

ECONOMIC EVALUATION

August 1, 1987

MEWBOURNE OIL COMPANY

GULF-STATE #1

Section 36, T20S-R38E, UNIT E
Lea County, New Mexico

Before Examiner Stogner
OIL COMMISSION DIVISION
Exhibit No. 6
Case No. 9269

Current Lease Operating Expenses = \$ 1,800/Month (includes rod jobs)
Current Oil Price = \$ 19.00/Barrel
Current Gas Price = \$ 1.60/Mcf
Current Gas-Oil Ratio = 3.7 Mcf/Bbl
Average Production Taxes = 9.6% of Total Revenue
Net Revenue Interest = 73 Percent

$$\text{Economic Limit(BOPM)} = \frac{\$ 1,800/\text{Month}}{\left[(\$19.00/\text{Bbl}) + (3.7 \text{ Mcf/Bbl})(\$1.60/\text{Mcf}) \right] (.73)(.904)} = 109 \text{ BOPM}$$