

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

EXPECTED RESERVES

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

Permeability
Interval Factor 1.4
Wti sat
Recovery Factor

6.6 permeability
30% Wti Sat.
20% Recovery 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