DEVELOPMENT ECONOMICS
SUN'S 50% INTEREST
BELCHER LEASE
LEA CO., N.M.

#1
5.6 years payout on well

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
Chandler EXHIBIT NO. 8
CASE NO. 8859

DATE: [illegible]
TIME: 09:09:04
FILE: BELCH
GET#: 1

R E S E R V E S A N D E C O N O M I C S

CHANDLER & SAVAGE, PETROLEUM CONSULTANTS

AS OF JANUARY 1, 1986

-END-	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES--		--------OPERATIONS, M$--------					12.00 PCT
MO-YR	OIL, MBBL	GAS, MMCF	OIL, MBBL	GAS, MMCF	OIL $/B	GAS $/M	NET OPER REVENUES	SEV+ADV+ WF TAXES	NET OPER EXPENSES	CAPITAL COSTS, M$	CASH FLOW BTAX, M$	CUM. DISC BTAX, M$
12-86	8.400	33.600	3.413	13.650	17.00	2.00	85.321	7.631	9.000	253.000	-184.310	-188.059
12-87	10.200	40.800	4.144	16.575	17.00	2.00	103.598	9.265	9.000	35.000	50.333	-147.273
12-88	8.040	32.160	3.266	13.065	17.00	2.00	81.652	7.302	9.000	0.000	65.350	-98.025
12-89	6.552	26.208	2.662	10.647	17.00	2.00	66.548	5.952	9.000	0.000	51.596	-63.305
12-90	5.412	21.648	2.199	8.795	17.00	2.00	54.973	4.917	9.000	0.000	41.056	-39.637
12-91	8.172	32.688	3.320	13.280	17.00	2.00	83.000	7.423	9.000	35.000	31.577	-22.781
12-92	7.140	35.700	2.901	14.503	17.00	2.00	78.323	7.004	9.000	0.000	62.319	7.063
12-93	6.012	30.060	2.442	12.212	17.00	2.00	65.939	5.896	9.000	0.000	51.042	28.897
12-94	5.304	26.520	2.155	10.774	17.00	2.00	58.183	5.204	9.000	0.000	43.979	45.690
12-95	11.928	59.640	4.846	24.229	17.00	2.00	130.840	11.701	9.000	35.000	75.139	70.618
12-96	7.236	36.180	2.940	14.698	17.00	2.00	79.376	7.099	9.000	0.000	63.277	89.879
12-97	4.608	23.040	1.872	9.360	17.00	2.00	50.544	4.520	9.000	0.000	37.024	99.942
12-98	3.828	23.465	1.555	9.533	17.00	2.00	45.501	4.070	9.000	0.000	32.431	107.812
12-99	2.688	17.260	1.092	7.012	17.00	2.00	32.568	2.915	9.000	0.000	20.673	112.291
12- 0	2.372	15.956	0.964	6.482	17.00	2.00	29.352	2.624	9.000	0.000	17.728	115.720
12- 1	2.124	14.967	0.863	6.080	17.00	2.00	26.831	2.400	9.000	0.000	15.431	118.385
12- 2	1.920	14.173	0.780	5.758	17.00	2.00	24.776	2.215	9.000	0.000	13.561	120.476
12- 3	1.740	13.455	0.707	5.466	17.00	2.00	22.951	2.053	9.000	0.000	11.898	122.114
12- 4	0.780	6.319	0.317	2.567	17.00	2.00	10.523	0.942	9.000	0.000	0.581	122.185
12- 5	0.744	6.313	0.302	2.565	17.00	2.00	10.264	0.918	9.000	0.000	0.346	122.223
S TOT	105.200	510.152	42.740	207.251	17.00	2.00	1141.082	102.051	180.000	358.000	501.031	122.223
AFTER	0.708	6.294	0.288	2.557	17.00	2.00	10.010	0.895	9.000	0.000	0.115	122.234
TOTAL	105.908	516.446	43.028	209.808	17.00	2.00	1151.092	102.946	189.000	358.000	501.146	122.234

CUM.	0.000	0.000
ULT.	105.908	516.446

NET OIL REVENUES (M$)	731.476
NET GAS REVENUES (M$)	419.616
TOTAL REVENUES (M$)	1151.092

BTAX RATE OF RETURN (PCT)	22.42
BTAX PAYOUT YEARS	5.69
BTAX PAYOUT YEARS (DISC)	7.25
BTAX NET INCOME/INVEST	2.40
BTAX NET INCOME/INVEST (DISC)	1.39
INITIAL W.I. FRACTION	0.500000
FINAL W.I. FRACTION	0.500000
PRODUCTION START DATE	1- 1-86
MONTHS IN FIRST LINE	12.00

PROJECT LIFE (YEARS)	21.000
DISCOUNT RATE (PCT)	12.000
GROSS OIL WELLS	1.000
GROSS GAS WELLS	0.000
GROSS WELLS	1.000
INITIAL NET OIL FRACTION	0.406250
FINAL NET OIL FRACTION	0.406250
INITIAL NET GAS FRACTION	0.406250
FINAL NET GAS FRACTION	0.406250

----------PRESENT WORTH PROFILE----------

DISC RATE	PW OF NET BTAX, M$	DISC RATE	PW OF NET BTAX, M$
0.0	501.146	30.0	-50.374
2.0	402.954	35.0	-72.849
5.0	289.301	40.0	-90.405
8.0	204.632	45.0	-104.448
10.0	159.863	50.0	-115.921
12.0	122.234	60.0	-133.509
15.0	76.220	70.0	-146.362
18.0	39.720	80.0	-156.173
20.0	19.443	90.0	-163.924
25.0	-20.790	100.0	-170.210