Grand Directions Economic Model

Project: Partnership Development Project
Justification of horizontal partnership approach

Location: Anywhere

Overview: Current Production w/o Horizontal wells is 5 BOPD

Production:		**Price:**		**Operating Expenses:**		**Present Value:**	
Oil (bbl/day)	5	Oil ($/bbl)	$49.00				
Gas (mcf/day)	0	Gas ($/mcf)	$7.00	Monthly ($/mo)	$1,250	10% Discount	$328,106
						15% Discount	$256,430
Decline (%)	5.00%	Escalation (%)	5.00%	Escalation (%)	0.00%	25% Discount	$176,951
						30% Discount	$152,948
Interest:		Max Oil ($/bbl)	$49.00	Max Expense	$1,250		
Working (%)	100.00%	Max Gas ($/mcf)	$7.00				
Lease NRI (%)	87.50%					**Price @ 4 Year Payout:**	$203,164

Year	Production				Price		Total Income	Production Tax	Operating Expenses	Net Income		DPV. @ 10%	
	Gross		Net							Annual	Cummulative	Annual	Cummulative
	Oil (bbls)	Gas (mcf)	Oil (bbls)	Gas (mcf)	$/bbl	$/mcf							
0	1,759	0	1,539	0	49.00	7.00	$75,431	$5,352	$14,803	$55,276	$55,276	$50,251	$50,251
1	1,696	0	1,484	0	49.00	7.00	$72,701	$5,158	$15,000	$52,543	$107,819	$43,424	$93,675
2	1,613	0	1,411	0	49.00	7.00	$69,148	$4,906	$15,000	$49,242	$157,061	$36,996	$130,671
3	1,534	0	1,342	0	49.00	7.00	$65,769	$4,666	$15,000	$46,103	$203,164	$31,489	$162,160
4	1,459	0	1,277	0	49.00	7.00	$62,555	$4,438	$15,000	$43,116	$246,280	$26,772	$188,932
5	1,388	0	1,214	0	49.00	7.00	$59,498	$4,221	$15,000	$40,276	$286,557	$22,735	$211,667
6	1,320	0	1,155	0	49.00	7.00	$56,590	$4,015	$15,000	$37,575	$324,132	$19,282	$230,949
7	1,255	0	1,098	0	49.00	7.00	$53,825	$3,819	$15,000	$35,006	$359,137	$16,330	$247,279
8	1,194	0	1,045	0	49.00	7.00	$51,194	$3,632	$15,000	$32,562	$391,699	$13,809	$261,089
9	1,136	0	994	0	49.00	7.00	$48,692	$3,455	$15,000	$30,238	$421,937	$11,658	$272,747
10	1,079	0	944	0	49.00	7.00	$46,258	$3,282	$15,000	$27,976	$449,912	$9,805	$282,552
11	1,025	0	897	0	49.00	7.00	$43,945	$3,118	$15,000	$25,827	$475,739	$8,229	$290,781
12	974	0	852	0	49.00	7.00	$41,748	$2,962	$15,000	$23,786	$499,525	$6,890	$297,671
13	925	0	809	0	49.00	7.00	$39,660	$2,814	$15,000	$21,846	$521,371	$5,753	$303,424
14	879	0	769	0	49.00	7.00	$37,677	$2,673	$15,000	$20,004	$541,375	$4,789	$308,213
15	835	0	730	0	49.00	7.00	$35,793	$2,540	$15,000	$18,254	$559,629	$3,973	$312,185
+	8,881	0	7,770	0			380,754	27,015	$240,000		$673,733		$328,106
	28,950	0	25,331										

Grand Directions Economic Model

Project: Partnership Development Project
Justification of horizontal partnership approach

Location: Anywhere

Overview: Production After Horizontal Well is Drilled - 25 BOPD

Production:		**Price:**		**Operating Expenses:**		**Present Value:**	
Oil (bbl/day)	25	Oil ($/bbl)	$49.00				
Gas (mcf/day)	0	Gas ($/mcf)	$7.00	Monthly ($/mo)	$1,250	10% Discount	$1,113,147
						15% Discount	$839,854
Decline (%)	5.00%	Escalation (%)	5.00%	Escalation (%)	0.00%	25% Discount	$562,034
						30% Discount	$482,061
Interest:		Max Oil ($/bbl)	$49.00	Max Expense	$1,250		
Working (%)	50.00%	Max Gas ($/mcf)	$7.00				
Lease NRI (%)	87.50%					**Price @ 4 Year Payout:**	$627,515

Year	Production				Price		Total Income	Production Tax	Operating Expenses	Net Income		DPV. @ 10%	
	Gross		Net							Annual	Cummulative	Annual	Cummulative
	Oil (bbls)	Gas (mcf)	Oil (bbls)	Gas (mcf)	$/bbl	$/mcf							
0	4,398	0	3,849	0	49.00	7.00	$188,577	$13,380	$7,401	$167,796	$167,796	$152,542	$152,542
1	4,239	0	3,709	0	49.00	7.00	$181,753	$12,895	$7,500	$161,357	$329,153	$133,353	$285,895
2	4,032	0	3,528	0	49.00	7.00	$172,870	$12,265	$7,500	$153,105	$482,258	$115,030	$400,925
3	3,835	0	3,356	0	49.00	7.00	$164,422	$11,666	$7,500	$145,256	$627,515	$99,212	$500,137
4	3,648	0	3,192	0	49.00	7.00	$156,387	$11,096	$7,500	$137,791	$765,306	$85,558	$585,695
5	3,469	0	3,036	0	49.00	7.00	$148,744	$10,553	$7,500	$130,691	$895,997	$73,772	$659,466
6	3,300	0	2,887	0	49.00	7.00	$141,475	$10,038	$7,500	$123,937	$1,019,935	$63,600	$723,066
7	3,138	0	2,746	0	49.00	7.00	$134,561	$9,547	$7,500	$117,514	$1,137,449	$54,821	$777,887
8	2,985	0	2,612	0	49.00	7.00	$127,985	$9,081	$7,500	$111,405	$1,248,853	$47,246	$825,134
9	2,839	0	2,484	0	49.00	7.00	$121,731	$8,637	$7,500	$105,594	$1,354,447	$40,711	$865,845
10	2,697	0	2,360	0	49.00	7.00	$115,644	$8,205	$7,500	$99,939	$1,454,386	$35,028	$900,873
11	2,562	0	2,242	0	49.00	7.00	$109,862	$7,795	$7,500	$94,567	$1,548,954	$30,132	$931,005
12	2,434	0	2,130	0	49.00	7.00	$104,369	$7,405	$7,500	$89,464	$1,638,417	$25,914	$956,919
13	2,313	0	2,023	0	49.00	7.00	$99,150	$7,035	$7,500	$84,616	$1,723,033	$22,282	$979,201
14	2,197	0	1,922	0	49.00	7.00	$94,193	$6,683	$7,500	$80,010	$1,803,043	$19,154	$998,355
15	2,087	0	1,826	0	49.00	7.00	$89,483	$6,349	$7,500	$75,634	$1,878,677	$16,460	$1,014,815
+	36,096	0	31,584	0			1,547,598	109,802	$352,500		$2,964,013		$1,113,147
	86,270	0	75,486										

Grand Directions Economic Model

Project: Partnership Development Project
Justification of horizontal partnership approach

Location: Anywhere

Overview: Production After Horizontal Well is Drilled - 75 BOPD

Production:		**Price:**		**Operating Expenses:**		**Present Value:**	
Oil (bbl/day)	75	Oil ($/bbl)	$49.00				
Gas (mcf/day)	0	Gas ($/mcf)	$7.00	Monthly ($/mo)	$1,250	10% Discount	$3,489,065
						15% Discount	$2,619,384
Decline (%)	5.00%	Escalation (%)	5.00%	Escalation (%)	0.00%	25% Discount	$1,745,944
						30% Discount	$1,496,032
Interest:		Max Oil ($/bbl)	$49.00	Max Expense	$1,250		
Working (%)	50.00%	Max Gas ($/mcf)	$7.00				
Lease NRI (%)	87.50%					**Price @ 4 Year Payout:**	$1,942,347

Year	Production				Price		Total Income	Production Tax	Operating Expenses	Net Income		DPV. @ 10%	
	Gross		Net										
	Oil (bbls)	Gas (mcf)	Oil (bbls)	Gas (mcf)	$/bbl	$/mcf				Annual	Cummulative	Annual	Cummulative
0	13,195	0	11,546	0	49.00	7.00	$565,731	$40,139	$7,401	$518,191	$518,191	$471,082	$471,082
1	12,717	0	11,128	0	49.00	7.00	$545,258	$38,686	$7,500	$499,072	$1,017,262	$412,456	$883,538
2	12,096	0	10,584	0	49.00	7.00	$518,611	$36,795	$7,500	$474,316	$1,491,578	$356,360	$1,239,899
3	11,505	0	10,067	0	49.00	7.00	$493,267	$34,997	$7,500	$450,769	$1,942,347	$307,882	$1,547,780
4	10,943	0	9,575	0	49.00	7.00	$469,161	$33,287	$7,500	$428,374	$2,370,721	$265,986	$1,813,767
5	10,408	0	9,107	0	49.00	7.00	$446,233	$31,660	$7,500	$407,073	$2,777,794	$229,782	$2,043,549
6	9,899	0	8,662	0	49.00	7.00	$424,425	$30,113	$7,500	$386,812	$3,164,606	$198,496	$2,242,044
7	9,415	0	8,238	0	49.00	7.00	$403,684	$28,641	$7,500	$367,542	$3,532,149	$171,461	$2,413,506
8	8,955	0	7,836	0	49.00	7.00	$383,956	$27,242	$7,500	$349,214	$3,881,363	$148,101	$2,561,607
9	8,518	0	7,453	0	49.00	7.00	$365,192	$25,910	$7,500	$331,782	$4,213,144	$127,916	$2,689,523
10	8,092	0	7,080	0	49.00	7.00	$346,932	$24,615	$7,500	$314,817	$4,527,962	$110,342	$2,799,864
11	7,687	0	6,726	0	49.00	7.00	$329,586	$23,384	$7,500	$298,702	$4,826,663	$95,176	$2,895,040
12	7,303	0	6,390	0	49.00	7.00	$313,106	$22,215	$7,500	$283,392	$5,110,055	$82,088	$2,977,128
13	6,938	0	6,070	0	49.00	7.00	$297,451	$21,104	$7,500	$268,847	$5,378,902	$70,796	$3,047,924
14	6,591	0	5,767	0	49.00	7.00	$282,579	$20,049	$7,500	$255,030	$5,633,932	$61,052	$3,108,976
15	6,261	0	5,479	0	49.00	7.00	$268,450	$19,047	$7,500	$241,903	$5,875,835	$52,645	$3,161,621
+	115,509	0	101,070	0			4,952,446	351,376	$517,500		$9,959,663		$3,489,065
	266,031	0	232,777										