

BEFORE THE
OIL CONSERVATION-COMMISSION
Santa Fe, New Mexico

Case No. 8287 Exhibit No. 5

Submitted by Barr

Hearing Date 8/24/84

**ANALYSIS OF STATE AND FEDERAL REVENUE
FROM PRODUCTION OF MORROW GAS RESERVES
UNDER R-111 AREA BY DIRECTIONALLY DRILLED WELLS**

CASE:

BASED ON MINIMUM OF 15 DIRECTIONALLY DRILLED MORROW GAS
WELLS WITH AN AVERAGE ULTIMATE GAS PRODUCTION OF 1,600,000
MCF PER WELL.

67
1680000
.19
15120000
1680000
2/ 31920000
159600

1. STATE AND FEDERAL ROYALTY INCOME \$ 10,500,000
(Based on Average Royalty of 12.5%)

2. STATE SEVERANCE TAX \$ 3,336,000
(Based on \$.139/MCF)

$\frac{.19}{X} = .2$

3. AD VALOREM TAX \$ 1,680,000
(Based on 2% of Revenue)

4. Conservation Tax

\$ 159,600