

ECONOMICS OF DRILLING ONE WELL
 PER 40 ACRES OR 80 ACRES
 IN THE PENNSYLVANIAN POOL
 LEA COUNTY, NEW MEXICO

<u>INCOME</u>	<u>40 ACRES</u>	<u>80 ACRES</u>
1. Recoverable Oil-Bbls.	40,352	80,704
2. Operators Net Recoverable Oil, Bbls. (assuming 7/8 interest lease)	35,308	70,616
3. Operators Gross Income (\$2.37 x No. 2)	\$ 83,680	\$167,360

COST

1. Drilling and Completing Cost	\$133,000.00
2. Flow Lines & Tank Battery	2,613.00
3. Pump	<u>19,107.00</u>
	\$154,720.00

Crude Price = \$2.95 + 0.06 gas = \$3.01
 \$3.01 - taxes = \$2.82
 Operating cost (per bbl.) = 45¢
 Net Price = \$2.37

OX 9