

Case No.

62

Large Exhibits

Ex B - Case 62 - Gulf Oil Corp

EXHIBIT "B"

SAMPLE CALCULATION SHOWING THE TIME REQUIRED
TO PAYOUT ALL DRILLING AND OPERATING COSTS
OF A 10,000' WELL AND A 7000' WELL WITH AN
ALLOWABLE OF 45 B/D IN LEA COUNTY, NEW MEXICO

Estimated cost of drilling and completing, equipping to
flow, and installing tank battery for a 10,000' well—\$270,000
Estimated operating cost (flowing)—————\$120/mo.
Daily allowable—————45 B/D

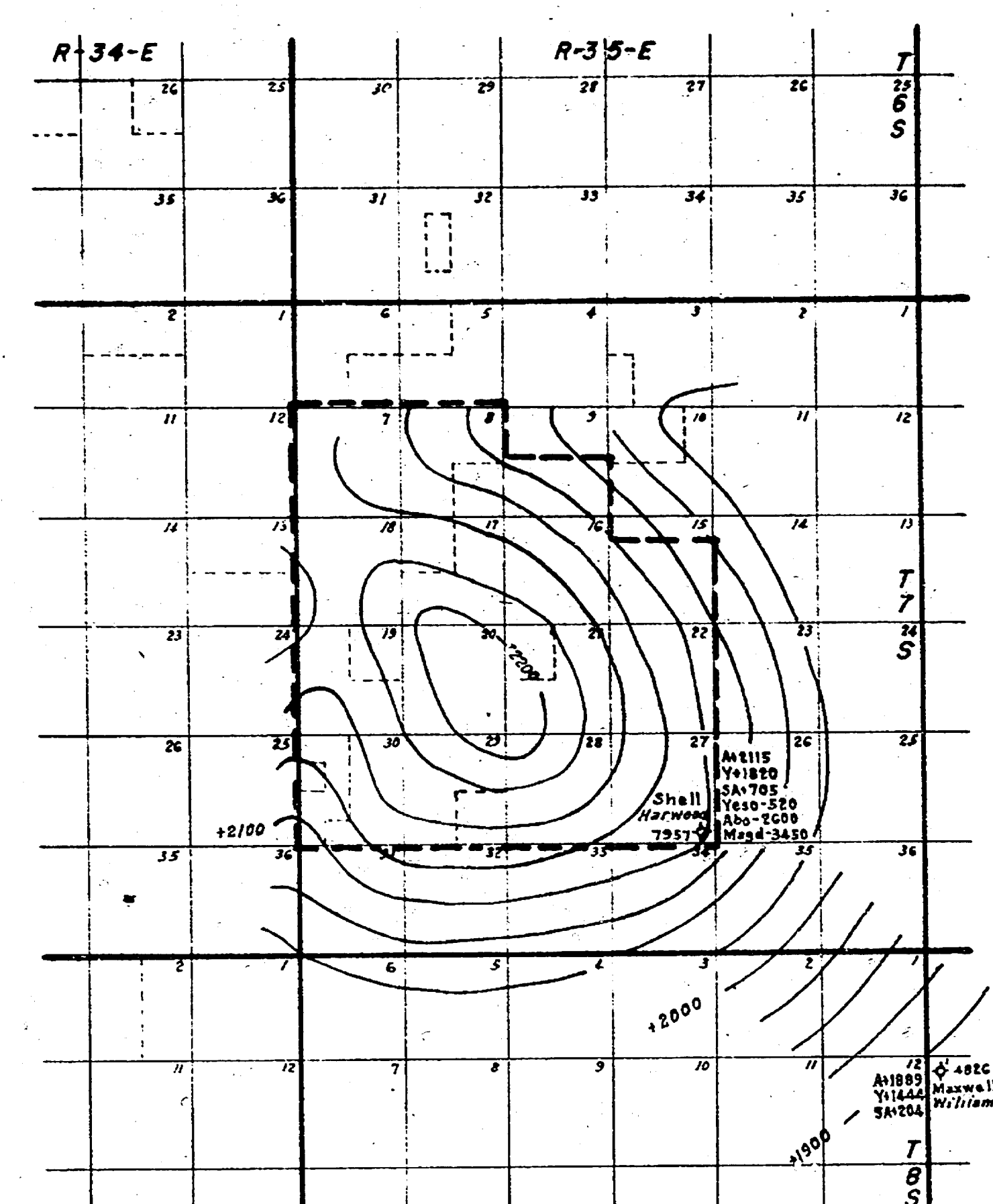
Monthly Revenue as follows:

$45 \times 20.4 \times 0.875 \times 0.95 \times 1.02 = \$1180/\text{mo.}$
Less operating expense = $120/\text{mo.}$
Net Profit = $\$1060/\text{mo.}$

Payout Time (undiscounted) = $\frac{\$270,000}{\$1060} = 259 \text{ months} = 21.6 \text{ yrs.}$
1040

Estimated cost of drilling and completing, equipping to
flow, and installing tank battery for a 7000' well—\$150,000

Payout Time (undiscounted) = $\frac{\$150,000}{\$1060} = 142 \text{ months} = 11.8 \text{ yrs.}$
1040
Payout Time (discounted at 5% per year) = 14.5 yrs.



CONTINENTAL OIL CO.
MILNESAND BLOCK
ROOSEVELT CO. N. M.

Contours on Core Drill Marker "A"
Contour Interval = 25 feet.
April 1945
M. W. H. H. H.

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