Nearburg Producing Company

Exploration and Production

Tomahawk Prospect Economics

Parameters:

	Initial Gas Rate =	2000 MCFD
	Condensate Yield =	.012 BC/MCF
	Ultimate Reserves =	3.5 BCF
	Annual Decline Rate =	18.826 %/YR
	Operating Costs =	$1200/Month escalated at 3% per year
	Gas Price =	$2.00/MCF escalated at 2% per year to a max of $3.50/MCF
	Condensate Price =	$20.00/BBL escalated at 2% per year to a max of $35.00/BBL
	Chance of Success =	35% (Risks initial rate, ultimate production & completion costs 65%)
	Dry Hole Cost =	$699,220
	Completed Well Cost =	$1,159,273

Results:

Nearburg Current Interest:	**WI:**	**18.75%**
	NRI:	**12.80%**
	IRR:	**20.02%**
	ROI:	**1.89**
Nearburg Interest With NRI Increased Under Order:	**WI:**	**18.75%**
	NRI:	**14.19%**
	IRR:	**24.97%**
	ROI:	**2.11**

Detailed OGRE economic runs attached.

BEFORE THE
OIL CONSERVATION DIVISION
Case No.11722 Exhibit No. 16
Submitted By:
Nearburg Exploration Co.
Hearing Date: March 20, 1997

TOMAHAWK PROSPECT
CASE 1: NEARBURG CURRENT INTEREST
CHANCE OF SUCCESS 35%

DATE: 03/18/97
TIME: 14:14.54
FILE: MACPROSP
GET#: 17

RESERVES AND ECONOMICS

AS OF APRIL 1, 1997

-END-	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES---		--------OPERATIONS, M$--------					10.00 PCT
MO-YR	OIL, MBBL	GAS, MMCF	OIL, MBBL	GAS, MMCF	OIL $/B	GAS $/M	NET OPER REVENUES	SEV+ADV+ WF TAXES	NET OPER EXPENSES	CAPITAL COSTS, M$	CASH FLOW BTAX, M$	CUM. DISC BTAX, M$
12-97	1.670	140.332	.214	17.962	20.00	2.00	40.204	5.065	.551	161.295	-126.707	-127.709
12-98	2.430	204.196	.311	26.137	20.40	2.04	59.663	7.518	.973	.000	51.172	-82.284
12-99	1.972	165.755	.252	21.217	20.81	2.08	49.392	6.224	1.003	.000	42.165	-48.257
12- 0	1.602	134.550	.205	17.222	21.22	2.12	40.903	5.154	1.033	.000	34.716	-22.788
12- 1	1.299	109.221	.166	13.980	21.65	2.16	33.859	4.267	1.064	.000	28.528	-3.762
12- 2	1.055	88.659	.135	11.348	22.08	2.21	28.039	3.533	1.096	.000	23.410	10.432
12- 3	.857	71.968	.110	9.212	22.52	2.25	23.226	2.926	1.128	.000	19.172	20.999
12- 4	.695	58.420	.089	7.478	22.97	2.30	19.225	2.422	1.162	.000	15.641	28.836
12- 5	.564	47.421	.072	6.070	23.43	2.34	15.911	2.005	1.197	.000	12.709	34.625
12- 6	.458	38.495	.059	4.927	23.90	2.39	13.186	1.662	1.233	.000	10.291	38.887
12- 7	.372	31.247	.048	4.000	24.38	2.44	10.922	1.376	1.270	.000	8.276	42.003
12- 8	.302	25.365	.039	3.247	24.87	2.49	9.044	1.140	1.308	.000	6.596	44.260
12- 9	.245	20.590	.031	2.636	25.36	2.54	7.472	.942	1.347	.000	5.183	45.873
12-10	.199	16.714	.025	2.139	25.87	2.59	6.181	.779	1.388	.000	4.014	47.008
12-11	.161	13.567	.021	1.737	26.39	2.64	5.138	.647	1.429	.000	3.062	47.795
12-12	.131	11.013	.017	1.410	26.92	2.69	4.253	.537	1.472	.000	2.244	48.320
12-13	.107	8.940	.014	1.144	27.46	2.75	3.525	.444	1.516	.000	1.565	48.653
12-14	.086	7.256	.011	.929	28.00	2.80	2.910	.367	1.562	.000	.981	48.843
12-15	.070	5.891	.009	.754	28.56	2.86	2.411	.304	1.609	.000	.498	48.930
12-16	.057	4.782	.007	.612	29.14	2.91	1.987	.250	1.657	.000	.080	48.943
S TOT	14.332	1204.382	1.835	154.161	21.88	2.19	377.451	47.562	24.998	161.295	143.596	48.943
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	48.943
TOTAL	14.332	1204.382	1.835	154.161	21.88	2.19	377.451	47.562	24.998	161.295	143.596	48.943

CUM.	.000	.000
ULT.	14.332	1204.382

NET OIL REVENUES (M$)	40.152
NET GAS REVENUES (M$)	337.299
TOTAL REVENUES (M$)	377.451

BTAX RATE OF RETURN (PCT)	20.02
BTAX PAYOUT YEARS	3.96
BTAX PAYOUT YEARS (DISC)	5.27
BTAX NET INCOME/INVEST	1.89
BTAX NET INCOME/INVEST (DISC)	1.30
INITIAL W.I. FRACTION	.187500
FINAL W.I. FRACTION	.187500
PRODUCTION START DATE	6- 1-97
MONTHS IN FIRST LINE	12.00

PROJECT LIFE (YEARS)	20.000
DISCOUNT RATE (PCT)	10.000
GROSS OIL WELLS	.000
GROSS GAS WELLS	.350
GROSS WELLS	.350
INITIAL NET OIL FRACTION	.128000
FINAL NET OIL FRACTION	.128000
INITIAL NET GAS FRACTION	.128000
FINAL NET GAS FRACTION	.128000

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

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	143.596	50.0	-62.358
5.0	87.537	55.0	-67.827
10.0	48.943	60.0	-72.601
15.0	21.038	65.0	-76.802
20.0	.057	70.0	-80.522
25.0	-16.241	75.0	-83.850
30.0	-29.234	80.0	-86.834
35.0	-39.826	85.0	-89.536
40.0	-48.616	90.0	-91.984
45.0	-56.027	100.0	-96.260

FILE NAME: MACPROSP(17) DATA REPORT DATE: 03/18/97
TIME: 14:14.54

CASE NAME: TOMAHAWK
CMD NAME: ogre (140)

101 TOMAHAWK PROSPECT
102 CASE 1: NEARBURG CURRENT INTEREST
103 CHANCE OF SUCCESS 35%

117 CASE $COM1
* 120 1 97 12 4 1 97 10 2
* 128 0 5 10 15 20 25 30 35 40 45
* 129 50 55 60 65 70 75 80 85 90 100
* 131 DRYHOLE ACRS 7 DELAY 0 0 0
* 132 COMPL ACRS 7 DELAY 0 0 0

	W.I. FRACTION	OP. COST ($/W/MO)	OP. COST ($/MO.)	ADV. TAX (PCT)	MAJOR PH. NAME	PROD DATE (MO/DY/YR)
210	.18750000	1200.00	.00	5.000	GAS	6/ 1/97

	PHASE NAME	CUM PROD (MUNITS)	REV. INT FRACTION	PRICE ($/UNIT)	SEV. TAX (PCT)	NO. OF WELLS	RATIO TO MAJOR PH
221	OIL	.000	.12800000	20.000	8.000	.0	.012
222	GAS	.000	.12800000	2.000	8.000	1.0	

	PH. NAME	CURVE TP	DECLINE%	QI RATE	QT RATE	CUM. LIMIT		(M OR Y)	CALC VALUE	
412	GAS	EXP	X	2000.000	NL	3500.000	MMF			
CALC	GAS	EXP	END= 18.826	2000.000	.000	1728.386	YRS	D	3500.000	MMCF

600 SERIES LINES:

610 RISK=.35

620 CASE $ESC1
* 610 DATA OILP : ESC 2 % X X 35
* 620 DATA GASP : ESC 2 % X X 3.5
* 630 DATA WELLC : ESC 3 %

	INV NAME	INV. POINT		(G OR N)	TANG-M$	INTANG-M$	LSEHLD-M$	RISK FRAC
802	DRYHOLE	-2.000	MOS	G	.000	699.220	.000	1.000
803	COMPL	.000	YRS	G	460.053	.000	.000	RISK

ECONOMIC LIFE (YRS): 20.000
GROSS GAS (MMCF): 1204.382

TOMAHAWK PROSPECT
CASE 2: NEARBURG NRI INCREASED
CHANCE OF SUCCESS 35%

DATE: 03/18/97
TIME: 14:14.54
FILE: MACPROSP
GET#: 18

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

AS OF APRIL 1, 1997

-END-	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES---		--------OPERATIONS, M$--------					10.00 PCT
MO-YR	OIL, MBBL	GAS, MMCF	OIL, MBBL	GAS, MMCF	OIL $/B	GAS $/M	NET OPER REVENUES	SEV+ADV+ WF TAXES	NET OPER EXPENSES	CAPITAL COSTS, M$	CASH FLOW BTAX, M$	CUM. DISC BTAX, M$
12-97	1.670	140.332	.237	19.913	20.00	2.00	44.566	5.615	.551	161.295	-122.895	-124.060
12-98	2.430	204.196	.345	28.975	20.40	2.04	66.147	8.335	.973	.000	56.839	-73.605
12-99	1.972	165.755	.280	23.521	20.81	2.08	54.768	6.900	1.003	.000	46.865	-35.786
12- 0	1.602	134.550	.227	19.093	21.22	2.12	45.341	5.713	1.033	.000	38.595	-7.472
12- 1	1.299	109.221	.184	15.498	21.65	2.16	37.534	4.730	1.064	.000	31.740	13.696
12- 2	1.055	88.659	.150	12.581	22.08	2.21	31.093	3.917	1.096	.000	26.080	29.508
12- 3	.857	71.968	.122	10.212	22.52	2.25	25.749	3.244	1.128	.000	21.377	41.291
12- 4	.695	58.420	.099	8.290	22.97	2.30	21.319	2.687	1.162	.000	17.470	50.045
12- 5	.564	47.421	.080	6.729	23.43	2.34	17.643	2.223	1.197	.000	14.223	56.524
12- 6	.458	38.495	.065	5.462	23.90	2.39	14.609	1.840	1.233	.000	11.536	61.301
12- 7	.372	31.247	.053	4.434	24.38	2.44	12.102	1.525	1.270	.000	9.307	64.805
12- 8	.302	25.365	.043	3.599	24.87	2.49	10.019	1.263	1.308	.000	7.448	67.354
12- 9	.245	20.590	.035	2.922	25.36	2.54	8.300	1.046	1.347	.000	5.907	69.192
12-10	.199	16.714	.028	2.372	25.87	2.59	6.861	.865	1.388	.000	4.608	70.495
12-11	.161	13.567	.023	1.925	26.39	2.64	5.687	.717	1.429	.000	3.541	71.406
12-12	.131	11.013	.019	1.563	26.92	2.69	4.718	.595	1.472	.000	2.651	72.026
12-13	.107	8.940	.015	1.269	27.46	2.75	3.896	.491	1.516	.000	1.889	72.427
12-14	.086	7.256	.012	1.030	28.00	2.80	3.220	.406	1.562	.000	1.252	72.669
12-15	.070	5.891	.010	.836	28.56	2.86	2.674	.337	1.609	.000	.728	72.797
12-16	.057	4.782	.008	.679	29.14	2.91	2.211	.279	1.657	.000	.275	72.841
S TOT	14.332	1204.382	2.035	170.903	21.88	2.19	418.457	52.728	24.998	161.295	179.436	72.841
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	72.841
TOTAL	14.332	1204.382	2.035	170.903	21.88	2.19	418.457	52.728	24.998	161.295	179.436	72.841

CUM.	.000	.000
ULT.	14.332	1204.382

NET OIL REVENUES (M$)	44.526
NET GAS REVENUES (M$)	373.931
TOTAL REVENUES (M$)	418.457

BTAX RATE OF RETURN (PCT)	24.97
BTAX PAYOUT YEARS	3.50
BTAX PAYOUT YEARS (DISC)	4.35
BTAX NET INCOME/INVEST	2.11
BTAX NET INCOME/INVEST (DISC)	1.45
INITIAL W.I. FRACTION	.187500
FINAL W.I. FRACTION	.187500
PRODUCTION START DATE	6- 1-97
MONTHS IN FIRST LINE	12.00

PROJECT LIFE (YEARS)	20.000
DISCOUNT RATE (PCT)	10.000
GROSS OIL WELLS	.000
GROSS GAS WELLS	.350
GROSS WELLS	.350
INITIAL NET OIL FRACTION	.141900
FINAL NET OIL FRACTION	.141900
INITIAL NET GAS FRACTION	.141900
FINAL NET GAS FRACTION	.141900

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

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
.0	179.436	50.0	-51.574
5.0	116.206	55.0	-57.673
10.0	72.841	60.0	-63.001
15.0	41.577	65.0	-67.685
20.0	18.106	70.0	-71.841
25.0	-.103	75.0	-75.555
30.0	-14.610	80.0	-78.891
35.0	-26.432	85.0	-81.905
40.0	-36.240	90.0	-84.643
45.0	-44.510	100.0	-89.418