

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

ECONOMICS OF THE PROPOSED
PERMO-PENNSYLVANIAN POOL

I. Total recoverable reserves:

a. Pennsylvanian Zone equals	1070 ST barrels/acre
b. Wolfcamp Zone equals	<u>364</u> ST barrels/acre
Total equals	1434 ST barrels/acre

II. Permo-Pennsylvanian Stock Tank Reserves:

a. Gross barrels for 40 acres equals	57,360
b. Gross barrels for 80 acres equals	114,720

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

IV. Economics of single Permo-Pennsylvanian Well:

	40 acre	80 acre
a. Gross value of recoverable STO	\$ <u>162,329</u>	\$ <u>324,658</u>
b. Charges against well		
Royalty	\$ 20,291	\$ 40,582
Direct tax	8,116	16,232
Operating expense	33,800	35,000
Cost of well	<u>221,076</u>	<u>221,076</u>
Total Charges	\$ <u>283,283</u>	\$ <u>312,890</u>
c. Net profit (or loss) to Operator	(\$ 120,954)	\$ 11,768

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
SINCLAIR EXHIBIT No. 8
CASE 1102