

SINCLAIR OIL & GAS COMPANY
P. O. Box 1470
Midland, Texas

OIL RESERVES & ECONOMICS
WOLFCAMP ZONE
DEAN AREA, LEA COUNTY, N.M.

I. Factors used in computing Wolfcamp reserves:

- a. Porosity of 5.3% (core analysis, Magnolia Owens #1)
- b. Effective pay thickness of 11.4 ft. (electric-micro-radio active logs and/or core analysis on 13 wells)
- c. Formation volume factor of 1,880 barrels reservoir oil per barrel stock tank oil.
- d. Connate water of 27%.
- e. Oil Recovery of 20%.

II. Wolfcamp oil-in-place equals 1820 ST barrels per acre.

III. Wolfcamp Stock Tank Oil Reserves:

- a. Gross barrels per acre equals 364 ✓
- b. Gross barrels per 40 acres equals 14,560
- c. Gross barrels per 80 acres equals 29,120

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

V. Economics of Wolfcamp well (80 acre)

	Wolfcamp Single Well	Pennsylvanian Wolfcamp Dual Completion
a. Gross value of recoverable STO	\$ 82,410	\$ 82,410
b. Charges against well		
Royalty	10,301	10,301
Direct taxes	4,120	4,120
Operating expense	17,800	17,800
Cost of developing	202,314	19,905
Total charges	\$ 234,535	\$ 82,126
c. Net profit (or loss) to Operator	(\$ 152,125)	\$ 284

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Sinclair EXHIBIT No. 7
CASE 1102