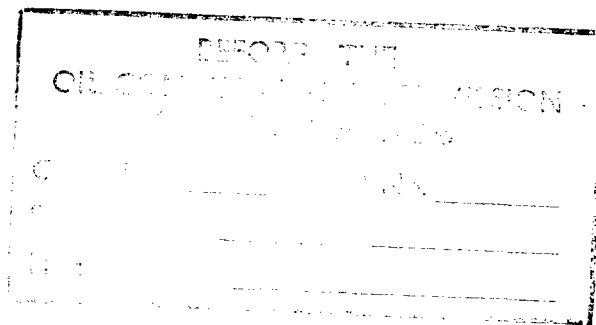


ECONOMIC ANALYSIS  
EAST BLINEBRY AND EAST DRINKARD UNITS

1) Total Unit

	<u>Before Tax</u>	<u>After Tax</u>
Oil Price	Constant \$13.84	--
Gas Price	Constant 53¢/MCF	--
Total net oil, MBO/Net gas BCF	9142.9/22.9	--
Total net investment, M\$	12500.0	--
Expected payout, years	3.37	3.7
Expected economic life, years	21	--
Expected undiscounted present worth, MM\$	82.8	48.6



ARCO Ex 4  
rehearing 2/21

ECONOMIC ANALYSIS  
TRACT 13 - J. R. CONE OPERATED

1) Tract 13

<u>Join - Turn over 4 wells</u>		<u>Before Tax</u>	<u>After Tax</u>
Oil Price	Constant	\$13.84	--
Gas Price	Constant	53¢/MCF	--
Total net oil, MBO	751.8		--
Total net gas, MMCF	1737.4		--
Total net investment, M\$	1046.1		--
Tract participation, Phase I	7.14%		--
Tract participation, Phase II	8.37%		--
Expected payout, years	3.76		4.10
Expected undiscounted present worth, M\$	7406.7		3912

2) Tract 13

<u>Join - Unit carry one well</u>		<u>Before Tax</u>	<u>After Tax</u>
Oil Price	Constant	\$13.84	--
Gas Price	Constant	53¢/MCF	--
Total net oil, MBO	751.8		--
Total net gas, MMCF	1737.4		--
Non-taxable revenue	- 254.0 *		--
Tract participation, Phase I	7.14%		--
Tract participation, Phase II	8.37%		--
Expected payout, years	4.18		4.7
Expected undiscounted present worth, M\$	7152.7		3658

3) Tract 13

<u>Join - Unit carry four wells</u>		<u>Before Tax</u>	<u>After Tax</u>
Oil Price	Constant	\$13.84	--
Gas Price	Constant	53¢/MCF	--
Total net oil, MBO	751.8		--
Total net gas, MMCF	1737.4		--
Total net investment, M\$	1046.1		--
Non-taxable revenue	-1006.00 **		--
Tract participation, Phase I	7.14%		--
Tract participation, Phase II	8.37%		--
Expected payout, years	5.24		6.5
Expected undiscounted present worth, M\$	6390.7		2896

\*Represents the \$200 M plus interest and recompletion cost in old well.

\*\*Represents the cost of four wellbore penalties plus interest and recompletion costs in old wells.

Ex. 5 - ARCO

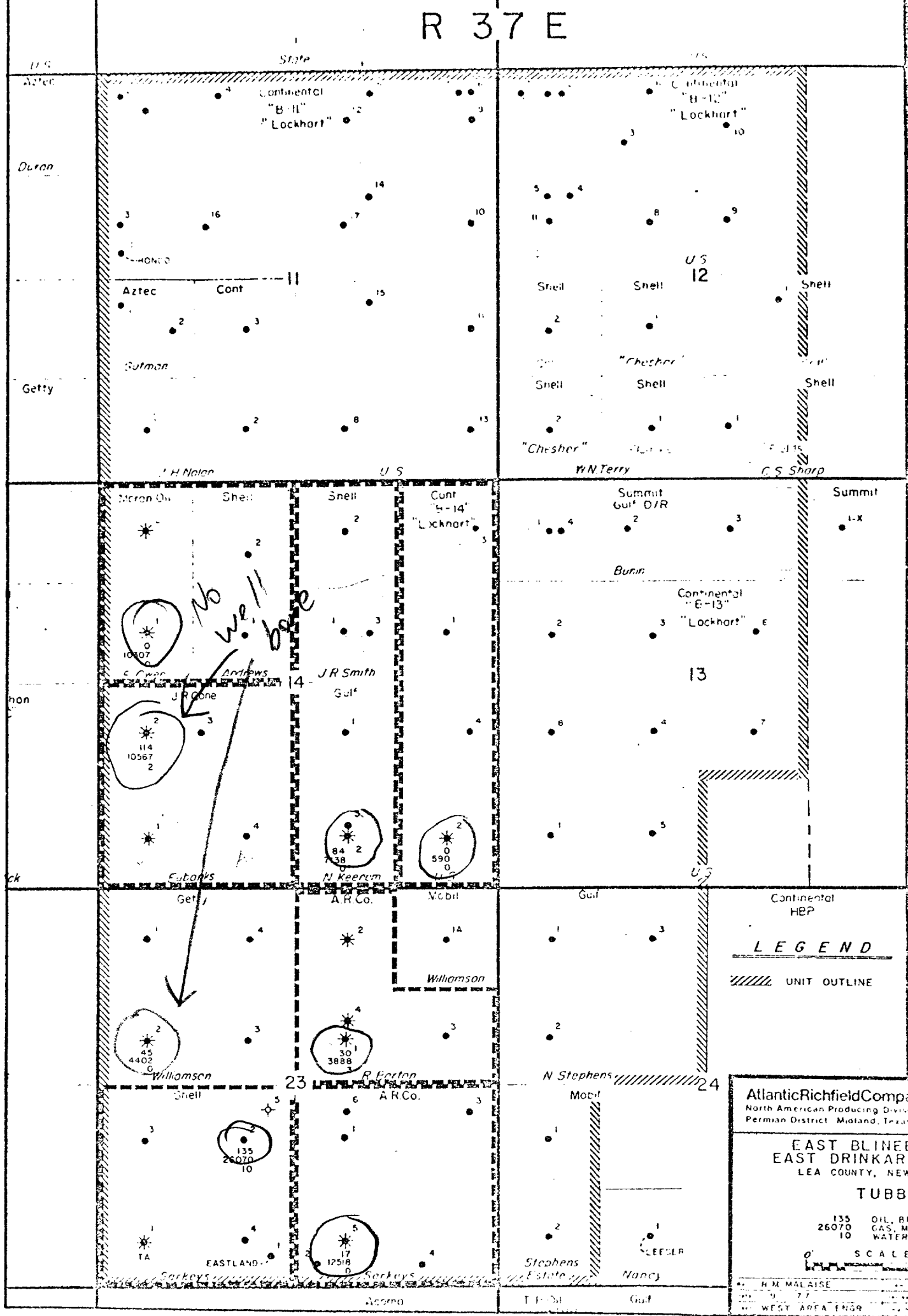
PEH. 2-22-78

ECONOMIC ANALYSIS  
TRACT 15 - SUMMIT OPERATED

1) Tract 15		
<u>Join - Turn over 3 wells</u>	<u>Before Tax</u>	<u>After Tax</u>
Oil Price	Constant \$13.84	--
Gas Price	Constant 53¢/MCF	--
Total net oil, MBO/Net gas, BCF	276.3/0.69	
Total net investment, M\$	377.8	--
Expected payout, years	3.7	4.1
Expected economic life, years	21	--
Expected undiscounted present worth, MM\$	2.5	1.46

ARCO Ex #6  
rehearing 2/21

R 37 E



T  
21  
S

**LEGEND**  
UNIT OUTLINE

**Atlantic Richfield Company**  
North American Producing Division  
Permian District - Midland, Texas

**EAST BLINBERRY & EAST DRINKARD UNIT**  
LEA COUNTY, NEW MEXICO

**TUBB**

135 OIL, BPM  
26070 GAS, MCFPM  
10 WATER, BPM

0' SCALE 2000'

H.M. MALAISE  
WEST AREA ENGR

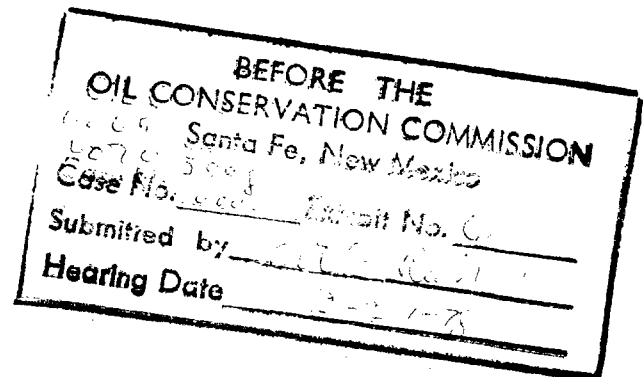
EXHIBIT #6

ECONOMIC ANALYSIS  
TRACT 15 - SUMMIT OPERATED

1) Tract 15

Join - Turn over 3 wells

	<u>Before Tax</u>	<u>After Tax</u>
Oil Price	Constant \$13.84	--
Gas Price	Constant 53¢/MCF	--
Total net oil, MBO/Net gas, BCF	276.3/0.69	
Total net investment, M\$	377.8	--
Expected payout, years	3.7	4.1
Expected economic life, years	21	--
Expected undiscounted present worth, MM\$	2.5	1.46



Suggested Amendment to Section 11.1 of Operating Agreement:

In Line 13 on Page 18, after the word "subdivision" change the period to a semicolon and add the following:

provided, however, if any well to be contributed toward unit operations is completed as a gas well producing from the Tubb formation, the contributing party or parties shall have the option to request the unit operator to drill a new well to be cased to base of the Tubb formation at any located designated by such party or parties to be produced in lieu of the contributed well and the new well and the production therefrom shall not be involved in unit operations. If working interest owners approved by a vote and exercise their right as above provided, the party or parties contributing the 40 acre subdivision on which the usable well bore is located shall bear all costs and expenses in connection therewith or in drilling a substitute gas well, as the case may be, up to and including \$200,000.00. If the operation costs in excess of \$200,000.00, the additional cost in excess thereof shall be considered unit costs and charged to the working interest owners on the basis of their Phase II combined unit participation. In case the well drilled is to take the place of a Tubb gas well, the operation shall include the drilling and casing of said well to the base of the Tubb formation and running electrical logs in connection therewith. All expenses incurred in connection with conditioning the contributed well to be used as a unit well shall be borne by the unit working interest owners.

BEFORE THE	
OIL CONSERVATION COMMISSION	
6069 Santa Fe, New Mexico	
6070 5448	
Case No. 600	Exhibit No. 8
Submitted by <u>Oil-Conservation</u>	
Hearing Date <u>2-21-78</u>	

ECONOMIC ANALYSIS  
TRACT 13 - J. R. CONE OPERATED

1) Tract 13

Join - Turn over 4 wells

		<u>Before Tax</u>	<u>After Tax</u>
Oil Price	Constant	\$13.84	--
Gas Price	Constant	53¢/MCF	--
Total net oil, MBO	751.8		--
Total net gas, MMCF	1737.4		--
Total net investment, M\$	1046.1		--
Tract participation, Phase I	7.14%		--
Tract participation, Phase II	8.37%		--
Expected payout, years	3.76		4.10
Expected undiscounted present worth, M\$	7406.7		3912

2) Tract 13

Join - Unit carry one well

		<u>Before Tax</u>	<u>After Tax</u>
Oil Price	Constant	\$13.84	--
Gas Price	Constant	53¢/MCF	--
Total net oil, MBO	751.8		--
Total net gas, MMCF	1737.4		--
Non-taxable revenue	- 254.0 *		--
Tract participation, Phase I	7.14%		--
Tract participation, Phase II	8.37%		--
Expected payout, years	4.18		4.7
Expected undiscounted present worth, M\$	7152.7		3658

3) Tract 13

Join - Unit carry four wells

		<u>Before Tax</u>	<u>After Tax</u>
Oil Price	Constant	\$13.84	--
Gas Price	Constant	53¢/MCF	--
Total net oil, MBO	751.8		--
Total net gas, MMCF	1737.4		--
Total net investment, M\$	1046.1		--
Non-taxable revenue	-1006.00 **		--
Tract participation, Phase I	7.14%		--
Tract participation, Phase II	8.37%		--
Expected payout, years	5.24		6.5
Expected undiscounted present worth, M\$	6390.7		2896

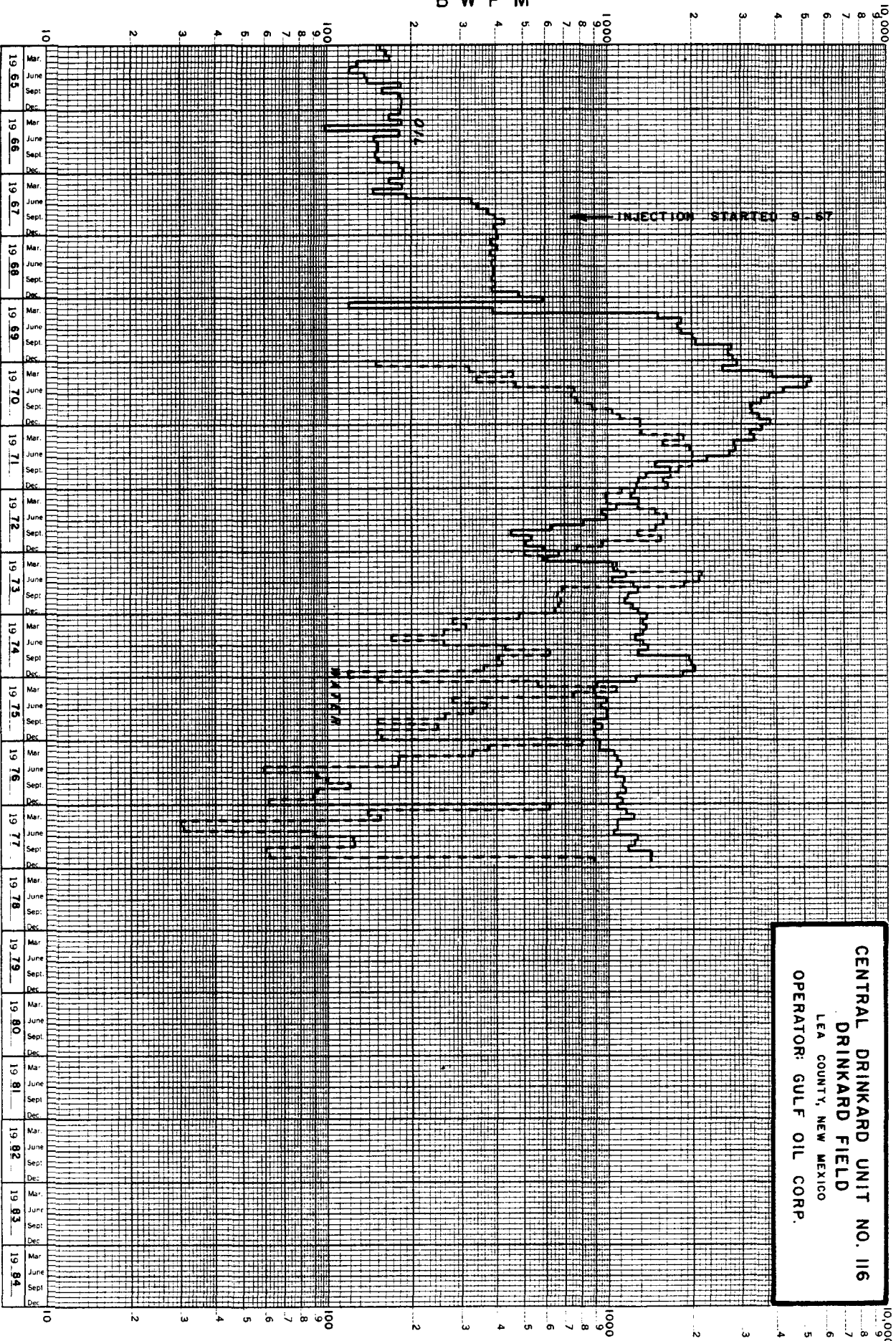
\*Represents the \$200 M plus interest and recompletion cost in old well.

\*\*Represents the cost of four wellbore penalties plus interest and recompletion costs in old wells.

DATE: \_\_\_\_\_  
OIL COMPANY: \_\_\_\_\_  
CERES: \_\_\_\_\_  
SPECIAL: \_\_\_\_\_  
HEARING DATE: \_\_\_\_\_

ARCO Ex 5  
rehearing 2/21

B O P M  
B W P M

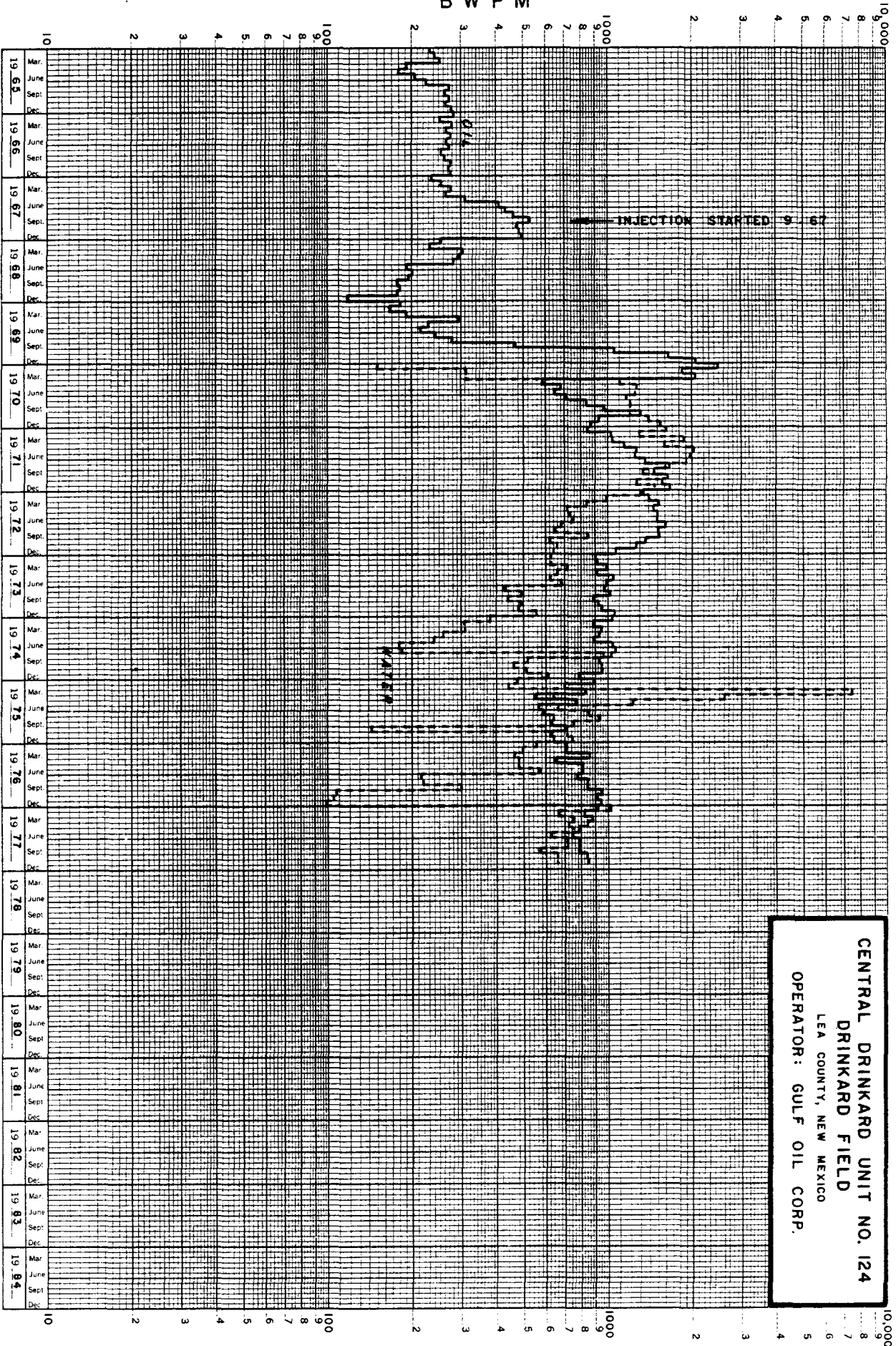


CENTRAL DRINKARD UNIT NO. 116  
LEA COUNTY, NEW MEXICO  
OPERATOR: GULF OIL CORP.

Atlantic  
Case 5448, 6000, 6063, 6070  
2/21/78  
Exhibit 10

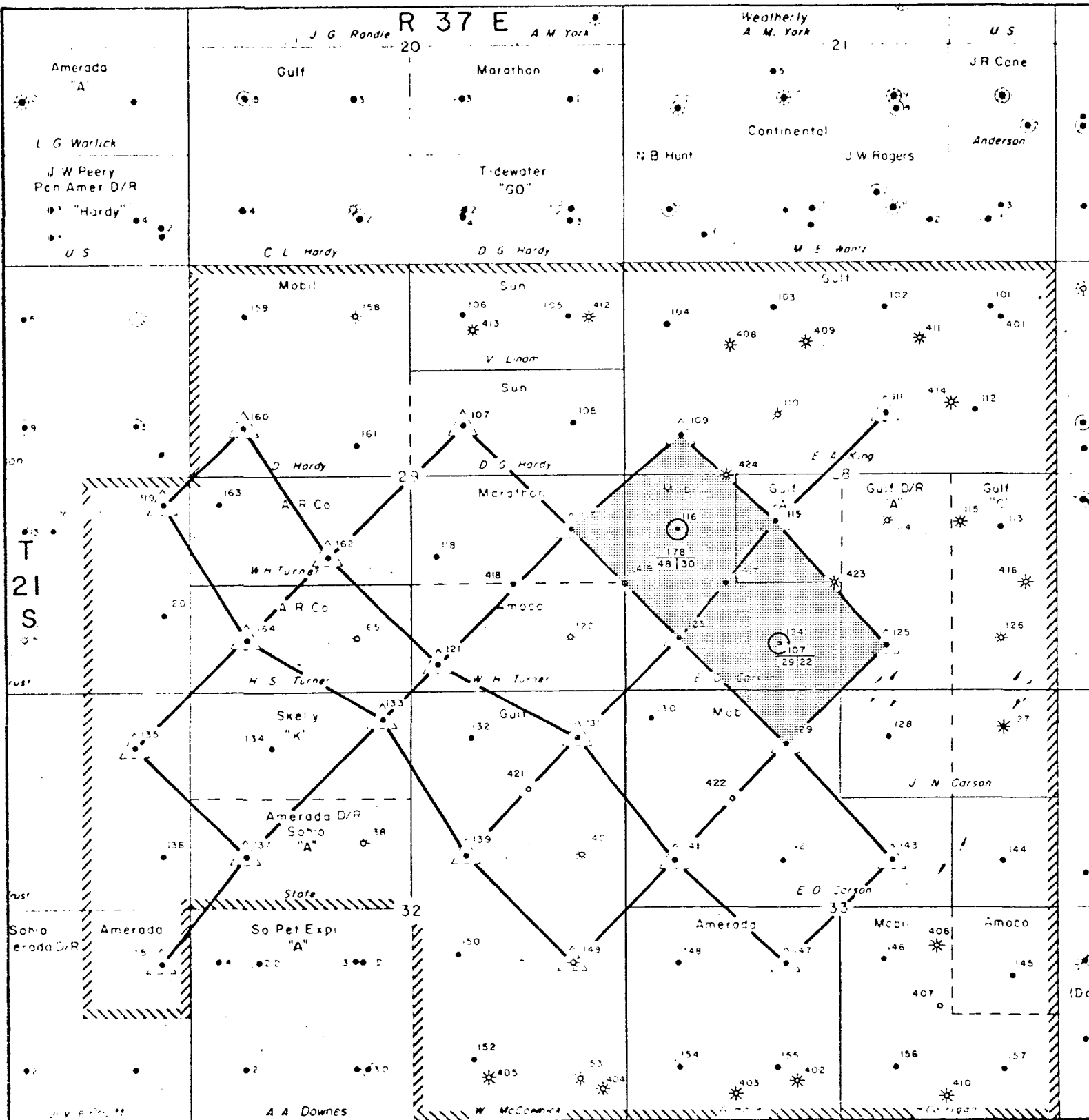


B O P M  
B W P M



CENTRAL DRINKARD UNIT  
Performance Analysts  
Dual 5-Spot Pilot  
Lea County, New Mexico

	5-Spot No. 1 CDU #116 Center Producer		5-Spot No. 2 CDU #124 Central Producer		Combine 5-Spot Performance
	4 Injectors		4 Injectors		
Injector Primary Production, MBO	CDU #109	208.4	CDU #15	164.8	1443.2
Injector One Quarter Primary, MBO	CDU #115	164.9	CDU #123	234.9	360.8
Primary Production, Producer, MBO	CDU #117	152.2	CDU #125	175.9	413.0
Total Primary, Full 80-Acre, 5-Spot, MBO	CDU #123	234.9	CDU #129	107.2	
		760.4		682.8	
		190.1		170.7	
Primary Production, Producer, MBO	CDU #116	197.6	CDU #124	215.4	
Total Primary, Full 80-Acre, 5-Spot, MBO		287.8		386.1	773.9
Total Secondary, MBO, as of 12/1/77	CDU #116	178.0	CDU #124	107.2	285.0
Estimated Remaining Secondary, MBO		124.7		79.0	203.7
Estimated Ultimate Secondary, MBO		302.7		186.2	488.9
Estimated Secondary/Primary Ratio		0.78		0.482.	0.632



# LEGEND

 PILOT AREA

30  
10/50  
SECONDARY PRODUCTION  
MB, CUMULATIVE  
BOPD/BWPD  
CURRENT RATE

Atlantic Richfield Company  
New Orleans, Louisiana  
Lea County, New Mexico

CENTRAL DRINKARD UNIT  
LEA COUNTY, NEW MEXICO

PILOT AREA

SCALE 1"=1000'  
B. H. MALAISSE  
3/77  
WEST AREA 7/80

SUPPLEMENTAL JOINDER TO UNIT AGREEMENT  
AND/OR UNIT OPERATING AGREEMENT, EAST BLINEBRY UNIT,  
LEA COUNTY, NEW MEXICO

WHEREAS, in Cases Nos. 5998, 6000, 6069 and 6070, Orders Nos. R-5591, R-5592, R-5593 and R-5594, the New Mexico Oil Conservation Commission, on December 27, 1977, approved for statutory unitization and secondary waterflood operations the East Blinebry Unit Area and the East Drinkard Unit Area in accordance with unit agreements and unit operating agreements dated August 1, 1977, as submitted and proposed by Atlantic Richfield Company; and

WHEREAS, said orders are being contested by certain working interest owners (J. R. Cone and Texaco Inc. in Tract 13 and Summit Energy, Inc., in Tract 15), the Commission on January 20, 1978, granted a rehearing requested by said contestants, to be heard February 21, 1978, and thereafter, within 20 days after any further ruling of the Commission, the contestants or any interested party dissatisfied with the Commission's action may appeal to the courts; and

WHEREAS, the expiration date for making said units effective, as heretofore extended by approval of more than 75% of the working interest owners committed to said agreements as provided in Sections 23 thereof, is July 1, 1978, and it is desired to extend such expiration date beyond the period of delay occasioned by any court appeals from final unitization orders of the Commission in the cases now pending before it,

NOW, THEREFORE, each undersigned owner of a royalty interest and each undersigned owner of a working interest within the unit area hereby agrees that the expiration date provided in Section 23 of instrument entitled "Unit Agreement for the Development and Operation of the East Blinebry Unit, Lea County, New Mexico," dated August 1, 1977, for making said unit effective, is hereby extended from July 1, 1978, for the period of any court appeals from final orders of the Oil Conservation Commission, complaining of statutory unitization and waterflood operations approved by the Commission in Cases Nos. 5998, 6000, 6069 and 6070, and Orders Nos. R-5591, R-5592, R-5593 and R-5594, as same may be modified by the Commission, and for a period of 90 days after final conclusion of all such court appeals plus 90 days but in no event beyond July 1, 1980.

As supplemented hereby the unit agreement for the East Blinebry Unit is hereby ratified by each undersigned owner of a royalty interest and both the unit agreement and the unit operating agreement for the East Blinebry Unit is hereby ratified by each undersigned owner of working interest. This instrument may be executed in counterparts and shall bind the interest of each party executing a counterpart whether or not executed by all parties having an interest.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 1978.

Ex. 14 ARCO

REH. 2-22-78

OIL COMPANY	
Contract No.	
Section	
Horizontal	

(INDIVIDUAL)

STATE OF )

COUNTY OF )

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 1978, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for  
\_\_\_\_\_ County, \_\_\_\_\_

(JOINT)

STATE OF )

COUNTY OF )

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 1978, by \_\_\_\_\_  
\_\_\_\_\_ and his wife, \_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for  
\_\_\_\_\_ County, \_\_\_\_\_

(CORPORATE)

STATE OF )

COUNTY OF )

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 1978, by \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_, a corporation on behalf of said corporation.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for  
\_\_\_\_\_ County, \_\_\_\_\_

SUPPLEMENTAL JOINDER TO UNIT AGREEMENT  
AND/OR UNIT OPERATING AGREEMENT, EAST DRINKARD UNIT,  
LEA COUNTY, NEW MEXICO

WHEREAS, in Cases Nos. 5998, 6000, 6069 and 6070, Orders Nos. R-5591, R-5592, R-5593 and R-5594, the New Mexico Oil Conservation Commission, on December 27, 1977, approved for statutory unitization and secondary waterflood operations the East Blinbry Unit Area and the East Drinkard Unit Area in accordance with unit agreements and unit operating agreements dated August 1, 1977, as submitted and proposed by Atlantic Richfield Company; and

WHEREAS, said orders are being contested by certain working interest owners (J. R. Cone and Texaco Inc. in Tract 13 and Summit Energy, Inc., in Tract 15), the Commission on January 20, 1978, granted a rehearing requested by said contestants, to be heard February 21, 1978, and thereafter, within 20 days after any further ruling of the Commission, the contestants or any interested party dissatisfied with the Commission's action may appeal to the courts; and

WHEREAS, the expiration date for making said units effective, as heretofore extended by approval of more than 75% of the working interest owners committed to said agreements as provided in Sections 23 thereof, is July 1, 1978, and it is desired to extend such expiration date beyond the period of delay occasioned by any court appeals from final unitization orders of the Commission in the cases now pending before it,

NOW, THEREFORE, each undersigned owner of a royalty interest and each undersigned owner of a working interest within the unit area hereby agrees that the expiration date provided in Section 23 of instrument entitled "Unit Agreement for the Development and Operation of the East Drinkard Unit, Lea County, New Mexico," dated August 1, 1977, for making said unit effective, is hereby extended from July 1, 1978, for the period of any court appeals from final orders of the Oil Conservation Commission, complaining of statutory unitization and waterflood operations approved by the Commission in Cases Nos. 5998, 6000, 6069 and 6070, and Orders Nos. R-5591, R-5592, R-5593 and R-5594, as same may be modified by the Commission, and for a period of 90 days after final conclusion of all such court appeals plus 90 days but in no event beyond July 1, 1980.

As supplemented hereby the unit agreement for the East Drinkard Unit is hereby ratified by each undersigned owner of a royalty interest and both the unit agreement and the unit operating agreement for the East Drinkard Unit is hereby ratified by each undersigned owner of working interest. This instrument may be executed in counterparts and shall bind the interest of each party executing a counterpart whether or not executed by all parties having an interest.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 1978.

*Ex 14 is  
in letter  
supplemental  
joinder  
for the  
Blinbry unit*

*ARCO Ex 15  
rehearing 2/21*

OIL CONSERVATION COMMISSION	
Case No.	_____
Section	_____
Hearing Date	_____

(INDIVIDUAL)

STATE OF )

COUNTY OF )

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 1978, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_

Notary Public in and for  
\_\_\_\_\_ County, \_\_\_\_\_

(JOINT)

STATE OF )

COUNTY OF )

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 1978, by \_\_\_\_\_  
\_\_\_\_\_ and his wife, \_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_

Notary Public in and for  
\_\_\_\_\_ County, \_\_\_\_\_

(CORPORATE)

STATE OF )

COUNTY OF )

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 1978, by \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_, a corporation on behalf of said corporation.

My Commission Expires:

\_\_\_\_\_

Notary Public in and for  
\_\_\_\_\_ County, \_\_\_\_\_