

QUERECHO PLAINS QUEEN ASSOCIATED SAND UNIT

LEA COUNTY, NEW MEXICO

INITIAL CAPITAL INVESTMENT

Unitization, Design, Construction and Implementation \$ 592,000

INCREMENTAL ECONOMIC EVALUATION

	<u>Present Worth</u> <u>Undisc. (M\$)</u>	<u>ROI</u> <u>Undiscounted</u>	<u>Present Worth</u> <u>Discounted @</u> <u>10% (M\$)</u>	<u>ROI</u> <u>Disc. @ 10%</u>	<u>IRR (%)</u>
Working Int. (Total Group)	850	2.4:1	480	1.8:1	29
Royalty Int. (BLM)	250	N/A	180	N/A	N/A
ORRI Interests (Total Group)	200	N/A	140	N/A	N/A

Note: Economics do have BLM royalty reduction and the State's EOR tax rate taken into account.

BY: [Signature]
LEA COUNTY CONSERVATION DIVISION

DATE: 10/11/2011

FILE NO. 10959 & 10960