Arco 263

ECONOMIC ANALYSIS
TRACT 1~~4~~3 - J. R. CONE OPERATED

1) Tract ~~14~~ 13 - Before Tax Analysis
Join - Turn over 4 wells

Oil Price	Constant	$13.84
Gas Price	Constant	53¢/MCF
Total net oil, MBO	751.8	
Total Net gas, MMCF	1737.4	
Total net investment, M$	1046.1	
Tract participation, Phase I	7.14%	
Tract participation, Phase II	8.37%	
Expected payout, years	3.76	
Expected undiscounted present worth, M$	7406.7	

2) Tract ~~14~~ 13 - Before Tax Analysis
Join - Unit carry one well

Oil Price	Constant	$13.84
Gas price	Constant	53¢/MCF
Total Net oil, MBO	751.8	
Total net gas, MMCF	1737.4	
Total net investment, M$	1046.1	
Non-taxable revenue	- 254.0 *	
Tract participation, Phase I	7.14%	
Tract participation, Phase II	8.37%	
Expected payout, years	4.18	
Expected undiscounted present worth, M$	7152.7	

*Represents the $200M plus interest and additional tract participation in new well.

(37) That based on a constant oil price of $13.84 per barrel (as was presented at the hearing of this case) the Blinebry secondary recovery oil which would be lost as the result of the deletion of Tract No. 13 from the East Blinebry Unit Area (1,087,900 barrels, Finding No.(27) above) has a present gross value of $15,056,536.00

(38) That based on a constant oil price of $13.84 per barrel, the Blinebry secondary recovery oil which would be lost as the result of the deletion of Tract No. 15 from the East Blinebry Unit Area (540,920 barrels, Finding No. (36) above) has a present gross value of $ 7,486,332.80.

(39) That the estimated additional cost of conducting secondary recovery operations in the East Blinebry Unit Area are reasonably expected to be $8,068,000 for the unit as a whole and from $675,195 to $839,137 for Tract No. 13 and $366,800 for Tract No. 15.

Total Expected economic recovery =
9,142,900 barrels two Units Ex 4
5,901,193 Bleby at 64.544%
3,241,707 Drinkard

5,901,193 - 1,038,799 remaining primary
= 4,862,394 secondary oil

Tr 15 is 0.0454513 Blinebry
or 221,002.1 barrels secondary
+ 47 214.76 Primary

268,217 — Total or 97.1%
of combined units

97.1% x cost estimate on Exhibit
6 = $366.8 thousand.

Primary

P35 10/20	Bl prim to 4-1-76	8,009,899	
	remaining prim	974,920	
	Ultimate Bl prim	8,984,819	(.7 of this = 6289373)
P35 10/20	Dr prim to 4-1-76	4,396,148	
	Dr remaining prim	634,522	
	Ultimate Dr prim	5,030,670	(.7 of this = 3,521,469)

Secondary

P35 & 36 10/20	Bl secondary	6,289,374	
	Dr secondary	3,521,471	(sum of the above)
	total	9,810,845	

$$\begin{array}{r} 6289373 \\ 3521469 \\ \hline 9,810,842 \end{array}$$

Cost of

$$\begin{array}{r} 84 \\ 80 \\ \hline 6720 \end{array}$$