

CASE No.

62

Large Exhibits
OCD



$Q = B \times \text{Area} \times \text{Depth} \times \text{Rate}$

EXHIBIT 10

SAMPLE CALCULATION SHOWING THE TIME REQUIRED TO PAYOUT ALL DRILLING AND OPERATING COSTS OF A 10,000' WELL AND A 1000' WELL WITH AN AVERAGE OF 48 B/D IN SEA SOOTH. IN 1940

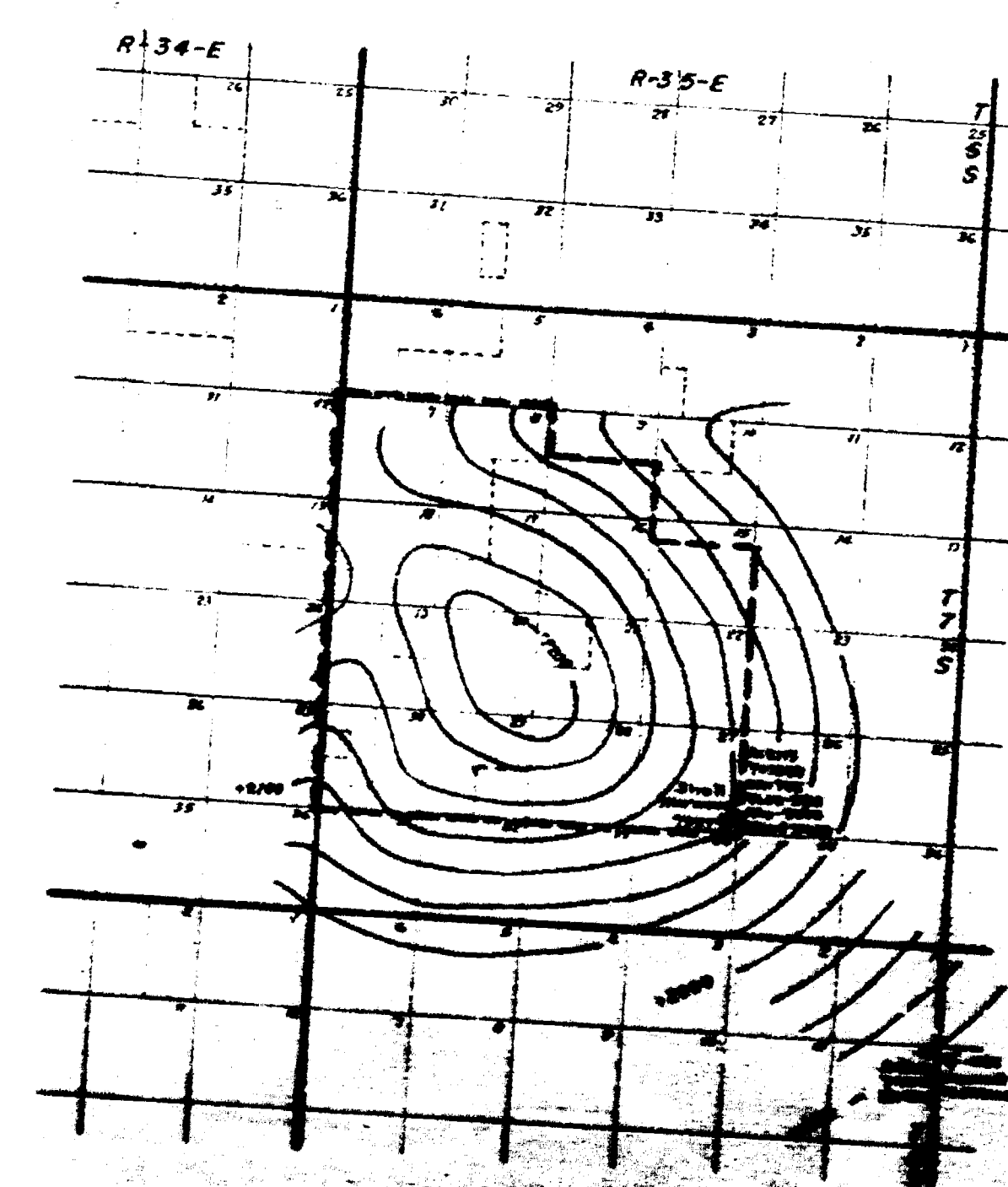
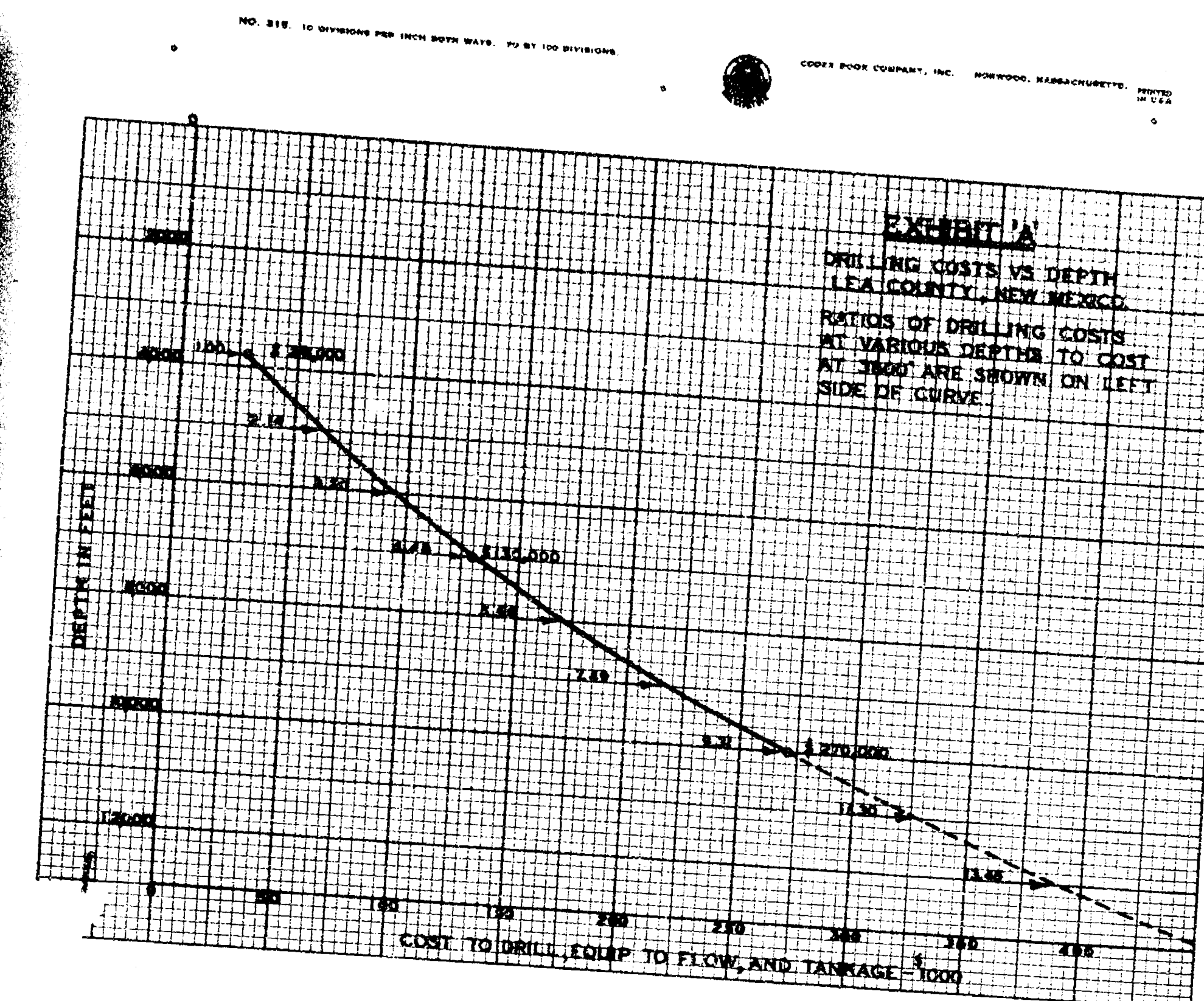
Estimated cost of drilling and completing, stripping to flow, and installing tank battery for a 10,000' well—\$170,000
Estimated operating cost (flowing)—\$120/mo.
Daily allowable—48 B/D

Monthly Revenue as follows:

$48 \times 80.4 \times 0.875 \times 0.95 \times 1.02 = \$180/\text{mo.}$
Less operating expense = \$120/mo.
Net Profit = \$60/mo.

Payout Time (undiscounted) = $\frac{\$170,000}{\$60} = 283 \text{ months} = 23 \frac{1}{2} \text{ yrs.}$
1040

Estimated cost of drilling and completing, stripping to flow, and installing tank battery for a 1000' well—\$130,000
Payout Time (undiscounted) = $\frac{\$130,000}{\$60} = 217 \text{ months} = 18 \frac{1}{2} \text{ yrs.}$
1040
Payout Time (discounted at 8% per year) = 14 1/2 yrs.



CONTINENTAL OIL CO.

MEMPHIS, TENN.

RECORDED

INDEXED

FILED

APR 1940

1771