28. Correct. The answer is true. Above ground costs are just the cost of finding the oil divided by the number of barrels found or K/R_o. To find above ground cost we need to allocate cost over time in the following way

Assume a constant production decline rate forever. If oil production declines at rate α then $Q_t = \alpha R_o e^{-\alpha * t}$. To distribute costs over future production we want to compute a unit cost, which I will designate as $\$_o$. Cost at time t will be production times unit cost or $\$_o \alpha R_o e^{-\alpha * t}$. Unit costs will then be the amount $\$_o$, which will make the discounted present value of total future costs equal to the initial capital costs for development or:

$$K = \int_0^\infty \$_o \alpha R_o e^{-\alpha * t} e^{-r * t} dt.$$

Solving for $\$_o$ gives us:

$$\$_o = (K/(R_o \alpha))/(_0^\infty e^{(-\alpha - r)*t} dt).$$

We can integrate the denominator to be:

$$[(e^{(-\alpha - r)*t}/(-\alpha - r)]|_0^\infty = [(e^{(-\alpha - r)*\infty}/(-\alpha - r) - (e^{(-\alpha - r)0}/(-\alpha - r)]$$

$$[(e^{(-\alpha - r)*t}/(-\alpha - r)]|_0^\infty = [(0)*(-1)/(-\alpha - r) + (1)/(\alpha + r)$$

$$[(e^{(-\alpha - r)*t}/(-\alpha - r)]|_0^\infty = 1/(\alpha + r).$$

Substituting the denominator back into the solution for the unit cost ($\$_o$), we get

$$\$_o = (K/R_o)*(\alpha + r)/\alpha$$