

**SUMMARY OF ECONOMICS**  
**WARREN BLINEBRY-TUBB WATERFLOOD EXPANSION #2 AREA**  
**LEA COUNTY, NEW MEXICO**

<u>Project Scope</u>	<u>Phase I</u> 3 Prod. To Drill	<u>Phase II</u> 4 Inj. To Convert	<u>Phase III</u> 7 Prod. To Drill	<u>Phase IV</u> 14 Inj. To Convert	<u>Total</u> <u>Project</u> 10 Prod. to Drill 18 Inj. To Convert
<u>Gross Economic Resv.</u>					
Oil (MBO)	299	178	702	1,548	2,727
Gas (MMCF)	897	534	2,106	4,643	8,180
<u>Gross Cash Flow</u>					
Revenue (\$M)	5,619	3,341	13,189	29,075	51,224
Oper Expense (\$M)	578	(500)	1,120	(1,820)	(622)
Prod & Adval Taxes (\$M)	461	274	1,081	2,383	4,199
Investment (\$M)	1,200	324	2,800	1,290	5,614
AFTT Cash Flow (\$M)	2,130	2,043	5,159	17,149	26,481
<u>Gross Discounted Financials</u>					
Net Present Value (\$M)	1,583	1,041	3,765	7,008	13,437
Internal Rt of Return (%)	51.90	29.39	200.00	27.20	67.54
Profitability Index	2.32	4.21	2.51	9.17	3.76
Payout Period (Yrs)	1.49	5.07	2.37	9.49	2.24

Assumptions:  
Effective Date:  
Oil Price:  
Gas Price:

January 1994  
Conoco Posting 11/93 - \$15.08  
NYMEX Price 11/93 - \$2.13

Reserves:  
Discount Rate:  
Incremental Proved Undeveloped for Project  
Chase Manhattan Prime 1/94 - 6%

BEFORE AN EXAMINER OF THE  
OIL CONSERVATION DIVISION

EXHIBIT NO. 17  
CASE NO.: 10897  
Submitted by: Conoco Inc.  
Hearing Date: Jan 20, 1994