

Economics of an Oil Well  
Lybrook-Gallup Oil Pool  
August, 1964

Present production from best well in field	650 Bbls/Mo.
Net working interest	82.5%
Production taxes	6.71415%
Gross value of oil	\$2.75/Bbl
Transportation expense	\$.35/Bbl
Working interest value of oil after taxes and transportation	\$1.85/Bbl
Working interest value of present production	\$1,202/Mo.
Operating expenses excluding depreciation and depletion	\$300/Mo.
Net working interest value of present production	\$902/Mo.
Average well cost including pumping equipment	\$80,000
Annual production decline	11%

Year	W.I. Value	Net W.I. Value	Present Value Discount Factor (6%)	Present Value
1	\$14,424	\$10,824	.9709	\$10,509
2	12,837	9,237	.9151	8,453
3	11,425	7,825	.8626	6,750
4	10,168	6,568	.8131	5,340
5	9,050	5,450	.7664	4,177
6	8,055	4,455	.7224	3,218
7	7,169	3,569	.6809	2,430
8	6,380	2,780	.6419	1,784
9	5,678	2,078	.6050	1,257
10	5,053	1,453	.5702	828
11	4,497	897	.5375	482
12	4,002	402	.5067	204
Total	\$98,738	\$55,538		\$45,432

<b>BEFORE EXAMINER UTZ</b>	
OIL CONSERVATION COMMISSION	
EXHIBIT NO. <u>2575</u>	
CASE NO. <u>2575</u>	