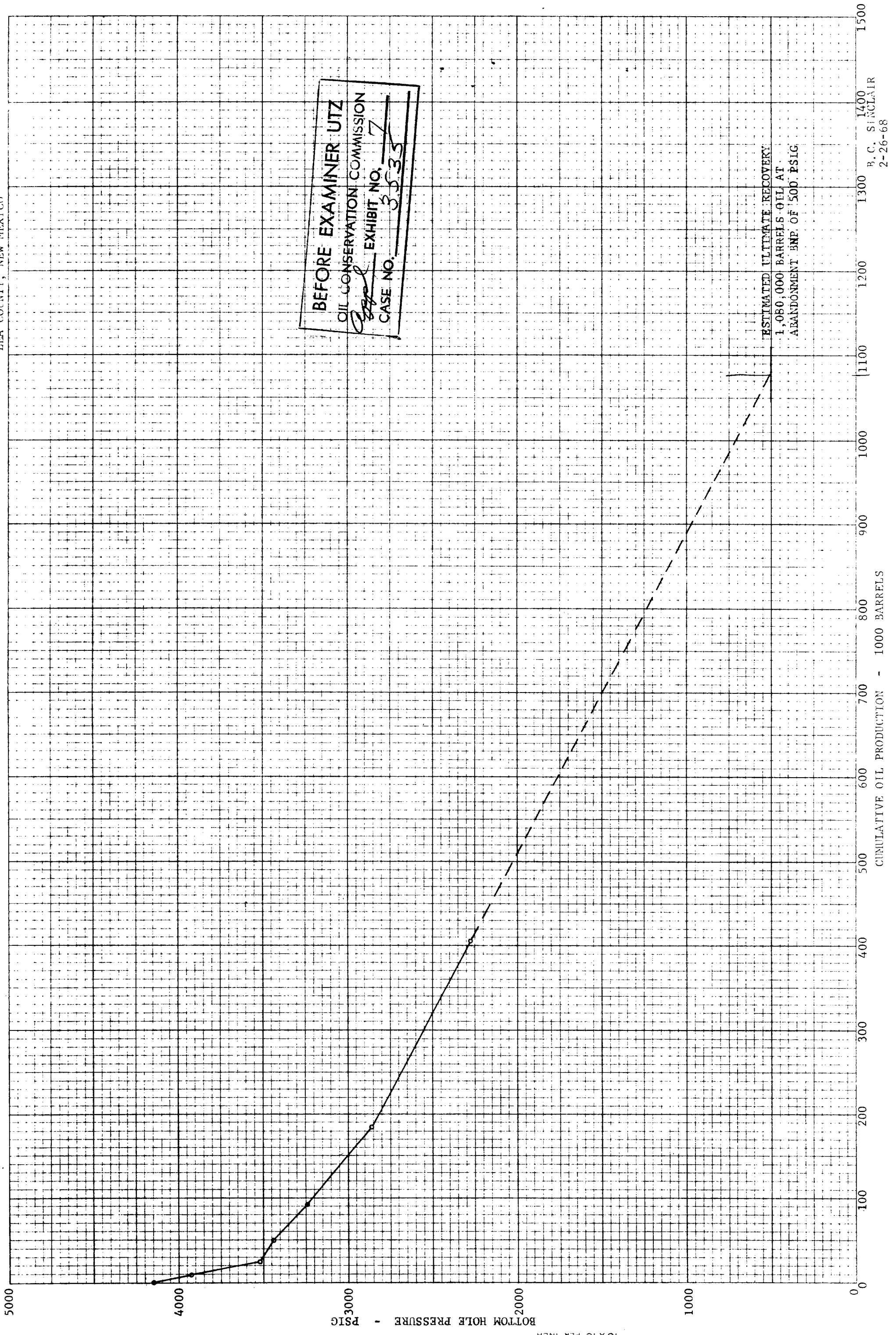


NORTH VACUUM LOWER WOLFCAMP FIELD
LEA COUNTY, NEW MEXICO



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Page 2 EXHIBIT NO. 7
CASE NO. 3533

ESTIMATED ULTIMATE RECOVERY:
1,080,000 BARRELS OIL AT
ABANDONMENT BHP OF 500 PSIG

ECONOMICS FOR
NORTH VACUUM LOWER WOLFCAMP FIELD
LEA COUNTY, NEW MEXICO

	<u>40-Acre Spacing</u>	<u>80-Acre Spacing</u>
<u>Revenue</u>		
1,080,000 Bbls oil @ \$3.11/Bbl.	\$3,358,800	\$3,358,800
1,620,000 MCF Gas @ \$0.057/MCF	92,340	92,340
Less Royalty @ 12.5%		
Oil @ 12.5%	419,850	419,850
Gas @ 12.5%	11,543	11,543
Less Severance Tax		
Oil @ 6.04%	177,513	177,513
Gas @ 6.40%	5,171	5,171
Total Revenue	\$2,837,063	\$2,837,063
<u>EXPENSES</u>		
Drilling, completion, pumping equipment @ \$200,000 per well 16 wells (40 Acre), 8 wells (80 Acre)	\$3,200,000	\$1,600,000
Operating costs, 5 year life		
40 Acre - 16 wells @ \$6000/well/year	480,000	
80 Acre - 8 wells @ \$6000/well/year		240,000
Total Expense	\$3,680,000	\$1,840,000
Net Profit	(\$ 842,937)	\$ 997,063
Net Profit Per Well		\$ 124,633
Profit to investment ratio		.62 to 1.00

<p>BEFORE EXAMINER UTZ</p> <p>OIL CONSERVATION COMMISSION</p> <p><i>Case</i> EXHIBIT NO. <u>8</u></p> <p>CASE NO. <u>3342</u></p>
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B. C. Sinclair
2-26-68