

ECONOMICS OF DRILLING AND PRODUCING WELLS
IN THE
DUFER'S POINT GALLUP-DAKOTA OIL POOL

WELL COSTS

Actual Costs, Jalapeno No. 1 (Compl. 7/83)	\$375609.77
Actual Costs, Warito No. 1 (Compl. 6/82)	\$607830.16*

*This well experienced unusual mud and other expenditures and should not be regarded as typical of drilling and completion costs in the area, although it does illustrate the conditions which may be encountered.

It is estimated that Jalapeno is a fair representation of typical drilling and completion costs in the area today.

ECONOMICS

Average well's income (after royalties)	\$710297.40
Less taxes @ 8.5% (does not include windfall profits tax): $.085 \times 710297.40 =$	\$ 60375.28

Income (after taxes)	\$649922.12
Less drilling and completion costs:	\$375609.77

Income (before operating costs)	\$274312.35
Less operating costs	\$352050.00

Profit or Loss From Drilling Average Well	(\$ 77737.65)

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
<i>Appl</i>	EXHIBIT NO. <u>6</u>
CASE NO.	<u>8039</u>

Ex 6