

State of New Mexico  
December 15, 1987  
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significant increase in water production from the Wolfcamp zone (50-75 BWPD increase).

Upon receipt of your approval, the remedial work on this well will be initiated.

Very truly yours,

UNION PACIFIC RESOURCES

*K. W. Lewis*  
K. W. Lewis *DKH*

KWL:rab

Attachment  
01DKH06

Payout Parameters:

Gas Price - \$1.50/MCF                      Gas Prod. - 100 MCFD (Conservative est.)

Condensate Price - \$18.00/bbl              Cond. Prod. - 65 bb/MMCF

Operating Expense - \$1000/well/month

Cost to Repair Tbg and/or Packer Leak - \$18,000

Taxes and Royalty - 25%

Payout = 
$$\frac{\$18,000}{(100 \text{ MCFD})(\$1.50/\text{MCF})(1-0.25)}$$

Payout = 160 days