

SUMMARY OF ECONOMICS

South Corbin Strawn Oil Pool
Township 18 South, Range 33 East
Lea County, New Mexico

Basic Data

Estimated Cost of Strawn Oil Well	\$ 201,000
Net Price Received for Oil (After deduction for royalty, taxes and handling)	2.25/Bbl
Net Price Received for Gas (After deduction for royalty, taxes and handling)	7.75¢/MCF
Estimated Operating Costs	\$ 9,600

Economics - 160 Acre Spacing

Net Value, 160 Acre Oil Reserve	\$ 203,200
Net Value, 160 Acre Gas Reserve	48,000
Total	\$ 251,200
Less Operating Expenses	9,600
Undiscounted Net Proceeds	\$ 241,600
Less Cost of Strawn Well	201,000
Indicated Net Profit (Undiscounted)	\$ 40,600

Economics - 80 Acre Spacing

Net Value, 80 Acre Oil Reserve	\$ 101,600
Net Value, 80 Acre Gas Reserve	24,000
Total	\$ 125,600
Less Operating Expenses	9,600
Undiscounted Net Proceeds	\$ 116,000
Less Cost of Strawn Well	201,000
Indicated Net Loss	\$ (85,000)

BEFORE EXAMINER UTZ OIL CONSERVATION COMMISSION <i>Appel</i> EXHIBIT NO. <u>6</u> CASE NO. <u>3573</u>
