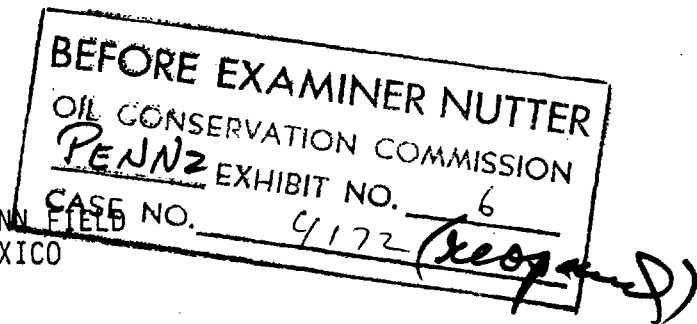


ECONOMICS FOR  
LOVINGTON NORTHEAST PENN FIELD  
LEA COUNTY, NEW MEXICO



	<u>40-Acre Spacing</u>	<u>80-Acre Spacing</u>
<u>Revenue</u>		
40 acre - 303,000 barrels oil @ \$3.31	\$1,002,900	
80 acre - 264,000 barrels oil @ \$3.31		\$873,800
Less Royalty @ 12.5%	\$125,400	\$109,200
Less Severance Tax @ 6%	\$52,700	\$45,900
Total Revenue	\$824,800	\$718,700
<u>Expense</u>		
Drilling, Completion, Pumping Equipment	\$480,000	\$240,000
<u>Operating Cost</u>		
40 acre - 8 years @ \$7,000 (2 wells)	\$112,000	
80 acre - 11 years @ \$7,000		\$77,000
Total Expense	\$592,000	\$317,000
Net Profit	\$232,800	\$401,700
Profit to Investment Ratio	0.49	1.67

Note: This analysis does not consider the ten dry holes that have been drilled.

By: B. C. Sinclair

Date: 8-17-70

EXHIBIT 6