

ECONOMICS OF DUAL COMPLETIONS VS TWIN WELLS
PENNSYLVANIAN RESERVOIR, DEAN FIELD
LEA COUNTY, NEW MEXICO

I. Factors Used in Computing Pennsylvanian Reserves

- a. Porosity of 6.47% (Core analyses, Sinclair's State Lea 735 #1, and Atlantic's Federal Dow #1)
- b. Effective Pay Thickness of 33 ft. (Electric-Micro-Radioactivity Logs)
- c. Formation Volume Factor of 2.315 bbls. reservoir oil per bbl. st. tk. oil (bottom hole sample analysis Sinclair State Lea 735 #1)
- d. Connate Water of 16%
- e. Oil Recovery of 20%

II. Stock Tank Oil-in-place equals 6,000 gross bbls. per acre.

III. Pennsylvanian Stock Tank Oil Reserves

- a. Gross barrels per acre equals 1,200
- b. Gross barrels for 40 acres equals 48,000

IV. Price of Stock Tank Oil equals \$2.83 per barrel

V. Economics of Pennsylvanian 40 acre Unit.

	<u>Twin Well</u>	<u>Dual Completion</u>
a. Gross value of recoverable STO	\$135,840	\$135,840
b. Charges against well		
1. Royalty	16,980	16,980
2. Direct Taxes	7,320	7,320
3. Operating Expense	28,800	32,800
c. Net Revenue	82,740	78,740
d. Cost of well	221,080	58,300
e. Net Profit or (Loss)	(138,340)	20,440

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Sinclair EXHIBIT No. 4
CASE 1016 - 1017

Coer
1016 File

Oil Reserves
Devonian Reservoir
Dean Field, Lea Co., N.M.

I. Factors Used in Computing Reserves

- a. Porosity of 5.15% (Core analysis, Sinclair's J.P. Dean #1)
- b. Estimated Connate Water of 16%
- c. Effective Pay Thickness of 76 ft. (Core analysis, Dean #1)
- d. Bbls. of reservoir oil per bbl. of stock tank oil of 1.127
(taken from bottom hole sample analysis, Dean #1)
- e. Estimated Recovery of 44%

II. Conclusions

- a. Stock tank oil-in-place per acre is 22,700 bbls.
- b. Stock tank oil recovery per acre of 10,000 bbls.
- c. Recovery for 40 acre Unit is 400,000 gross bbls.

Value of Recoverable Stock Tank Oil
From Devonian 40 Acre Unit
Dean Field, Lea Co., N.M.

I. Volume of recoverable stock tank oil, gross bbls.	400,000
II. Price of stock tank oil per bbl.	\$2.83
III. Gross Value of recoverable stock tank oil	\$1,132,000
IV. Charges Against Well	
a. Royalty	\$141,500
b. Direct Taxes	61,000
c. Operation Expense	72,000
d. Cost of Well	286,400
Total	<u>\$560,900</u>
V. Net Profit to Operator	\$571,100

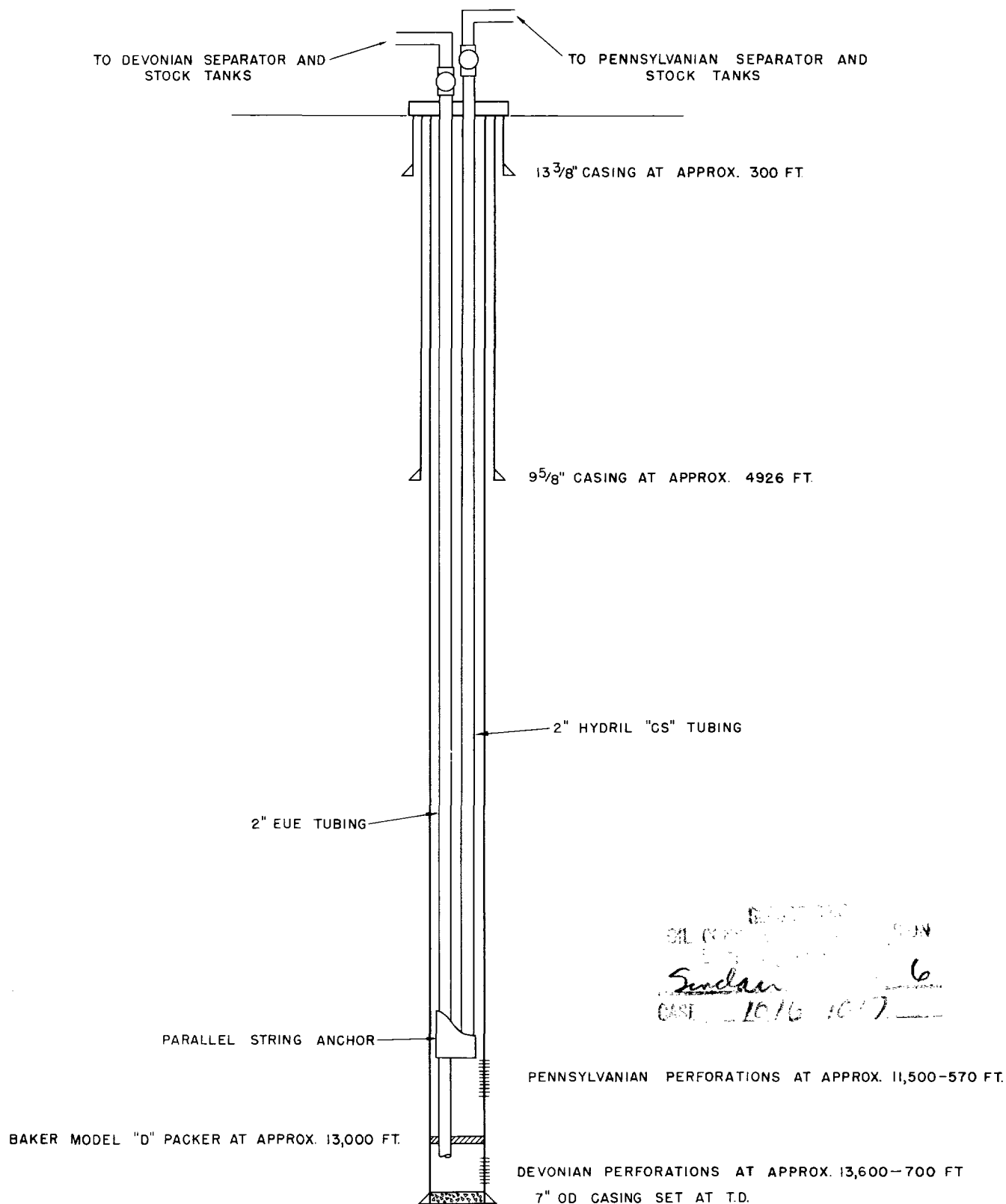
CONFIDENTIAL - STATE VIOLENCE DIVISION
FBI, EL PASO, TEXAS COUNTY, N. MEXICO

	Devonian	Pennsylvanian	Devonian & Pennsylvanian
	Single Completion	Single Completion	Dual Completion
Footage	116,201 (13,690' 10.75/ft.)	104,400 (11,670' 9.00/ft.)	116,200 (13,690' 10.75/ft.)
Day Work	20,623	13,250	30,323
Special Services (Logs, Pits, Surf., etc.)	9,035	10,170	14,975
Supplies (Nuts, bits, etc.)	23,382	15,000	23,382
Cement & Cementing Services	8,528	6,300	8,528
Road, Location, Trucking	10,597	10,500	10,597
Wellhead, Shoes, etc.	4,042	4,042	6,582
Tank Battery & Lines	10,533	10,676	16,533
Surface Casing	1,154 (13 3/8")	1,154 (13 3/8")	1,154 (13 3/8")
Intermediate Casing	17,268 (9 5/8")	17,268 (9 5/8")	17,268 (9 5/8")
Production Casing	26,000 (5 1/2")	20,855 (5 1/2")	49,047 (7")
Tubing	8,800 (2")	7,381 (2")	20,070 (2" & 2" Hydrill)
TOTAL	\$286,362	\$221,076	\$344,659

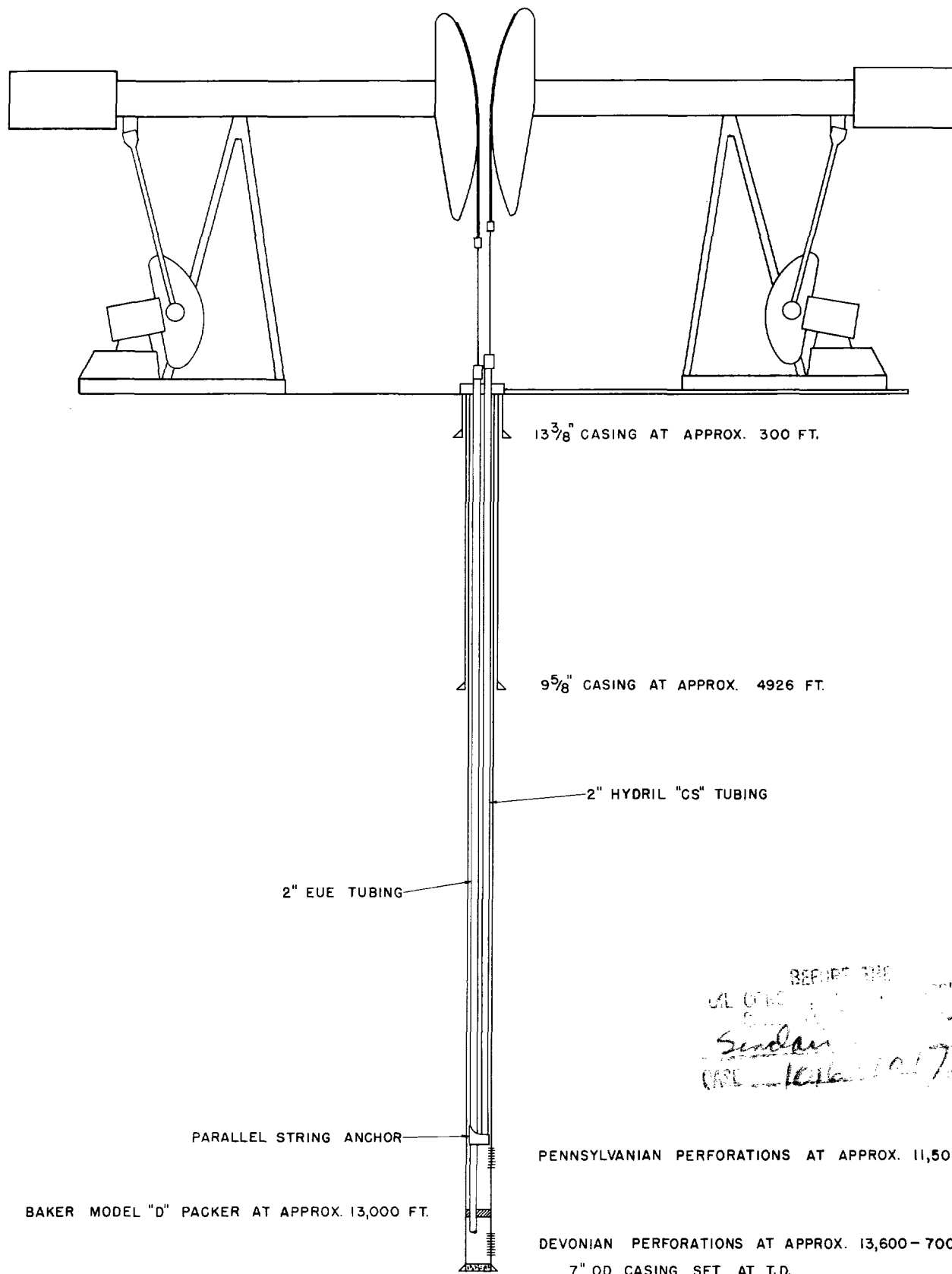
Cost of Devonian Single	\$286,362	Cost of Devonian & Pennsylvanian Dual
Cost of Pennsylvanian Single	221,076	Cost of Devonian Single
Total Cost of Two Wells	<u>\$507,438</u>	Cost of Dual Completion
Cost of Dual Completion	344,659	
Difference	<u>\$162,779</u>	

10/16-10/17
Sundown
5
10/16-10/17

SINCLAIR OIL & GAS COMPANY
PROPOSED FLOWING DUAL COMPLETION
 DEAN DEVONIAN AND PENNSYLVANIAN ZONES
 LEA COUNTY, NEW MEXICO



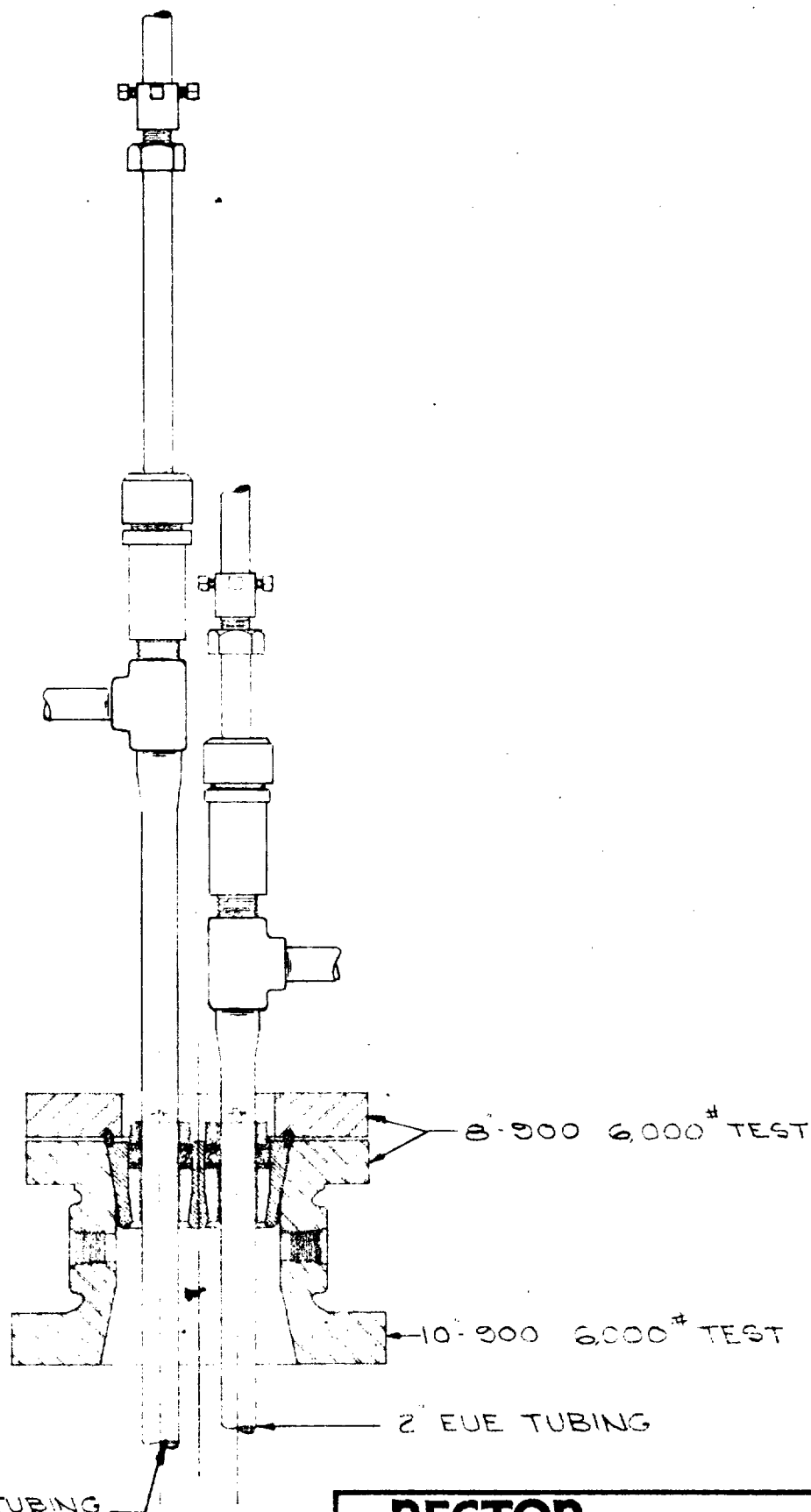
SINCLAIR OIL & GAS COMPANY
 PROPOSED PUMPING DUAL COMPLETION
 DEAN DEVONIAN AND PENNSYLVANIAN ZONES
 LEA COUNTY, NEW MEXICO



BEFORE THE
 USE OF THE
 SUNDAY
 CASE 1016 1017

PENNSYLVANIAN PERFORATIONS AT APPROX. 11,500-570 FT.

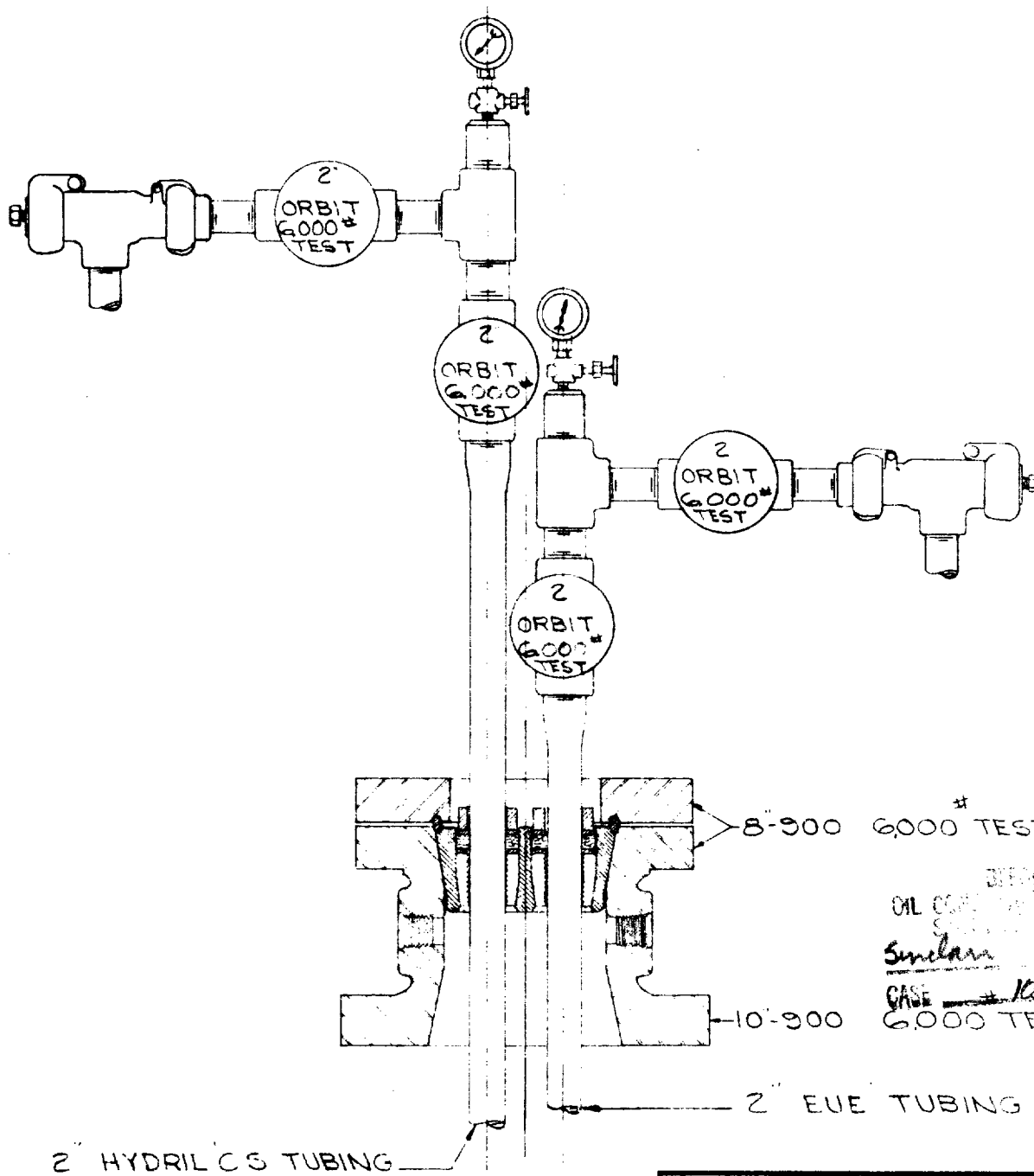
DEVONIAN PERFORATIONS AT APPROX. 13,600-700 FT.
 7" OD CASING SET AT T.D.



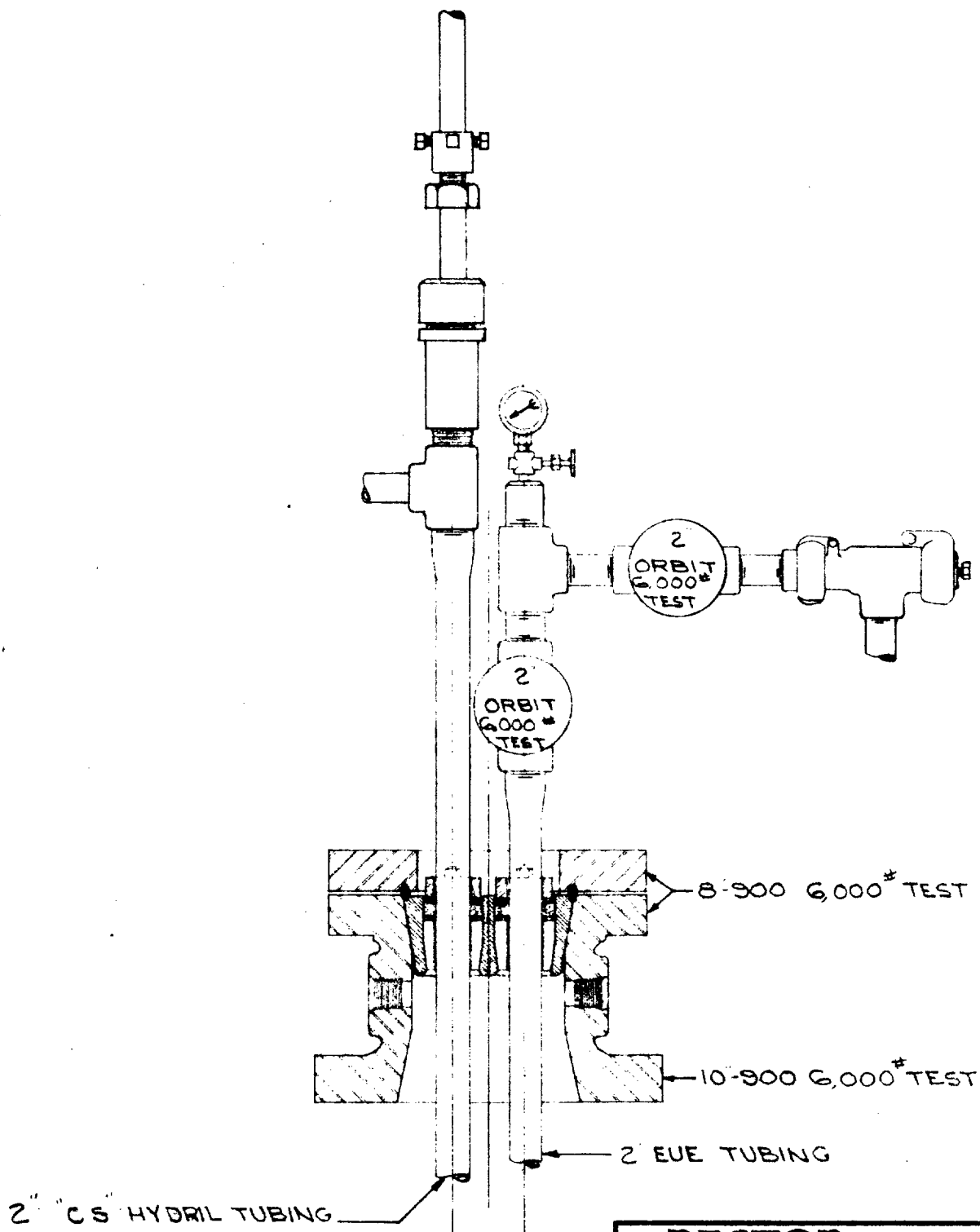
2" CS HYDRIL TUBING

San Juan
 10.16-10.17-8

RECTOR WELL EQUIPMENT CO.			
★ MAKING THE OIL INDUSTRY SAFER ★			
CSG. HD.: 10"-900 X 8"-900 DUAL TUB. HD.: COMPLETION BOTH STRINGS XMAS TREE: PUMPING			
DRAWN BY JWF	DATE 7 56	QUOTATION NO.	DRAWING NO. A-839-3



RECTOR WELL EQUIPMENT CO.			
* MAKING THE OIL INDUSTRY SAFER *			
CSG. HD.: 10'-900 X 8'-900 DUAL TUB. HD.: COMPLETION BOTH STRINGS XMAS TREE: FLOWING 6000* TEST			
DRAWN BY JWF	DATE 2 7 56	QUOTATION NO.	DRAWING NO. A-839-1



BEFORE THE
OIL CONSERVATION
SANTA FE, N.M.
Sumlin 10
1016-1017

RECTOR WELL EQUIPMENT CO.

MAKING THE OIL INDUSTRY A BETTER PLACE

CSG. HD.: 10'-900 X 8'-900 DUAL COMPLETION
TUB. HD.: ONE STRING FLOWING ONE
XMAS TREE: STRING PUMPING

DRAWN BY
JWF

DATE
27
56

QUOTATION NO.

DRAWING NO.
A-839-2