

EXHIBIT NO. ECONOMIC ANALYSIS
VACUUM AREA, LEA COUNTY, NEW MEXICO

	<u>Triple</u>	<u>Dual</u>	<u>Single</u>
	Abo Wolfcamp Devonian	Wolfcamp Devonian	Wolfcamp
1. Drilling & Completion Costs, \$	331,000	235,000	120,000
2. Artificial Lift Equipment Cost, \$	63,000	44,000	22,000
3. Reserves Necessary to Payout, Bbls.	100,800	115,300	59,500
4. Estimated Reserves on 40 Acres, Bbls.	155,200 ✓	114,500 ✓	56,000 ✓
5. Net Loss on 40 Acres, \$	18,500	2,000	6,500
6. Estimated Reserves on 80 Acres, Bbls.	310,300 ✓	228,900 ✓	112,000 ✓
7. Net Profit on 80 Acres, \$	356,900	274,900	129,000

Above Values Based Upon:

1. Lifting Cost	\$0.45/bbl.
2. Taxes	\$0.24/bbl.
3. Net Interest	0.875
4. Sales Value, Oil & Gas	\$3.46/bbl.
5. Net Value	\$2.42/bbl.

BEFORE EXAMINER UTZ OIL CONSERVATION COMMISSION EXHIBIT NO. <u>16</u> CASE NO. _____
