

MANZANO OIL CORPORATION

APPLESEED FEDERAL #1

Section 17, T20S, R35E

Lea County, New Mexico

Updated 11/1/98

A. Data:

| | |
|--------------------------|-----------------------------------|
| Completion Interval: | Bone Spring Carbonate 10,448-466' |
| Current Production: | 50 BOPD + 11 BSWPD |
| Sweet Crude Oil: | 33° API Gravity |
| Bottom Hole Pressure: | 4600 psi |
| Bottom Hole Temperature: | 155° F |
| Formation Volume Factor: | 1.3562 |
| Gas - Oil Ratio: | 700 cu.ft. per bbl |
| Net Pay: | 22' |
| Porosity: | 8% |
| Water Saturation: | 35% |
| Type of Drive: | Solution Gas Drive |

B. Percent Recovery vs Areal Drainage:

| <u>Areal Drainage</u> <u>Acres</u> | <u>Original Oil</u> <u>In Place, Bbls</u> | <u>Recovered by</u> <u>Decline, Bbls</u> | <u>% Recovery</u> <u>Primary</u> |
|---------------------------------------|--|---|-------------------------------------|
| 40 | 261,770 | 125,841 | 48.07 |
| 80 | 523,541 | 125,841 | 24.09 |

C. Scharb Bone Spring - Sections 5-8, T19S, R35E:

| | |
|--|--|
| Spacing: | 80 acres |
| Primary Recovery: | 13,700,000 bbls from 44 wells 311,400 bbls/well |
| Average Gross Pay: | 50' |
| Average Recovery per well based on 22' net pay: | (311,400 bbls/well) (22'/50') - 137,000 bbls/well |

**BEFORE THE
OIL CONSERVATION COMMISSION**
Santa Fe, New Mexico

Case No. 12003 (De Novo) Exhibit No. 7

Submitted by: Manzano Oil Corporation

Hearing Date: November 16, 1998