

ECONOMICS

No.3 Sprinkle Federal

Unit E, Section 26, T-18-S, R-32-E

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case No. 8755 Exhibit No. 16

Submitted by Sprinkle

Hearing Date 2/26/86

Well Cost (\$)	431,738.00
Estimated Primary Reserves (bbls)	106,317.00
Average Producing Rate to Payout (BOPD)	160.00
Average Net Price for Crude (\$/bbl)	15.02
Average Net Price for Gas (\$/MCF)	2.04
Average Income per Barrel (1000-1 GOR) (\$)	17.06
Average Monthly Production (BOPM)	4,864.00
Gross Monthly Lease Income (\$)	82,980.00
Net Income to 87% W.I. (\$/mo)	72,192.00
Monthly Operating Expense (\$)	1,200.00
Net Monthly Income to W.I. (\$/mo)	70,992.00
Payout of Well (months)	6.08
Return on Investment	3.20
Gross Barrels to Payout (bbls)	29,573.00
Gross Barrels for 150% Additional Risk (bbls)	44,360.00
Total Production to Cover Risk Factor (bbls)	73,933.00
Remaining Reserves After Payout of Risk Factor	32,384.00
Net to Sprinkle Interest (bbls)	8,805.00
Original Reserve to Sprinkle Interest (bbls)	28,905.00
Reserves Lost Due to Risk Penalty (bbls)	20,100.00
Value of Lost Reserves to Sprinkle (\$)	342,912.00
Net Loss to Sprinkle after Well Cost (\$)	207,994.00

By: W.G. McCoy

Date: 02/25/86