

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

C & K EXHIBIT NO. 5

CASE NO. 544645442

C & K PETROLEUM, INC.
EAST LOVINGTON AREA (STRAWN)
LEA CO., N.M.
DEVELOPMENT ECONOMICS

80 ACRE SPACING

40 ACRE SPACING

ASSUMPTIONS:

Expense Interest- 100%
Revenue Interest- 87.5%
Oil Price- \$12.00/Bbl
Gas Price- \$ 0.50/MCF
Prod. Tax- 7.8%
Oper. Exp.- \$300/Well-Month
Cost Per Completed Well- \$600,000
Ultimate Recovery- 120,000 Bbls + 120 MMCF
Life- 9 Yrs.

100%
87.5%
\$12.00/Bbl.
\$0.50/MCF
7.8%
\$300/Well-Month
\$600,000
120,000 Bbls + 120 MMCF
4.5 Yrs.

TOTAL INCOME TO FULL W.I.:

Gross Revenue- \$1,500,000
Less 1/8 Roy.- \$1,312,500
Less Prod. Tax (7.8%)- \$1,210,125

\$1,500,000
\$1,312,500
\$1,210,125

TOTAL INVESTMENT

\$ 600,000 (1-well)

\$1,200,000 (2-Wells)

TOTAL OPER. EXP.

\$ 32,400

\$ 32,400

TOTAL PROFIT TO FULL W.I.

\$ 577,725

(\$ 22,275)

UNDISC. PROFIT/INVESTMENT RATIO

0.96