

ANALYSIS (Client Project)

Operator: GDM  
 Lease: Viejo 1 U  
 Field: Wildcat  
 Location: Delaware Basin  
 Comments: Using method 1

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\*\*\*Undiscounted Yardsticks\*\*\*  
 Mid Case Payout Year = 2008  
 UNIR = 3.95  
 Before Tax ROI = 32.55

\*\*\*Discounted Yardsticks\*\*\*  
 NPV = 4,634,485.81  
 IRR = 28 %  
 GROR = 31.47 %  
 Invest.Eff.Index = 1.27

| Year | Mean Cash Flow   | Cash Flow X Probability of Success | Dry Case Costs   | Dry Case X Probability of Failure | Risk Weighted Cash Flow | Discounted Cash Flow |
|------|------------------|------------------------------------|------------------|-----------------------------------|-------------------------|----------------------|
| 2006 | \$(1,500,000.00) | \$(178,605.00)                     | \$(4,500,000.00) | \$(3,964,185.00)                  | \$(4,142,790.00)        | \$(3,423,793.39)     |
| 2007 | \$(2,391,614.41) | \$(284,769.53)                     | \$0.00           | \$0.00                            | \$(284,769.53)          | \$(213,951.56)       |
| 2008 | \$13,447,723.58  | \$1,601,220.45                     | \$0.00           | \$0.00                            | \$1,601,220.45          | \$1,093,655.11       |
| 2009 | \$15,416,399.38  | \$1,835,630.67                     | \$0.00           | \$0.00                            | \$1,835,630.67          | \$1,139,782.23       |
| 2010 | \$16,115,037.83  | \$1,918,817.55                     | \$0.00           | \$0.00                            | \$1,918,817.55          | \$1,083,122.49       |
| 2011 | \$14,570,107.02  | \$1,734,862.64                     | \$0.00           | \$0.00                            | \$1,734,862.64          | \$890,258.85         |
| 2012 | \$13,172,781.41  | \$1,568,483.08                     | \$0.00           | \$0.00                            | \$1,568,483.08          | \$731,708.93         |
| 2013 | \$11,908,958.56  | \$1,417,999.70                     | \$0.00           | \$0.00                            | \$1,417,999.70          | \$601,370.29         |
| 2014 | \$10,765,883.40  | \$1,281,893.74                     | \$0.00           | \$0.00                            | \$1,281,893.74          | \$494,225.53         |
| 2015 | \$9,732,019.49   | \$1,158,791.56                     | \$0.00           | \$0.00                            | \$1,158,791.56          | \$406,149.37         |
| 2016 | \$8,796,932.63   | \$1,047,450.77                     | \$0.00           | \$0.00                            | \$1,047,450.77          | \$333,750.09         |
| 2017 | \$7,951,185.49   | \$946,747.66                       | \$0.00           | \$0.00                            | \$946,747.66            | \$274,239.07         |
| 2018 | \$7,186,242.40   | \$855,665.88                       | \$0.00           | \$0.00                            | \$855,665.88            | \$225,323.57         |
| 2019 | \$6,494,383.22   | \$773,286.21                       | \$0.00           | \$0.00                            | \$773,286.21            | \$185,118.57         |
| 2020 | \$5,868,625.39   | \$698,777.23                       | \$0.00           | \$0.00                            | \$698,777.23            | \$152,074.28         |
| 2021 | \$5,302,653.48   | \$631,386.95                       | \$0.00           | \$0.00                            | \$631,386.95            | \$124,916.54         |
| 2022 | \$4,790,755.45   | \$570,435.25                       | \$0.00           | \$0.00                            | \$570,435.25            | \$102,597.79         |
| 2023 | \$4,327,764.99   | \$515,306.98                       | \$0.00           | \$0.00                            | \$515,306.98            | \$84,256.81          |
| 2024 | \$3,909,009.39   | \$465,445.75                       | \$0.00           | \$0.00                            | \$465,445.75            | \$69,185.54          |
| 2025 | \$3,530,262.38   | \$420,348.34                       | \$0.00           | \$0.00                            | \$420,348.34            | \$56,801.91          |
| 2026 | \$3,187,701.47   | \$379,559.61                       | \$0.00           | \$0.00                            | \$379,559.61            | \$46,627.37          |
| 2027 | \$2,877,869.39   | \$342,667.91                       | \$0.00           | \$0.00                            | \$342,667.91            | \$38,268.52          |
| 2028 | \$2,597,639.17   | \$309,300.90                       | \$0.00           | \$0.00                            | \$309,300.90            | \$31,401.96          |
| 2029 | \$2,344,182.61   | \$279,121.82                       | \$0.00           | \$0.00                            | \$279,121.82            | \$25,761.83          |
| 2030 | \$2,114,941.69   | \$251,826.11                       | \$0.00           | \$0.00                            | \$251,826.11            | \$21,129.58          |
| 2031 | \$1,907,602.83   | \$227,138.27                       | \$0.00           | \$0.00                            | \$227,138.27            | \$17,325.58          |
| 2032 | \$1,720,073.45   | \$204,809.15                       | \$0.00           | \$0.00                            | \$204,809.15            | \$14,202.15          |
| 2033 | \$1,550,460.94   | \$184,613.38                       | \$0.00           | \$0.00                            | \$184,613.38            | \$11,637.92          |
| 2034 | \$1,397,053.48   | \$166,347.16                       | \$0.00           | \$0.00                            | \$166,347.16            | \$9,533.11           |
| 2035 | \$1,258,302.82   | \$149,826.12                       | \$0.00           | \$0.00                            | \$149,826.12            | \$7,805.74           |
| Tota | \$180,350,938.91 | \$21,474,386.30                    | \$(4,500,000.00) | \$(3,964,185.00)                  | \$17,510,201.30         | \$4,634,485.81       |