

**SUMMARY OF ECONOMICS**  
**WARREN BLINEBRY-TUBB WATERFLOOD EXPANSION #2 AREA**  
**LEA COUNTY, NEW MEXICO**

| Project Scope                      | Phase I          | Phase II          | Phase III        | Phase IV           | Total                                   |
|------------------------------------|------------------|-------------------|------------------|--------------------|---|
|                                    | 3 Prod. To Drill | 4 Inj. To Convert | 7 Prod. To Drill | 14 Inj. To Convert | 10 Prod. to Drill<br>18 Inj. To Convert |
| <u>Gross Economic Resv.</u>        |                  |                   |                  |                    |   |
| Oil (MBO)                          | 299              | 178               | 702              | 1,548              | 2,727                                   |
| Gas (MMCF)                         | 897              | 534               | 2,106            | 4,643              | 8,180                                   |
| <u>Gross Cash Flow</u>             |                  |                   |                  |                    |   |
| Revenue (\$M)                      | 5,619            | 3,341             | 13,189           | 29,075             | 51,224                                  |
| Oper Expense (\$M)                 | 578              | (500)             | 1,120            | (1,820)            | (622)                                   |
| Prod & Adval Taxes (\$M)           | 461              | 274               | 1,081            | 2,383              | 4,199                                   |
| Investment (\$M)                   | 1,200            | 324               | 2,800            | 1,290              | 5,614                                   |
| AFIT Cash Flow (\$M)               | 2,130            | 2,043             | 5,159            | 17,149             | 26,481                                  |
| <u>Gross Discounted Financials</u> |                  |                   |                  |                    |   |
| Net Present Value (\$M)            | 1,583            | 1,041             | 3,765            | 7,008              | 13,437                                  |
| Internal Rt of Return (%)          | 51.90            | 29.39             | 200.00           | 27.20              | 67.54                                   |
| Profitability Index                | 2.32             | 4.21              | 2.51             | 9.17               | 3.76                                    |
| Payout Period (Yrs)                | 1.49             | 5.07              | 2.37             | 9.49               | 2.24                                    |

**Assumptions:**

January 1994

Conoco Posting 11/93 - \$15.08

NYMEX Price 11/93 - \$2.13

Effective Date:

Oil Price:

Gas Price:

Reserves:

Discount Rate:

Incremental Proved Undeveloped for Project

Chase Manhattan Prime 1/94 - 6%

BEFORE AN EXAMINER OF THE  
OIL CONSERVATION DIVISION

EXHIBIT NO. 17  
CASE NO.: 10897  
Submitted by: Conoco Inc.  
Hearing Date: Jan 20, 1994