

ECONOMICS

ESPOPE EXAMINER CATANACH

CONSERVATION DIVISION

_____ 8

FIN-AL*
ESTIMATED CASH-FLOW SUMMARY

Property: O.G. STATE#2
Location: LEACOUNTY, NEW MEXICO
Operator: LBO NEW MEXICO, INC.

Remarks: ESTIMATED VALUE
Comments
More Comments

1st Month of Production: **January**

Number of Productive Years: **20+**

	Estimated 8/8ths Production		Company Net Production				Income to Net	L.O.E
	OIL	GAS	OIL	GAS	OIL	GAS	Interest	
Year:	--BBLs--	--MCF--	--BBLs--	--MCF--	\$/BBL	\$/MCF	--\$--	--\$--
1991	23,149	496	18,808	403	19.00	1.90	358,122	24,000
1992	14,891	371	12,099	301	19.76	1.98	239,674	24,517
1993	11,168	315	9,074	256	20.55	2.06	187,008	25,498
1994	8,376	284	6,806	231	21.37	2.14	145,949	26,517
1995	6,995	270	5,664	219	22.23	2.22	126,823	27,578
1996	6,436	256	5,229	208	23.12	2.31	121,359	28,661
1997	5,921	244	4,811	198	24.04	2.40	116,131	29,829
1998	5,447	231	4,426	188	25.00	2.50	111,129	31,022
1999	5,011	220	4,072	179	26.00	2.60	106,343	32,263
2000	4,611	209	3,746	170	27.04	2.70	101,764	33,553
Subtotal:	92,006	2,896	74,755	2,353			1,614,303	283,457
Remainder:	29,990	1,592	24,366	1,294			805,301	416,955
Total:	121,996	4,488	99,121	3,647			2,419,604	702,412
	Severence Tax	Advalorem Tax	W.P.T.		Net Investment	BFIT Net Cash Flow	BFIT Cum Net Cash Flow	BFIT Cum Flow Disc @ 10%
Year:	--\$--	--\$--	--\$--		--\$--	--\$--	--\$--	--\$--
1991	14,352	14,325	0		795,472	-490,026	-490,026	-467,220
1992	9,608	9,587	0		0	195,963	-294,064	-297,364
1993	7,499	7,480	0		0	146,531	-147,533	-181,899
1994	5,855	5,838	0		0	107,738	-39,794	-104,721
1995	5,090	5,073	0		0	89,082	49,287	-46,708
1996	4,871	4,854	0		0	82,952	132,240	2,402
1997	4,662	4,645	0		0	76,996	209,235	43,841
1998	4,462	4,445	0		0	71,201	280,436	79,391
1999	4,270	4,254	0		0	65,557	345,993	108,550
2000	4,087	4,071	0		0	60,054	406,047	132,834
Subtotal:	64,755	64,572	0		795,472	406,047		
Remainder:	32,362	32,212	0		0	321,771		
Total:	97,117	96,784	0		795,472	727,818	727,818	222,210

IRR = 14.56%
ROI over 5 Yrs = 1.06
ROI over Well Life = 1.91
Months To Payout = 53.36

Net Present Value @ 8% = \$287,107
Net Present Value @ 10% = \$222,210
Net Present Value @ 12% = \$166,471
Net Present Value @ 15% = \$99,282
Net Present Value @ 20% = \$16,485

ASSUMPTIONS

	in occurs at (Payout) X	
	Before Back-in	After Back-in
Initial Monthly Oil Production BBLs	2,500	
Initial Monthly Gas Production MCF	50	
Price/BBL	\$19.00	
Price/MCF	\$1.90	
Company WJ.	100.00%	100.00%
Company N.R.I.	81.25%	81.25%
L.O.E./Month	\$2,000	
% Severance Tax Oil	4.00%	
% Severance Tax Gas	7.50%	
Advalorem Tax	4.00%	
Net Investment	\$795,472	
Discount Value	10.00%	

Decline oil at	<u>45.00%</u>	for first	<u>1</u>	years,
	<u>25.00%</u>	for next	<u>3</u>	years, and
	<u>8.00%</u>	thereafter.		
Decline gas at	<u>35.00%</u>	for	<u>1</u>	years,
	<u>15.00%</u>	for next	<u>2</u>	years, and
	<u>5.00%</u>	thereafter.		
No. of months production 1st year	<u>12</u>			
Escalate the L.O.E. at	<u>8.00%</u>	for	<u>1</u>	years, then escalate at <u>4.00%</u>
Escalate oil price at	<u>8.00%</u>	for	<u>1</u>	years, then escalate at <u>4.00%</u>
Escalate gas price at	<u>8.00%</u>	for	<u>1</u>	years, then escalate at <u>4.00%</u>
Cut-off at Economic Limit (Y/N):	<u>Y</u>			
OIL Production by Decline (D) or or Year-by-Year (YBY)	<u>D</u>			
GAS Production by Decline (D) or Year-by-Year (YBY)	<u>D</u>			
OIL Price as calculated (C) or Year-by-Year (YBY)	<u>C</u>			
GAS Price as Calculated (C) or Year-by-Year (YBY)	<u>C</u>			
L.O.E as Calculated (C) or Year-by-Year (YBY).	<u>C</u>			