

**COST ESTIMATE
RED TANK PILOT PRESSURE MAINTENANCE
POGO PRODUCING COMPANY**

PROJECT COST

Convert Prize Federal #4 to a water injection well	60,000
Recovery of Prize Federal #4 pumping equipment	(40,000)
Additional Facilities (Injection Pumps & Flowlines)	100,000
Removal of Bridge Plugs	
Prize Federal #3	10,000
Prize Federal #5	10,000
Prize Federal #7	10,000
Prize Federal #8	10,000
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Total Cost	\$ 160,000

VALUE OF INCREMENTAL PRODUCTION

Additional Oil Reserves, STBO	255,511
Additional Gas Reserves, MCF	301,089
Oil Value @ \$13.0/bbl	3,321,643
Gas Value @\$2.50/mcf	752,723
Less Severance Taxes	(162,499)
Less Ad Valorem 1.8%	(73,339)
Less Operating Expenses @ \$6.00/bbl	(1,533,066)
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Total Value of Incremental Reserves	\$ 2,305,462

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