

FUTURE PLAN OF DEVELOPMENT (cont') \_\_\_\_\_

PROBABLE BEHIND PIPE-SEVEN RIVERS

There exist seven behind pipe opportunities to recover Probable Behind Pipe reserves by completing existing wells in the Seven Rivers formation. These probable reserves are estimated to be 10,000 bbls of oil and 6000 mcf per well. The cost to recover these reserves is estimated to be \$45,000 per completion. Analogous performance was found in the "Yates" no. 1 operated by Yates Petroleum, and in the East Millman Unit to the west operated by SDX Resources, Inc. Average ultimate recovery from the East Millman Seven Rivers completions is estimated to be 15,000 bbls of oil and the ultimate recovery from the "Yates" no. 1 is estimated to be 35,000 bbls of oil. See Table "E" for a summary of this information.

TABLE "E"

Summary of "PROBABLE" Behind Pipe Reserves (Seven Rivers)

	Start Date	Ref	Current Zone	Behind Pipe Zones (Comments)	Cost to Recmplt	Forecasted Recoverable Reserves Oil/Gas
2			G2-G4	none		
3	4-1-96	45	G2-G4	Seven Rivers	\$ 45,000	10,000 oil, 6,000 gas
4	4-10-96	46	G2-G4	Seven Rivers	\$ 45,000	10,000 oil, 6,000 gas
5	4-20-96	47	Q6-G3	Seven Rivers	\$ 45,000	10,000 oil, 6,000 gas
6	5-1-96	48	G2-G4	Seven Rivers	\$ 45,000	10,000 oil, 6,000 gas
7	5-10-96	49	Q6-G3	Seven Rivers	\$ 45,000	10,000 oil, 6,000 gas
8	5-20-96	50	G2-G9	Seven Rivers	\$ 45,000	10,000 oil, 6,000 gas
9	6-1-96	51	G2-G5	Seven Rivers	\$ 45,000	10,000 oil, 6,000 gas
11			G2-G5	none		
12			Q6-G4	none		
13			G2-G5	none		
					\$315,000	70,000 oil, 42,000 gas

SDX RESOURCES - CONOCO 7  
 7 BEHIND PIPE SEVEN RIVERS COMPLETIONS  
 EDDY COUNTY, NEW MEXICO  
 WT=100%, NRI=73.91875%

DATE: 08/10/95  
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RESERVES AND ECONOMICS

INCREMENTAL LOE=\$100/WELL/MONTH  
 DISPOSAL COST OF \$0.15/BBL

AS OF JUNE 1, 1996

VICTOR J. SIRGO  
 OIL & GAS ENGINEERING

-END- MO-YR	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES--		-----OPERATIONS, M\$-----			CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	10.00 PCT CUM. DISC BTAX, M\$
	OIL, MBBL	GAS, MMCF	OIL, MBBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES			
12-96	7.178	4.306	5.306	3.183	17.00	1.70	95.613	6.802	5.616	315.000	-231.805	-234.415
12-97	7.765	4.660	5.740	3.444	17.00	1.70	103.434	7.359	8.400	.000	87.675	-155.941
12-98	5.794	3.476	4.282	2.570	17.00	1.70	77.163	5.490	8.400	.000	63.273	-104.458
12-99	4.621	2.773	3.417	2.050	17.00	1.70	61.575	4.382	8.400	.000	48.793	-68.368
12- 0	3.843	2.306	2.841	1.704	17.00	1.70	51.194	3.643	8.400	.000	39.151	-42.041
12- 1	3.289	1.973	2.430	1.458	17.00	1.70	43.790	3.117	8.400	.000	32.273	-22.314
12- 2	2.873	1.724	2.124	1.274	17.00	1.70	38.274	2.723	8.400	.000	27.151	-7.226
12- 3	2.551	1.531	1.886	1.131	17.00	1.70	33.985	2.420	8.400	.000	23.165	4.476
12- 4	2.293	1.375	1.695	1.017	17.00	1.70	30.544	2.174	8.400	.000	19.970	13.647
12- 5	2.084	1.251	1.541	.925	17.00	1.70	27.768	1.976	8.400	.000	17.392	20.908
12- 6	1.908	1.143	1.411	.844	17.00	1.70	25.422	1.808	8.400	.000	15.214	26.684
12- 7	1.760	1.059	1.302	.783	17.00	1.70	23.463	1.666	8.400	.000	13.397	31.306
12- 8	1.634	.978	1.207	.722	17.00	1.70	21.746	1.546	8.400	.000	11.800	35.008
12- 9	1.523	.915	1.125	.677	17.00	1.70	20.276	1.440	8.400	.000	10.436	37.985
12-10	1.427	.856	1.056	.632	17.00	1.70	19.027	1.357	8.400	.000	9.270	40.389
12-11	1.342	.805	.992	.595	17.00	1.70	17.878	1.272	8.400	.000	8.206	42.323
12-12	1.268	.761	.939	.565	17.00	1.70	16.925	1.203	8.400	.000	7.322	43.892
12-13	1.199	.719	.885	.530	17.00	1.70	15.946	1.137	8.400	.000	6.409	45.140
12-14	1.139	.683	.841	.504	17.00	1.69	15.151	1.079	8.400	.000	5.672	46.144
12-15	1.085	.653	.805	.483	17.00	1.70	14.504	1.036	8.400	.000	5.068	46.960
S TOT	56.576	33.947	41.825	25.091	17.00	1.70	753.678	53.630	165.216	315.000	219.832	46.960
REM.	19.955	11.973	14.754	8.863	17.00	1.70	265.905	18.925	254.784	.000	-7.804	49.076
TOTAL	76.531	45.920	56.579	33.954	17.00	1.70	1019.583	72.555	420.000	315.000	212.028	49.076
CUM.	.000	.000										
ULT.	76.531	45.920										
NET OIL REVENUES (M\$)							961.843					
NET GAS REVENUES (M\$)							57.740					
TOTAL REVENUES (M\$)							1019.583					
PROJECT LIFE (YEARS)		15.20					50.052					-79.091
DISCOUNT RATE (PCT)		4.40					10.000					-95.556
GROSS OIL WELLS		7.20					7.000					-109.186
GROSS GAS WELLS		1.67					.000					-120.687
GROSS WELLS		1.16					7.000					-130.560
												-146.634
												-159.233
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												-177.816
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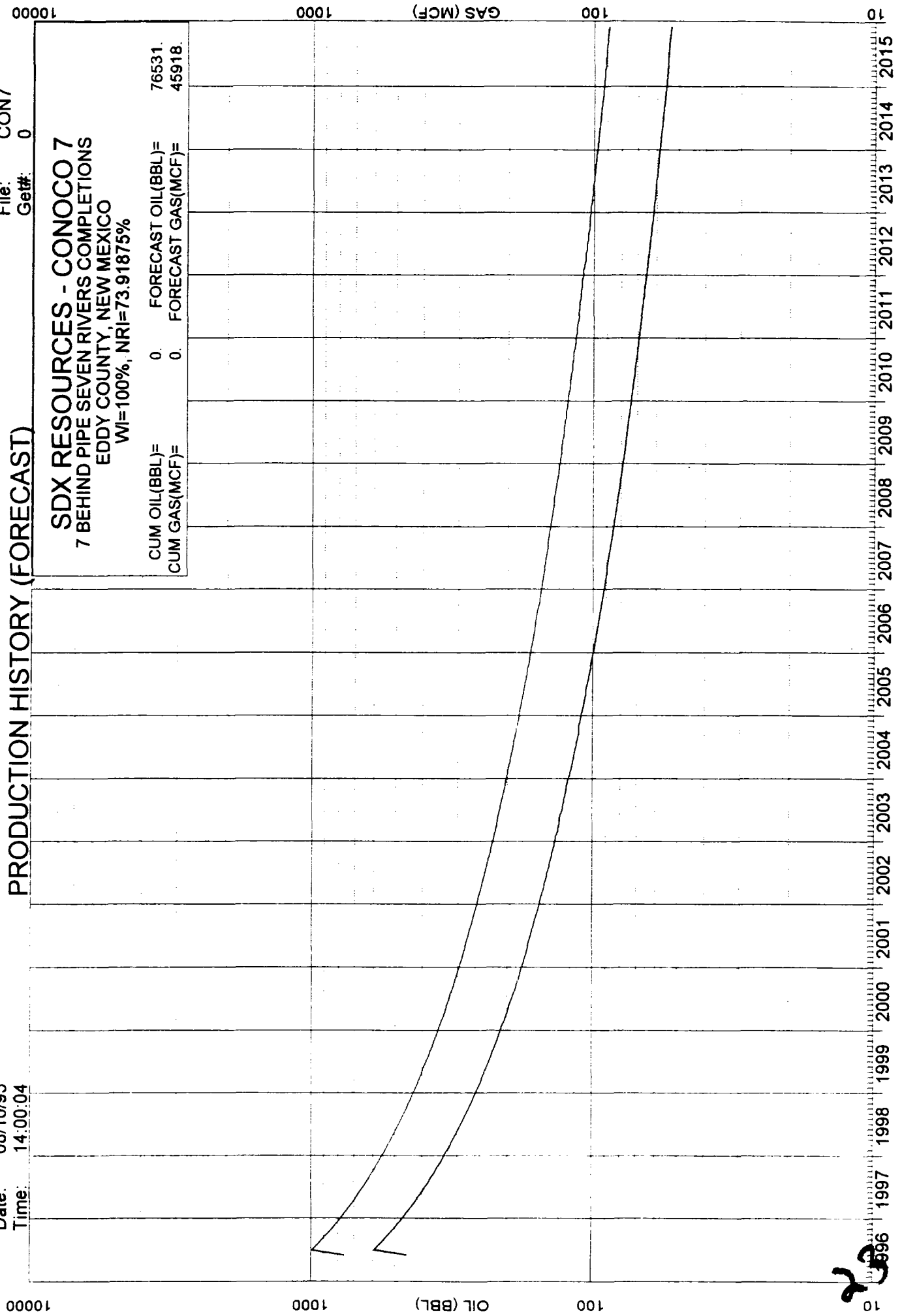
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### PRODUCTION HISTORY (FORECAST)

**SDX RESOURCES - CONOCO 7**  
7 BEHIND PIPE SEVEN RIVERS COMPLETIONS  
EDDY COUNTY, NEW MEXICO  
WI=100%, NRI=73.91875%

CUM OIL(BBL)=	0	FORECAST OIL(BBL)=	76531
CUM GAS(MCF)=	0	FORECAST GAS(MCF)=	45918



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**FUTURE PLAN OF DEVELOPMENT (cont')**\_\_\_\_\_

**PROBABLE BEHIND PIPE-PREMIER (LOWER GRAYBURG)**

There exist six behind pipe opportunities to recover Probable Behind Pipe reserves by completing existing wells in the Premier (Lower Grayburg) formation. These probable reserves are estimated to be 10,000 bbls of oil and 7000 mcf per well. The cost to recover these reserves is estimated to be \$45,000 per completion. Analogous performance was found in the "Guajalote State" lease operated by SDX Resources. Ultimate recovery from the Premier Completions on the Guajalote property are estimated to average 17,000 bbls of oil and 6,500 mcf of gas per well. See Table "F" for a summary of this information.

**TABLE "F"**

**Summary of "PROBABLE" Behind Pipe Reserves (Premier Lower Grayburg)**

Well	Start Date	Ref Num	Current Zone	Behind Pipe Zones (Comments)	Cost to Recomplete	Forecasted Recoverable Reserves Oil/Gas
2			G2-G4	none		
3			G2-G4	none		
4			G2-G4	none		
5	6-10-96	52	Q6-G3	G8-G10	\$ 45,000	17,000 oil, 6,500 gas
6			G2-G4	none		
7	6-20-96	53	Q6-G3	G8-G10	\$ 45,000	17,000 oil, 6,500gas
8			G2-G9	none		
9	7-1-96	54	G2-G5	G8-G10	\$ 45,000	17,000 oil, 6,500 gas
11	7-10-96	55	G2-G5	G8-G10	\$ 45,000	17,000 oil, 6,500 gas
12	7-20-96	56	Q6-G4	G8-G10	\$ 45,000	17,000 oil, 6,500 gas
13	8-1-96	57	G2-G5	G8-G10	\$ 45,000	17,000 oil, 6,500 gas
TTL					\$270,000	102,000 oil, 39,000 gas

SDX RESOURCES - CONOCO 7  
 6 BEHIND PIPE PREMIER COMPLETIONS  
 EDDY COUNTY, NEW MEXICO  
 WI=100%, NRI=73.91875%

DATE: 08/10/95  
 TIME: 10:31:59  
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RESERVES AND ECONOMICS

INCREMENTAL LOE=\$100/WELL/MONTH  
 DISPOSAL COST OF \$0.15/BBL

AS OF AUGUST 1, 1996

VICTOR J. SIRGO  
 OIL & GAS ENGINEERING

-END- MO-YR	---GROSS PRODUCTION---		---NET PRODUCTION---		--PRICES--		-----OPERATIONS, M\$-----			CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	10.00 PCT CUM. DISC BTAX, M\$
	OIL, MBBL	GAS, MCF	OIL, MBBL	GAS, MCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES			
12-96	7.319	2.804	5.410	2.073	17.00	1.35	94.770	6.733	3.516	270.000	-185.479	-187.432
12-97	11.109	4.253	8.211	3.143	17.00	1.70	144.931	10.301	7.200	.000	127.430	-71.403
12-98	8.155	3.123	6.029	2.310	17.00	1.70	106.420	7.561	7.200	.000	91.659	4.467
12-99	6.439	2.467	4.760	1.824	17.00	1.70	84.021	5.970	7.200	.000	70.851	57.781
12- 0	5.322	2.038	3.934	1.507	17.00	1.70	69.440	4.934	7.200	.000	57.306	96.982
12- 1	4.535	1.736	3.353	1.284	17.00	1.70	59.184	4.206	7.200	.000	47.778	126.694
12- 2	3.949	1.513	2.919	1.119	17.00	1.70	51.526	3.662	7.200	.000	40.664	149.684
12- 3	3.496	1.339	2.584	.989	17.00	1.70	45.610	3.240	7.200	.000	35.170	167.759
12- 4	3.136	1.203	2.318	.890	17.00	1.70	40.919	2.908	7.200	.000	30.811	182.155
12- 5	2.846	1.087	2.103	.805	17.00	1.70	37.121	2.636	7.200	.000	27.285	193.744
12- 6	2.601	.998	1.923	.738	17.00	1.70	33.945	2.413	7.200	.000	24.332	203.140
12- 7	2.397	.916	1.771	.676	17.00	1.70	31.255	2.219	7.200	.000	21.836	210.805
12- 8	2.222	.851	1.642	.629	17.00	1.70	28.985	2.057	7.200	.000	19.728	217.099
12- 9	2.070	.795	1.530	.588	17.00	1.70	27.012	1.922	7.200	.000	17.890	222.289
12-10	1.939	.741	1.432	.549	17.00	1.70	25.277	1.798	7.200	.000	16.279	226.583
12-11	1.822	.699	1.346	.516	17.00	1.70	23.758	1.688	7.200	.000	14.870	230.147
12-12	1.720	.657	1.270	.486	17.00	1.70	22.418	1.591	7.200	.000	13.627	233.118
12-13	1.627	.624	1.202	.462	17.00	1.70	21.220	1.508	7.200	.000	12.512	235.597
12-14	1.544	.590	1.141	.434	17.00	1.70	20.133	1.429	7.200	.000	11.504	237.669
12-15	1.468	.563	1.084	.414	17.00	1.70	19.130	1.360	7.200	.000	10.570	239.399
S TOT	75.716	28.997	55.962	21.436	17.00	1.67	987.075	70.136	140.316	270.000	506.623	239.399
REM.	27.052	10.363	20.000	7.668	17.00	1.70	353.052	25.098	219.684	.000	108.270	248.324
TOTAL	102.768	39.360	75.962	29.104	17.00	1.68	1340.127	95.234	360.000	270.000	614.893	248.324
CUM.	.000	.000										
ULT.	102.768	39.360										
							NET OIL REVENUES (M\$)	1291.354		-----PRESENT WORTH PROFILE-----		
							NET GAS REVENUES (M\$)	48.773	DISC	PW OF NET	DISC	PW OF NET
							TOTAL REVENUES (M\$)	1340.127	RATE	BTAX, M\$	RATE	BTAX, M\$
BTAX RATE OF RETURN (PCT)			43.59				PROJECT LIFE (YEARS)	50.052	.0	614.893	30.0	54.443
BTAX PAYOUT YEARS			2.05				DISCOUNT RATE (PCT)	10.000	2.0	493.397	35.0	30.955
BTAX PAYOUT YEARS (DISC)			2.36				GROSS OIL WELLS	6.000	5.0	371.225	40.0	11.648
BTAX NET INCOME/INVEST			3.28				GROSS GAS WELLS	.000	8.0	289.464	45.0	-4.560
BTAX NET INCOME/INVEST (DISC)			1.92				GROSS WELLS	6.000	10.0	248.324	50.0	-18.390
									12.0	214.393	60.0	-40.815
									15.0	173.180	70.0	-58.284
									18.0	140.262	80.0	-72.350
									20.0	121.691	90.0	-83.945
									25.0	83.772	100.0	-93.693

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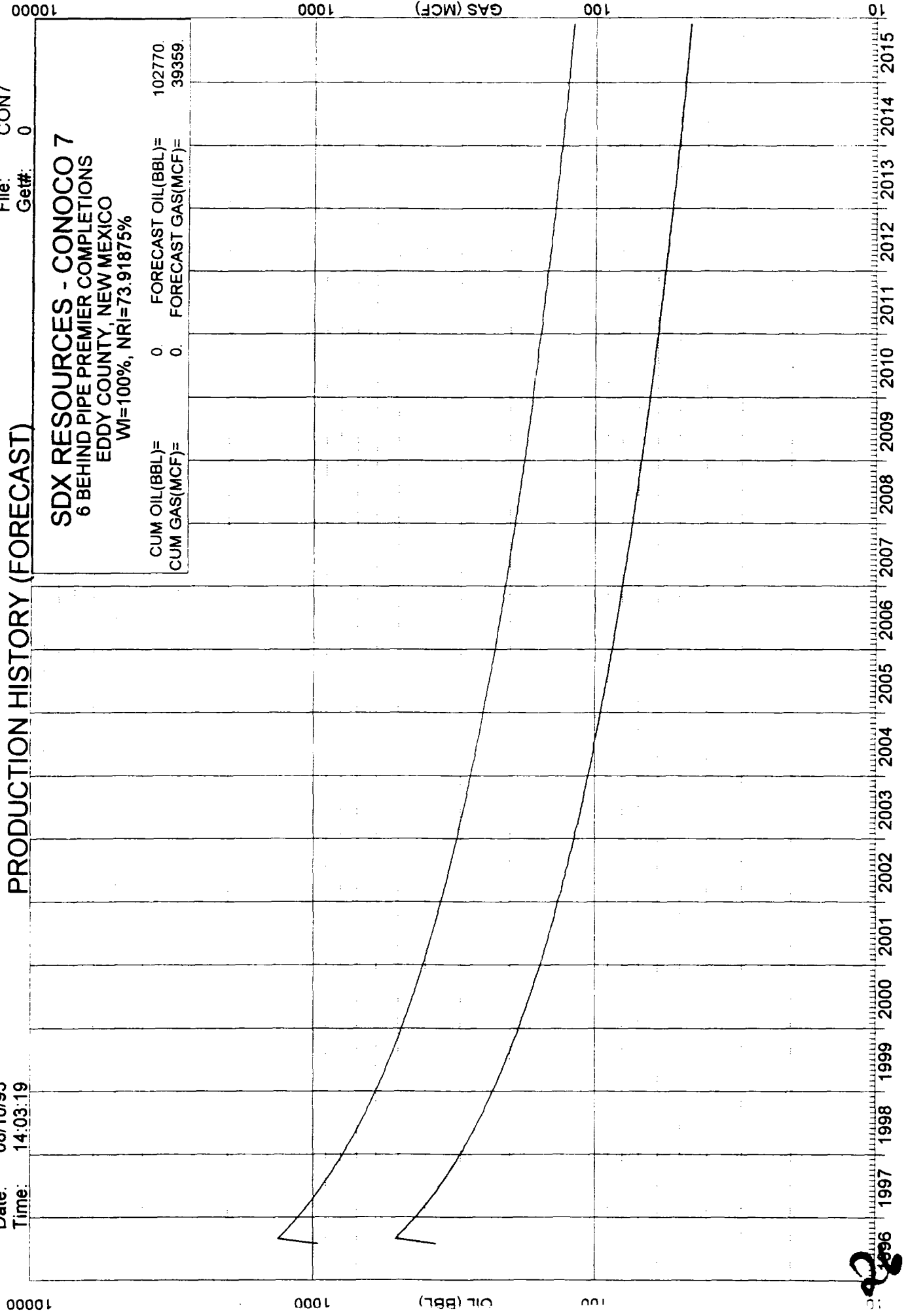
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# PRODUCTION HISTORY (FORECAST)

**SDX RESOURCES - CONOCO 7**  
6 BEHIND PIPE PREMIER COMPLETIONS  
EDDY COUNTY, NEW MEXICO  
WI=100%, NRI=73.91875%

CUM OIL(BBL)=	0	FORECAST OIL(BBL)=	102770
CUM GAS(MCF)=	0	FORECAST GAS(MCF)=	39359



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