


**COST ESTIMATE  
WEST SAND DUNES –DELAWARE POOL  
PILOT PRESSURE MAINTENANCE PROJECT  
POGO PRODUCING COMPANY**

**PROJECT COSTS**

PURE GOLD “B” FEDERAL WELL NO. 20 CONVERSION	\$ 50,000
ADDITIONAL FACILITIES (INJECTION PUMPS & FLOWLINES)	<u>\$100,000</u>
<b>TOTAL COSTS</b>	<b>\$150,000</b>

**VALUE OF INCREMENTAL PRODUCTION**

ADDITIONAL OIL RESERVES , (STB)	127,000
ADDITIONAL GAS RESERVES, (MCF)	177,000
 Oil Value @ \$15.0/Bbl	 \$1,905,000
Gas Value @2.0/Mcf	\$ 356,000
Less Severance Taxes	\$ (83,338)
Less Ad Valorem 1.8%	\$ (40,662)
Less Operating Expenses @ \$5.0/Bbl	<u>\$ (635,000)</u>
 <b>TOTAL VALUE OF INCREMENTAL RESERVES</b>	 <b>\$1,500,000</b>

  
 ROBERT L. SMITH  
 President  
 POGO PRODUCING COMPANY  
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