

SINCLAIR OIL & GAS COMPANY

J. R. Phillips Lease
SW/4 Section 21-19S-37E
Lea County, New Mexico

CALCULATION OF INCREASED PRODUCT
VALUE AS A RESULT OF COMINGLING

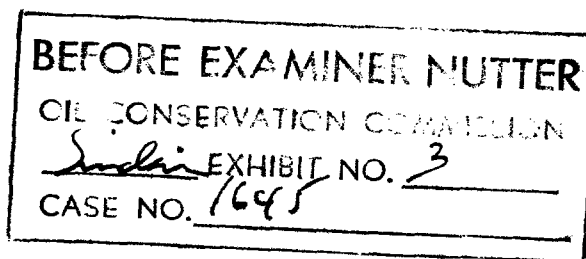
Monument Crude	- 32° Gravity - sour	1100 Bbls/Month	
	Selling Price -	\$2.71/Bbl. (sour)	= \$ 2985.00
 Blinebry Crude	 - 39° Gravity - sweet	 600 Bbls/Month	
	Selling Price -	\$2.92/Bbl. (sour)	\$ 1750.00
 McKee Distillate	 - 76° Gravity - sweet	 750 Bbls/Month	
	(Production based on assumed 1000 MCF/Day allowable with 25 Bbls/million distillate ratio)		
	Selling Price -	\$2.95 - .22 = \$2.73/Bbl (sour)	\$ 2045.00
	Selling Price Separately (sour)		\$ 6780.00

Gravity of Above Mixture:

32° API - .8654 Sp Gr x 1100	=	952
39° API - .8299 Sp Gr x 600	=	498
76° API - .6819 Sp Gr x 750	=	510
		<u>1960</u>

Gravity of Mixture .8000 or 45.4° API

Selling Price Mixture	2450 x (\$2.95 - .02)	=	\$ 7180.00
Selling Price Separately			<u>6780.00</u>
Additional Value of Mixture (Monthly)			\$ 400.00



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J.R. PHILLIPS "A" LEASE

PROPOSED TANK BATTERY AFTER CONSOLIDATION

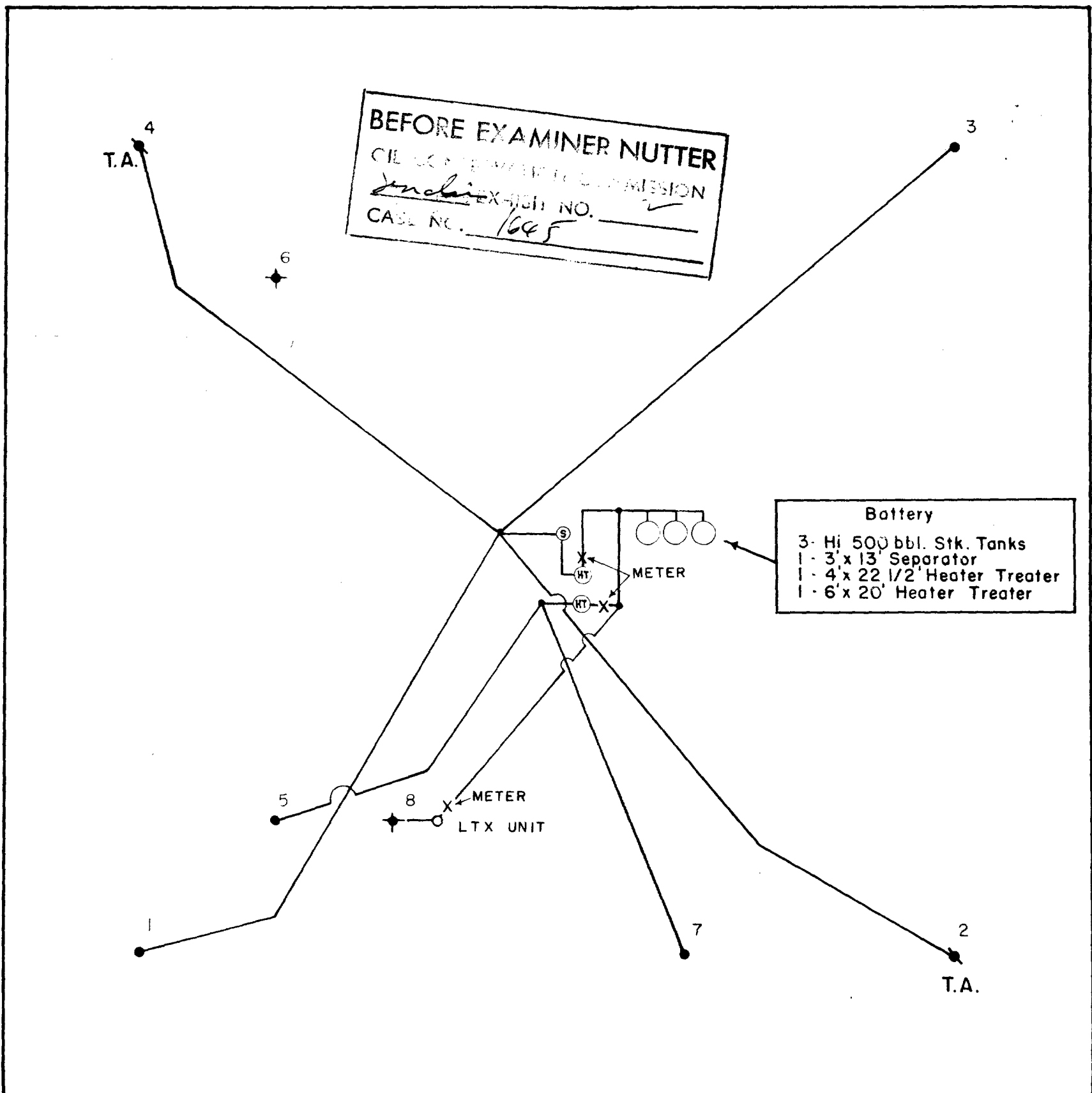
MONUMENT McKEE DISTILATE - WELL No. 8

MONUMENT BLINEBRY OIL - WELLS No. 5 & 7

EUNICE-MONUMENT OIL - WELLS No. 1 2 3 & 4

Lea County

SW 1/4 Sec. 31 - 19S - 37E



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PRESENT TANK BATTERY
BEFORE CONSOLIDATION

MONUMENT McKEE DISTILATE - WELL No. 8

MONUMENT BLINEBRY OIL - WELLS No. 5 & 7

EUNICE-MONUMENT OIL - WELLS No. 1, 2, 3 & 4

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