

REDWOLF PRODUCTION, INC.
Economic Report Summary

REGION:

DISTRICT:

CNTYSTATE: New Mexico

PROJECT NAME: BEAR NO. 1

LOCATION:

BUDGET CATEGORY:

EFFECTIVE DATE: DEC 1999

BUDGET PRIORITY:

PROPOSED BY :

IDENTIFICATION				PROFIT INDICES				PRESENT WORTH PROFILE			
FIELD	:	SEC. 36 T26N R13W		PROFIT TO INV (P/I):	BTAX	ATAX		DISCOUNT	BTAX	ATAX	
LSE/BLOCK	:			UNDISCOUNTED	0.80	0.49		RATE (%)	(M\$)	(M\$)	
FORMATION	:	FRUITLAND COAL		DISC @ 10.0%	0.18	0.06					
TOTAL DEPTH:				DISC @ 15.0%	0.00	-0.07			139.	86.	
OPERATOR	:	REDWOLF PRODUCTION, INC.		INV EFF RATIO (IER):				5.0	74.	41.	
AFE #	:			UNDISCOUNTED	0.80	0.59		10.0	31.	10.	
LIFE (YRS)	:	17.7		DISC @ 10.0%	0.18	0.07		15.0	0.	-12.	
				DISC @ 15.0%	0.00	-0.08		20.0	-22.	-29.	
								25.0	-39.	-41.	
WI		ORI	GRI	DATE							
100.00000		80.00000	80.00000	DEC 1999	PAYOUT (YEARS)	4.8	5.2				
					RATE OF RETURN (%)	15.0	12.0				
								DISCOUNT DATE	:	DEC 1999	
								DISCOUNT METHOD:		EFFECTIVE MON	
COMMODITY PRICES				INVESTMENTS (M\$)				CASH FLOW (M\$)			
		BEG	END	AVG		GROSS	NET				NET
OIL (\$/BBL)		0.00	0.00	0.00	LEASEHOLD	0.	0.	TOTAL REVENUES			523.
GAS (\$/MCF)		1.75	1.75	1.75	DRY HOLE	0.	0.	EXPENSES:			
NGL (\$/BBL)		0.00	0.00	0.00				OPEX (LOE)			167.
SULPHUR (\$/TON)		0.00	0.00	0.00	DRILLING	0.	0.	WORKOVER			0.
					COMPLETION	0.	0.	PLANT			0.
\$EQUIV BOE RATIO		5.30	5.30	5.30	PLATFORM	0.	0.	SEV & ADVAL TAXES			42.
					FACILITIES	0.	0.	INDIRECT			0.
					PIPELINE	0.	0.	OVERHEAD			0.
					PLANT	0.	0.	NET ABAND/SALV			0.
					GATHERING	0.	0.				
								NET INVESTMENTS			174.
OPEX (\$/BOE)		2.37	2.97		MISC INTAN	103.	103.	BTAX CASH FLOW			139.
OPEX (\$/BO\$E)		4.35	5.44		MISC TAN	72.	72.	INCOME TAXES PAID			53.
F&D (\$/BOE)		2.48	3.10					ATAX CASH FLOW			86.
F&D (\$/BO\$E)		4.54	5.68		TOTAL	174.	174.	ATAX DISC @ 10.0%			10.
ATAX CF (\$/BOE)			1.53		DISC @ 10.0%	173.	173.				
ATAX CF (\$/BO\$E)			2.81								
RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS							
		GROSS	NET								
		REMAIN	ULT	REMAIN	ULT						
OIL (MBBLS)		0.	0.	0.	0.						
GAS (MMCF)		373.	373.	299.	299.						
NGL (MBBLS)		0.	0.	0.	0.						
SULPHUR (MTONS)		0.	0.	0.	0.						
EQUIVALENT RESERVES:											
BTU (MBOE)		70.	70.	56.	56.						
VALUE (MBO\$E)		38.	38.	31.	31.						
INITIAL RATE:											
OIL (BBLs/DAY)		0.						GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2			
GAS (MCF/DAY)		128.						ALTKEY: USA			
								VERSION: 7.500			
DATE: 11/30/98		TIME: 14:37:08		RPT FILE: 0		PG # 1		PRJ FILE: DRILL		EVAL # 38	

BREAK-EVEN CASE

PF:DRILL
EVAL #: 38
VERSION: 7.500

REDWOLF PRODUCTION, INC.
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AS OF DEC 1, 1999

DATE: 11/30/98
TIME: 14:37:08
PAGE: 2

NAME : BEAR NO. 1
FIELD : SEC. 36 T26N R13W
CNTY, STATE: SAN JUAN COUNTY, NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : REDWOLF PRODUCTION, INC.

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MBBLS---	---MBBLS---	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M1---	---\$/MCF---	---M1---	---M1---
(1MO)1999	0.0	0.0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
2000	0.0	0.0	37.3	29.9	5.6	0.00	0.0	1.75	52.3	52.3
2001	0.0	0.0	40.7	32.5	6.1	0.00	0.0	1.75	57.0	57.0
2002	0.0	0.0	36.6	29.3	5.5	0.00	0.0	1.75	51.3	51.3
2003	0.0	0.0	33.0	26.4	5.0	0.00	0.0	1.75	46.1	46.1
2004	0.0	0.0	29.7	23.7	4.5	0.00	0.0	1.75	41.5	41.5
2005	0.0	0.0	26.7	21.4	4.0	0.00	0.0	1.75	37.4	37.4
2006	0.0	0.0	24.0	19.2	3.6	0.00	0.0	1.75	33.6	33.6
2007	0.0	0.0	21.6	17.3	3.3	0.00	0.0	1.75	30.3	30.3
2008	0.0	0.0	19.5	15.6	2.9	0.00	0.0	1.75	27.2	27.2
2009	0.0	0.0	17.5	14.0	2.6	0.00	0.0	1.75	24.5	24.5
2010	0.0	0.0	15.8	12.6	2.4	0.00	0.0	1.75	22.1	22.1
2011	0.0	0.0	14.2	11.3	2.1	0.00	0.0	1.75	19.9	19.9
2012	0.0	0.0	12.8	10.2	1.9	0.00	0.0	1.75	17.9	17.9
2013	0.0	0.0	11.5	9.2	1.7	0.00	0.0	1.75	16.1	16.1
SUB TOTAL	0.0	0.0	340.8	272.6	51.4	0.00	0.0	1.75	477.1	477.1
REMAINDER	0.0	0.0	32.5	26.0	4.9	0.00	0.0	1.75	45.5	45.5
TOT 17.7	0.0	0.0	373.3	298.6	56.3	0.00	0.0	1.75	522.6	522.6

	NET LOE (FIX + VAR)	NET WORKOVR EXP	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M1---	---M1---	---M1---	---M1---	---M1---	---M1---	---M1---	---M1---	---M1---	---M1---
(1MO)1999	0.0	0.0	0.0	0.0	0.0	174.5	-174.5	-27.4	-147.1	-147.1
2000	8.0	0.0	8.0	4.2	0.0	0.0	40.1	9.4	30.7	-116.4
2001	9.6	0.0	9.6	4.6	0.0	0.0	42.8	7.3	35.5	-80.8
2002	9.6	0.0	9.6	4.1	0.0	0.0	37.6	7.2	30.4	-50.5
2003	9.6	0.0	9.6	3.7	0.0	0.0	32.8	6.7	26.1	-24.3
2004	9.6	0.0	9.6	3.3	0.0	0.0	28.6	6.1	22.5	-1.8
2005	9.6	0.0	9.6	3.0	0.0	0.0	24.8	6.6	18.2	16.3
2006	9.6	0.0	9.6	2.7	0.0	0.0	21.3	5.7	15.7	32.0
2007	9.6	0.0	9.6	2.4	0.0	0.0	18.2	5.7	12.5	44.5
2008	9.6	0.0	9.6	2.2	0.0	0.0	15.5	5.9	9.6	54.1
2009	9.6	0.0	9.6	2.0	0.0	0.0	13.0	4.9	8.0	62.1
2010	9.6	0.0	9.6	1.8	0.0	0.0	10.7	4.1	6.6	68.8
2011	9.6	0.0	9.6	1.6	0.0	0.0	8.7	3.3	5.4	74.2
2012	9.6	0.0	9.6	1.4	0.0	0.0	6.8	2.6	4.2	78.4
2013	9.6	0.0	9.6	1.3	0.0	0.0	5.2	2.0	3.2	81.6
SUB TOTAL	132.8	0.0	132.8	38.2	0.0	174.5	131.7	50.0	81.6	81.6
REMAINDER	34.4	0.0	34.4	3.6	0.0	0.0	7.5	2.8	4.6	86.3
TOT 17.7	167.2	0.0	167.2	41.8	0.0	174.5	139.1	52.9	86.3	86.3

PF:DRILL
EVAL #: 38
VERSION: 7.500

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CNTY, STATE: SAN JUAN COUNTY, NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : REDWOLF PRODUCTION, INC.

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-----M1-----	-----M1-----	-----	-----MBBLS-----	-----\$/BBL-----	-----M1-----	-----M-TONS-----	-----M1-----	-----M1-----	-----M1-----
(1MO)1999	174.5	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2000	0.0	8.0	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2001	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2002	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2003	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2004	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2005	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2006	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2007	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2008	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2009	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2010	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2011	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2012	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2013	0.0	9.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	174.5	132.8	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	34.4	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 17.7	174.5	167.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-----M1-----	-----M1-----	-----M1-----	-----M1-----	-----M1-----	-----M1-----	-----M1-----	-----M1-----	-----M1-----	-----M1-----
(1MO)1999	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.2	0.0	5.1
2001	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.5	0.0	6.2
2002	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.5	0.0	6.2
2003	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	0.0	6.2
2004	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0	6.2
2005	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0	1.0
2006	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0	0.0
2007	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	0.0	0.0
2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2009	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	71.5	0.0	30.9
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 17.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	71.5	0.0	30.9