

ROYALTY AND TAXES PAID TO THE STATE OF NEW MEXICO

Laguna 16 No. 1- E/2 of Section 16, T20S, R32E, NMPM, Lea County, New Mexico

First **gas** production; February, 2004. The State of New Mexico's share of the proceeds (1/6th) from this well from first production through March, 2008 has been **\$1,019,785.11**.

First oil/condensate production; March, 2004. The State of New Mexico's share of the proceeds (1/6th) from this well from first production through April, 2008 has been **\$779,673.63**

Total proceeds paid in royalties to the State of New Mexico has been **\$1,799,458.74**.

The combined production taxes are:

Severance Tax	\$337,340.82
School Tax	\$326,694.08
Conservation Tax	\$ 17,091.93

AdValorem Tax	<u>\$112,569.84</u>
TOTAL SEVERANCE TAXES PAID	\$793,696.67

The total benefit to the State of New Mexico and the Lea County, New Mexico is **\$2,593,155.41**