oil Price	\$131.42 per bbl	

<u>Drilling Cost</u>	<u>8/8ths Vertical Well Cost</u>	<u>Net Vertical Well Cost</u>	<u>8/8ths Directional Well Cost</u>	<u>Net Directional Well Cost</u>
Dry Hole Cost	\$3,463,500	\$1,731,750	\$4,866,900	\$2,433,450.00
Completed Well Cost	\$4,496,200	\$2,248,100	\$5,911,900	\$2,955,950

Decision Tree



Probability of Outcomes:

<u>ONE WELL PROGRAM</u>		
Dry Hole	0.5 x 1.0	0.50000
Strawn & Morrow	0.33 x 0.5	0.16667
Strawn Only	0.33 x 0.5	0.16667
Morrow Only	0.33 x 0.5	0.16667
		<u>1.0000</u>

NOTE: EXPECTED VALUES > 0 MEET ECONOMIC REQUIREMENTS

NET BFIT:

<u>VERTICAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 BFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$1,731,750)	=	(\$865,875)
Strawn & Morrow	0.1667	X	\$5,162,278	=	\$860,380
Strawn Only	0.1667	X	\$2,709,218	=	\$451,536
Morrow Only	<u>0.1667</u>	X	\$111,813	=	\$18,636
	<u>1.00</u>				\$464,677
<u>DIRECTIONAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 BFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$2,433,450)	=	(\$1,216,725)
Strawn & Morrow	0.1667	X	\$4,454,428	=	\$742,405
Strawn Only	0.1667	X	\$2,546,868	=	\$424,478
Morrow Only	<u>0.1667</u>	X	(\$519,037)	=	(\$86,506)
	<u>1.00</u>				(\$136,349)

NET AFIT:

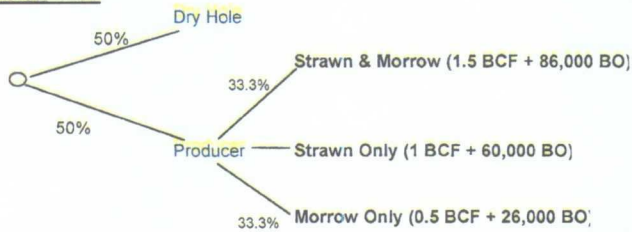
<u>VERTICAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 AFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$960,977)	=	(\$480,489)
Strawn & Morrow	0.1667	X	\$2,665,719	=	\$444,287
Strawn Only	0.1667	X	\$1,310,649	=	\$218,442
Morrow Only	<u>0.1667</u>	X	(\$124,158)	=	(\$20,693)
	<u>1.00</u>				\$161,547
<u>DIRECTIONAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 AFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$1,350,362)	=	(\$675,181)
Strawn & Morrow	0.1667	X	\$2,216,162	=	\$369,360
Strawn Only	0.1667	X	\$1,207,540	=	\$201,257
Morrow Only	<u>0.1667</u>	X	(\$573,715)	=	(\$95,619)
	<u>1.00</u>				(\$200,183)

Fasken Oil and Ranch, Ltd.
LAGUNA "16" STATE No. 2 PROSPECT
Lea County, NM

Working Interest	50.00%	
Net Revenue Interest	40.00%	
Operating Expense	\$1,200 per month	+\$2.20/bw + \$0.37/mcf
Initial Gas Price	\$13.23 per mcf	
Initial Oil Price	\$131.42 per bbl	

<u>Drilling Cost</u>	<u>8/8ths Vertical Well Cost</u>	<u>Net Vertical Well Cost</u>	<u>8/8ths Directional Well Cos</u>	<u>Net Directional Well Cost</u>
Dry Hole Cost	\$3,463,500	\$1,731,750	\$4,866,900	\$2,433,450.00
Completed Well Cost	\$4,496,200	\$2,248,100	\$5,911,900	\$2,955,950

Decision Tree



ONE WELL PROGRAM

	<u>Probability of Outcomes:</u>	
Dry Hole	0.5 x 1.0	0.50000
Strawn & Morrow	0.33 x 0.5	0.16667
Strawn Only	0.33 x 0.5	0.16667
Morrow Only	0.33 x 0.5	0.16667
		<u>1.0000</u>

NOTE: EXPECTED VALUES > 0 MEET ECONOMIC REQUIREMENTS

NET BFIT:

<u>VERTICAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 BFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$1,731,750)	=	(\$865,875)
Strawn & Morrow	0.1667	X	\$5,162,278	=	\$860,380
Strawn Only	0.1667	X	\$2,709,218	=	\$451,536
Morrow Only	<u>0.1667</u>	X	\$111,813	=	\$18,636
	<u>1.00</u>				\$464,677
<u>DIRECTIONAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 BFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$2,433,450)	=	(\$1,216,725)
Strawn & Morrow	0.1667	X	\$4,454,428	=	\$742,405
Strawn Only	0.1667	X	\$2,546,868	=	\$424,478
Morrow Only	<u>0.1667</u>	X	(\$519,037)	=	(\$86,506)
	<u>1.00</u>				(\$136,349)

NET AFIT:

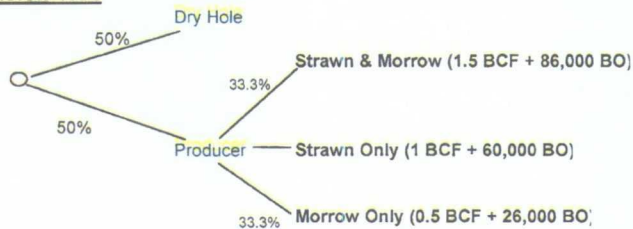
<u>VERTICAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 AFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$960,977)	=	(\$480,489)
Strawn & Morrow	0.1667	X	\$2,665,719	=	\$444,287
Strawn Only	0.1667	X	\$1,310,649	=	\$218,442
Morrow Only	<u>0.1667</u>	X	(\$124,158)	=	(\$20,693)
	<u>1.00</u>				\$161,547
<u>DIRECTIONAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 AFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$1,350,362)	=	(\$675,181)
Strawn & Morrow	0.1667	X	\$2,216,162	=	\$369,360
Strawn Only	0.1667	X	\$1,207,540	=	\$201,257
Morrow Only	<u>0.1667</u>	X	(\$573,715)	=	(\$95,619)
	<u>1.00</u>				(\$200,183)

Fasken Oil and Ranch, Ltd.
LAGUNA "16" STATE No. 2 PROSPECT
Lea County, NM

Working Interest	50.00%	
Net Revenue Interest	40.00%	
Operating Expense	\$1,200 per month	+\$2.20/bw + \$0.37/mcf
Initial Gas Price	\$13.23 per mcf	
Initial Oil Price	\$131.42 per bbl	

<u>Drilling Cost</u>	<u>8/8ths Vertical Well Cost</u>	<u>Net Vertical Well Cost</u>	<u>8/8ths Directional Well Cost</u>	<u>Net Directional Well Cost</u>
Dry Hole Cost	\$3,463,500	\$1,731,750	\$4,866,900	\$2,433,450.00
Completed Well Cost	\$4,496,200	\$2,248,100	\$5,911,900	\$2,955,950

Decision Tree



<u>Probability of Outcomes:</u>			
<u>ONE WELL PROGRAM</u>			
Dry Hole	0.5 x 1.0		0.50000
Strawn & Morrow	0.33 x 0.5		0.16667
Strawn Only	0.33 x 0.5		0.16667
Morrow Only	0.33 x 0.5		0.16667
			<u>1.00000</u>

NOTE: EXPECTED VALUES > 0 MEET ECONOMIC REQUIREMENTS

NET BFIT:

<u>VERTICAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 BFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$1,731,750)	=	(\$865,875)
Strawn & Morrow	0.1667	X	\$5,162,278	=	\$860,380
Strawn Only	0.1667	X	\$2,709,218	=	\$451,536
Morrow Only	0.1667	X	\$111,813	=	\$18,636
	<u>1.00</u>				
				VERTICAL WELL	\$464,677
<u>DIRECTIONAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 BFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$2,433,450)	=	(\$1,216,725)
Strawn & Morrow	0.1667	X	\$4,454,428	=	\$742,405
Strawn Only	0.1667	X	\$2,546,868	=	\$424,478
Morrow Only	0.1667	X	(\$519,037)	=	(\$86,506)
	<u>1.00</u>				
				DIRECTIONAL WELL	(\$136,349)

NET AFIT:

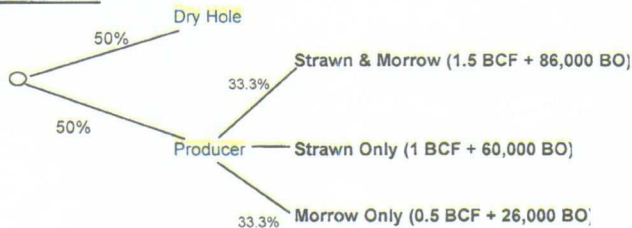
<u>VERTICAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 AFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$960,977)	=	(\$480,489)
Strawn & Morrow	0.1667	X	\$2,665,719	=	\$444,287
Strawn Only	0.1667	X	\$1,310,649	=	\$218,442
Morrow Only	0.1667	X	(\$124,158)	=	(\$20,693)
	<u>1.00</u>				
				VERTICAL WELL	\$161,547
<u>DIRECTIONAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 AFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$1,350,362)	=	(\$675,181)
Strawn & Morrow	0.1667	X	\$2,216,162	=	\$369,360
Strawn Only	0.1667	X	\$1,207,540	=	\$201,257
Morrow Only	0.1667	X	(\$573,715)	=	(\$95,819)
	<u>1.00</u>				
				DIRECTIONAL WELL	(\$200,183)

Fasken Oil and Ranch, Ltd.
LAGUNA "16" STATE No. 2 PROSPECT
Lea County, NM

Working Interest	50.00%	
Net Revenue Interest	40.00%	
Operating Expense	\$1,200 per month	+ \$2.20/bw + \$0.37/mcf
Initial Gas Price	\$13.23 per mcf	
Initial Oil Price	\$131.42 per bbl	

<u>Drilling Cost</u>	<u>8/8ths Vertical Well Cost</u>	<u>Net Vertical Well Cost</u>	<u>8/8ths Directional Well Cost</u>	<u>Net Directional Well Cost</u>
Dry Hole Cost	\$3,463,500	\$1,731,750	\$4,866,900	\$2,433,450.00
Completed Well Cost	\$4,496,200	\$2,248,100	\$5,911,900	\$2,955,950

Decision Tree



Probability of Outcomes:

<u>ONE WELL PROGRAM</u>		
Dry Hole	0.5 x 1.0	0.50000
Strawn & Morrow	0.33 x 0.5	0.16667
Strawn Only	0.33 x 0.5	0.16667
Morrow Only	0.33 x 0.5	0.16667
		<u>1.00000</u>

NOTE: EXPECTED VALUES > 0 MEET ECONOMIC REQUIREMENTS

NET BFIT:

<u>VERTICAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 BFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$1,731,750)	=	(\$865,875)
Strawn & Morrow	0.1667	X	\$5,162,278	=	\$860,380
Strawn Only	0.1667	X	\$2,709,218	=	\$451,536
Morrow Only	<u>0.1667</u>	X	\$111,813	=	\$18,636
	<u>1.00</u>				\$464,677
<u>DIRECTIONAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 BFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$2,433,450)	=	(\$1,216,725)
Strawn & Morrow	0.1667	X	\$4,454,428	=	\$742,405
Strawn Only	0.1667	X	\$2,546,868	=	\$424,478
Morrow Only	<u>0.1667</u>	X	(\$519,037)	=	(\$86,506)
	<u>1.00</u>				(\$136,349)

NET AFIT:

<u>VERTICAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 AFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$960,977)	=	(\$480,489)
Strawn & Morrow	0.1667	X	\$2,665,719	=	\$444,287
Strawn Only	0.1667	X	\$1,310,649	=	\$218,442
Morrow Only	<u>0.1667</u>	X	(\$124,158)	=	(\$20,693)
	<u>1.00</u>				\$161,547
<u>DIRECTIONAL WELL</u>	<u>Outcome Prob.</u>		<u>PW7 AFIT</u>		<u>Expected Value</u>
Dry Hole	0.5000	X	(\$1,350,362)	=	(\$675,181)
Strawn & Morrow	0.1667	X	\$2,216,162	=	\$369,360
Strawn Only	0.1667	X	\$1,207,540	=	\$201,257
Morrow Only	<u>0.1667</u>	X	(\$573,715)	=	(\$95,619)
	<u>1.00</u>				(\$200,183)