

Economics of Drilling, Completing, Equipping & Operating Otero-Gallup Pool Wells

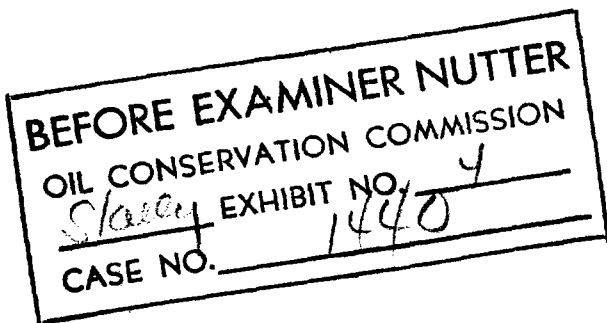
Total well costs/well:

A. Roads, Location, well grades, etc.	\$ 5,627.00
B. Drilling, casing, cementing	53,482.00
C. Testing, Logging, Perforating	2,351.00
D. Cable Tool Rig Day Work	2,512.00
E. Sand-Oil Frac, miscellaneous	4,723.00
F. Tubing, Rods, Pump, Pumping Unit, Well head, etc.	24,545.00
G. Gathering system, separating, treating, storage, compressors:	19,061.00
Total	\$112,301.00
H. Salvage Value of Casing, Tubing, Rods, Pumping Unit, Well Head, and all surface equipment.	
Less	24,803.00
Total Costs	\$ 87,498.00 ✓

Exceptionally high cost of lease maintenance, road maintenance, housing, water wells, generators and incidental operations.

A. Lifting costs on 40-acre locations .75 Bbl.	\$23,373.75 ✓
B. Lifting costs on 80-acre locations .58 Bbl.	\$36,151.40

	40-Acre	80-Acre
Expected recoverable oil value (Primary)	\$81,652.30	\$163,304.60 @ \$2.62/bbl.
Expected recoverable gas value (Primary)	<u>8,400.00</u>	<u>16,800.00</u> @ .10¢/M
	\$90,052.30	\$180,104.60
	40-Acre	80-Acre
Total cost to depletion	\$110,871.75	\$123,649.40
Total value primary oil & gas	<u>\$90,052.30</u>	<u>\$180,104.60</u>
Loss -	\$20,819.45	Profit - \$56,455.20



Ex # 4