

TD 10,800

650/bbl

SUN OIL COMPANY
ECONOMIC COMPARISON
80-ACRE VS. 160-ACRE SPACING
PROPOSED EAST LUSK BONE SPRING
LEA COUNTY, NEW MEXICO

<u>TOTAL COST:</u>	<u>80-ACRE</u>		<u>160-ACRE</u>	
SUCCESSFUL, DC & E		\$537,000		\$537,000
UNSUCCESSFUL		310,000		310,000
<u>EXPECTED RESERVES</u>				
PROB. OF SUCCESS = 1.0 (16')		65,540		131,080
PROB. OF SUCCESS = 0.6 (10')		39,324		78,648
PROB. OF SUCCESS = 0.4 (6')		26,216		52,432
PROFITABILITY - S.R.:	<u>0.4</u>	<u>0.6</u>	<u>0.4</u>	<u>0.6</u>
NET CASH FLOW	(49907)	13264	138,274	295,536
RATE OF RETURN, %	-	10	50+	50+
10% NET PRESENT VALUE	(59329)	(869)	112,973	251,585
COST - \$/BBL.	14.6	10.47	7.23	5.24
PROFIT - \$/\$	LOSS	.03	.37	.73
PAYOUT, YEARS	-	0.95	.78	0.61
LIFE YEARS	1	2	2	2

*Permit
Joint Val Factor 1.4
Wti rat
Recovery Factor*

*6.6 permeability
30% Wti Sat.
20% Recy factor*

Perm calc 178 md.

*proposed name:
East Lusk Bone Spring*

*value of oil
12.00
gas .51/MCF*

*total gas
expected.
80 acre 16'
128,000 MCF*

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
SUN	EXHIBIT NO. 4
CASE NO.	5443