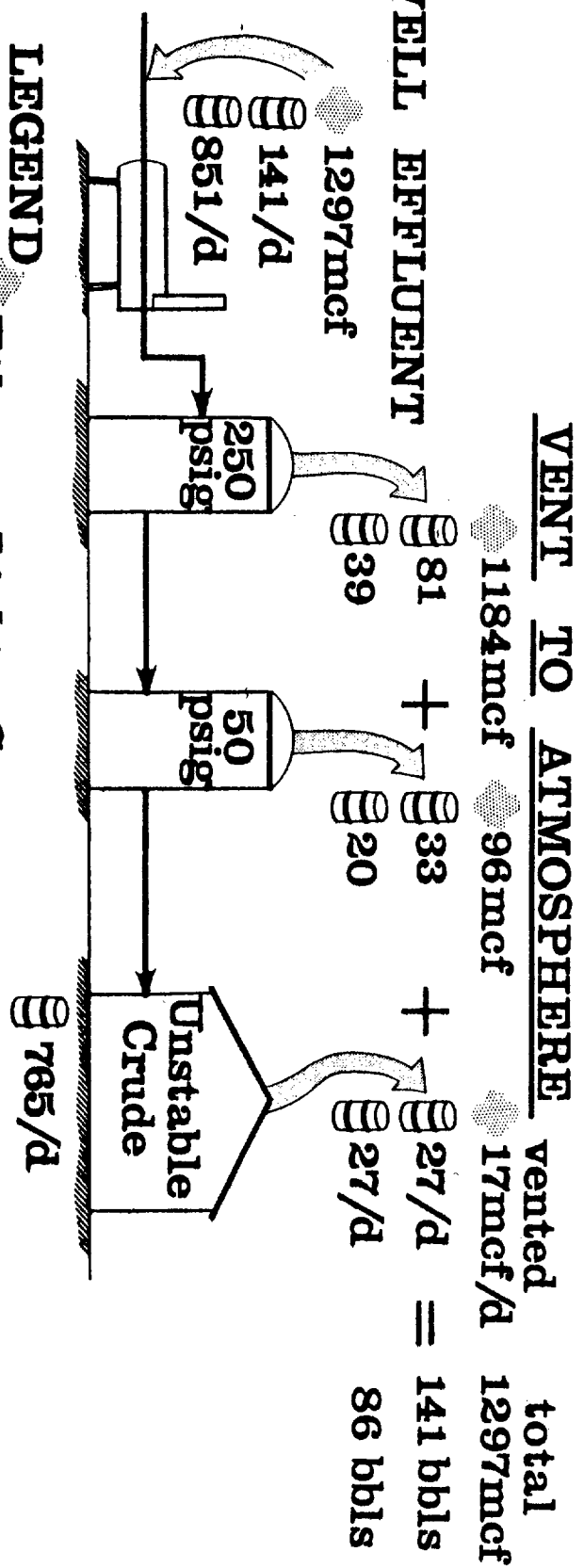


LARGE FORMAT  
EXHIBIT HAS  
BEEN REMOVED  
AND IS LOCATED  
IN THE NEXT FILE

# PRESENT PRODUCING OPERATIONS (Stage Separation)

LITTLE LUCKY LAKE UNIT  
Chaves County, New Mexico

TOTAL WELL EFFLUENT



# PROPOSED OPERATION

Little Lucky Lake Field  
Chaves County, New Mexico

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*John* EXHIBIT No. 4  
CASE 2305

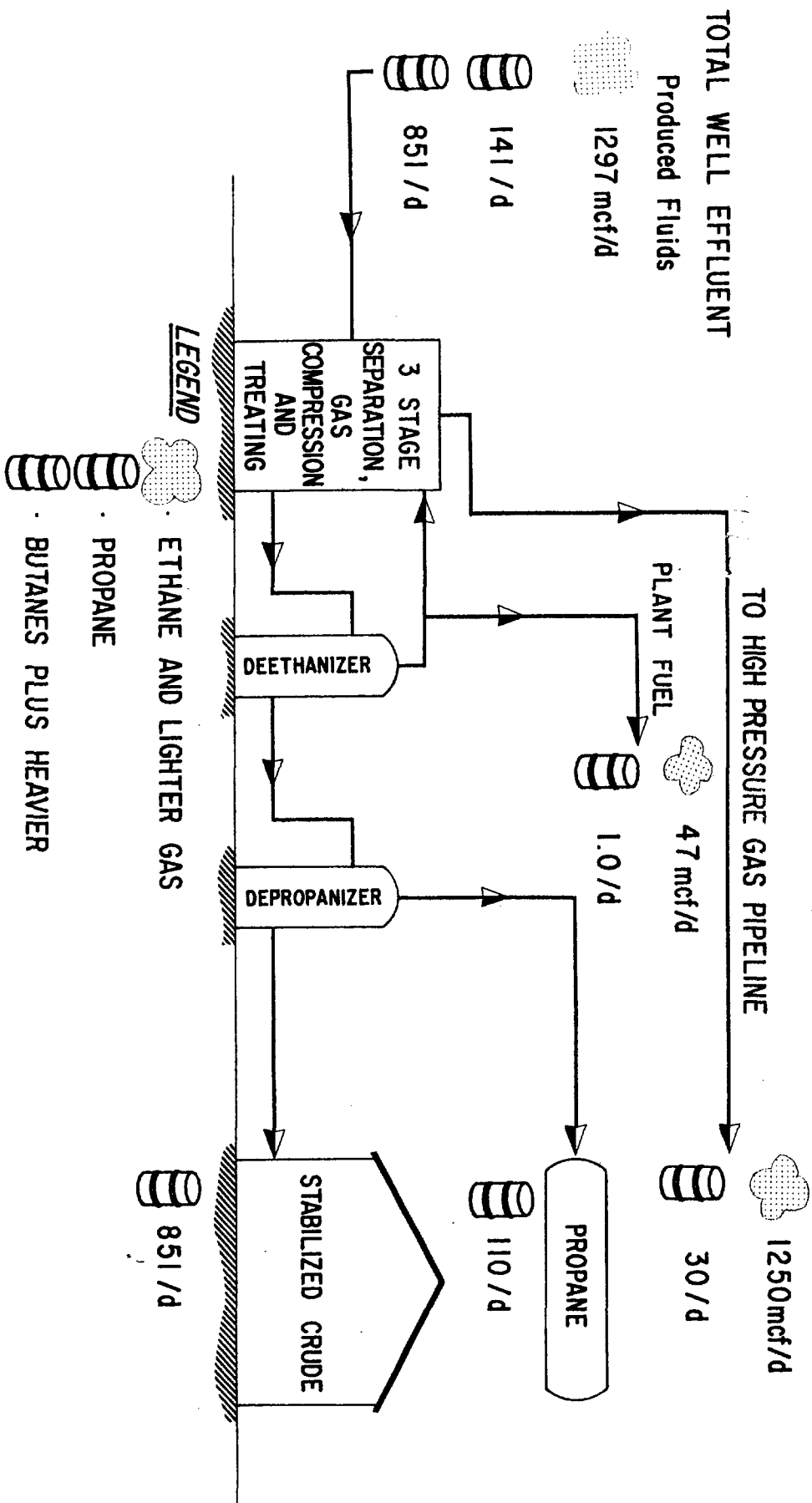


EXHIBIT "A"

EXTENT OF WASTE UNDER PRESENT OPERATION

BASIS: Well effluent brought to surface under present allowables

RECOVERED IN STOCK TANKS:

Crude = 764.6 bbls./day X \$2.55/bbl. net = \$1,950/day

VENTED:

Natural Gas = 1,297 MCF X 16¢/MCF = \$ 208/day

Propane = 141 bbls./day X \$1.47/bbl. = \$ 207/day

Crude Components = 86 bbls./day X \$2.55/bbl. = \$ 219/day

\$ 634/day

% RECOVERY EFFICIENCY:

Saved \$1,950/day

Vented \$ 634/day

Total Potential Income \$2,584/day

% Vented =  $\frac{\$ 634}{\$2584} \times 100\%$  = 25%

SINCE THIS IS A 4 WELL FIELD, EQUIVALENT OF 1 OF 4 WELLS IS  
PRODUCING TO THE ATMOSPHERE ON A CONTINUOUS BASIS

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
Elac EXHIBIT No. 6  
CASE 2305

EXHIBIT "B"

• PAYOUT ON SALES GAS FACILITIES

BASIS: Investment includes compression equipment to boost all vapors to sales pressure plus gas sweetening & dehydration facilities. Payout is incremental above casinghead type sale.

INVESTMENT BREAKDOWN:

Compressor Installation (180 BHP Unit)	\$ 50,000
Sweetening & Dehydration	\$ 50,000
	<u>\$100,000</u>

PAYOUT ON INVESTMENT:

Gross Income from Gas Sale to Transmission Co.	16.0¢/MCF
Net Income from Casinghead Sale	<u>13.7¢/MCF</u>
Gross Earnings Above Casinghead Sale	2.3¢/MCF
Estimated Operating Costs	<u>2.0¢/MCF</u>
Net Income for Payout	.3¢/MCF

Payout =  $\frac{\$100,000 \text{ Investment}}{3¢/\text{MCF} \times 1,250 \text{ MCF/day} \times 365 \frac{\text{days}}{\text{yr.}}}$  = 73 Years

NO ECONOMIC INCENTIVE TO INSTALL GAS RECOVERY FACILITIES ALONE



PAYOUT ON GAS PLUS LIQUID RECOVERY FACILITIES UNDER  
PRESENT STOCK TANK ALLOWABLES

BASIS: Reservoir withdrawal rate is reduced to maintain present stock tank recovery.

INVESTMENT BREAKDOWN:

Compressor Installation	\$ 50,000
Sweetening & Dehydration	\$ 50,000
Liquid Recovery Facilities	\$150,000
Total Investment	\$250,000

PLANT RECOVERY:

Crude - (No change from present operation)	=	-
Propane = 99.2 bbls./day X \$1.47/bbl.	=	\$146/day
Gas Sale = 1,125 MCF X 16¢/MCF.	=	\$180/day
		\$326/day
Less Income from Casinghead Sale = 1,297 X 13.7¢	=	\$178/day
Less Operating Expenses	=	\$ 55/day
Net Income for Payout	=	\$ 93/day

Payout =  $\frac{\$250,000 \text{ Investment}}{\$93 \times 365} = \underline{\underline{7.36 \text{ Years}}}$

NO ECONOMIC INCENTIVE TO INSTALL FACILITIES

*over*

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*Accepted* EXHIBIT No. *8*  
CASE 2305

EXHIBIT "D"

PAYOUT ON GAS PLUS LIQUID RECOVERY FACILITIES  
ASSUMING PLANT IS ALLOWED TO TAKE CREDIT FOR  
INCREASED RECOVERY EFFICIENCY

BASIS: Reservoir withdrawal rate is maintained at present level.

INVESTMENT BREAKDOWN:

Same as Exhibit "C" \$250,000

PLANT RECOVERY:

Crude = (851-764.6) (\$2.55)	=	\$220/day
Propane = 110.4 bbls./day X \$1.47/bbl.	=	\$162/day
Gas Sale = 1250 MCF X 16¢ MCF	=	\$200/day
		<u>\$582/day</u>
Less Income from Casinghead Sale = 1,297 X 13.7¢	=	\$178/day
Less Operating Expenses	=	\$ 55/day
Net Income for Payout	=	<u>\$349/day</u>

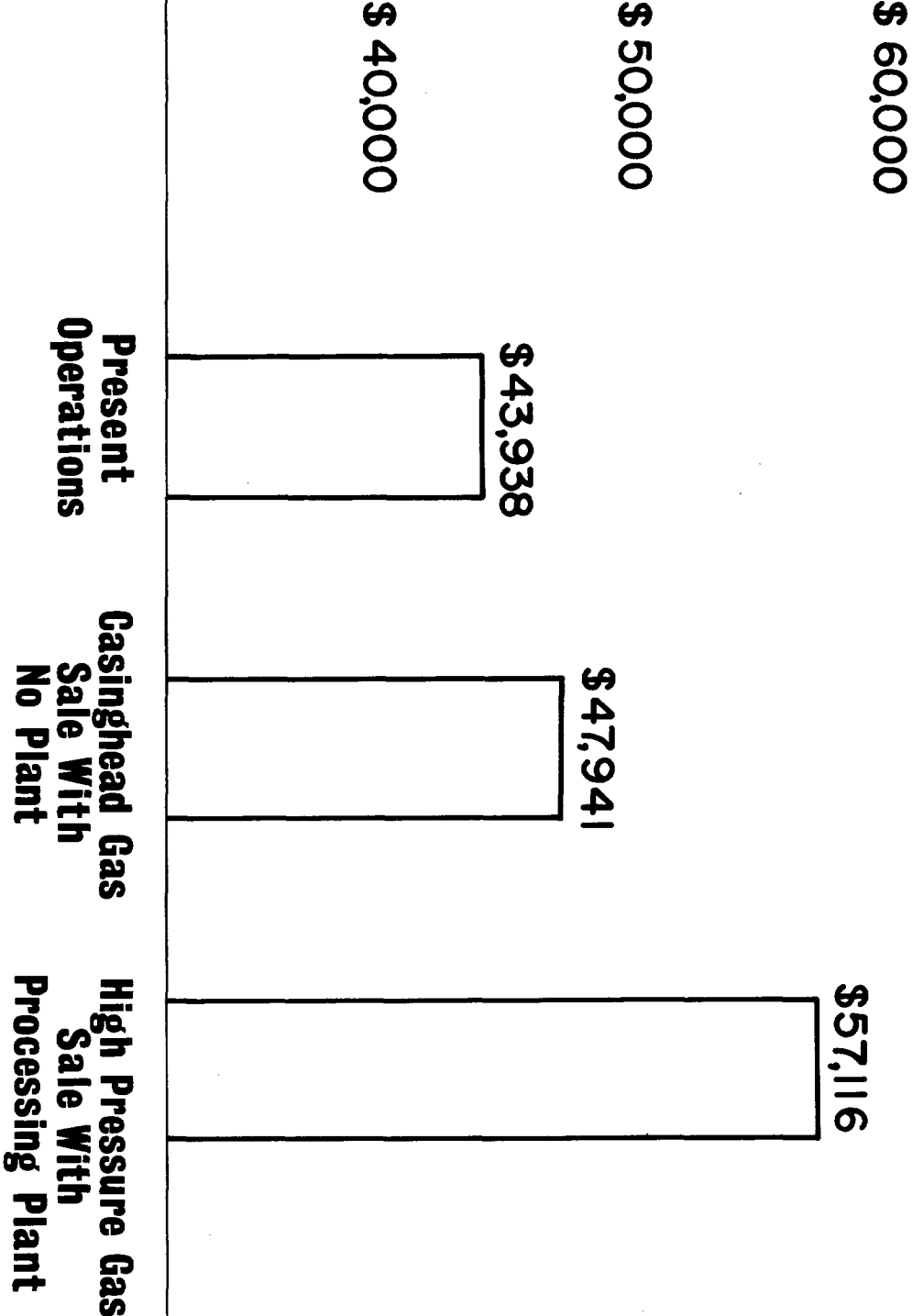
Payout =  $\frac{\$250,000 \text{ Investment}}{\$349 \times 365}$  -

1.96 Years

THIS CASE IS ECONOMICALLY ATTRACTIVE

349  
162  
187

YEARLY TAX DOLLARS STATE OF NEW MEXICO WILL RECEIVE FROM DIFFERENT OPERATIONS



New Mexico Taxes  
School . . . 2 %  
Severance . . . 2.5 %  
Conservation . 0.14 %  
Ad Valorem . . 3.0669 % of 50 %  
of Gross Value

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
Case No. 2305  
EXHIBIT No. 9