

Economic/Rate Justification (Generic)

Approval is requested to recomplete the subject well to the Blanco Mesaverde and commingle with existing producing horizons. Expected rate and recovery from the Mesaverde is illustrated on the attached "Normalized Mesaverde Production" plot. This plot (attached to C107A form) is constructed from the more recent offset Mesaverde production data and provides a good estimate of the performance of the subject well. Clearly, the expected risked reserves are not sufficient to justify drilling a new, grass roots well. To prevent waste, these reserves must be accessed by the subject wellbore.

Production from the existing zones is established by ample production history. A production plot is attached that shows past and best-fit projections of future production for the existing zones. A table showing estimated future production for each existing zone is attached. This table (attached to C107A form) will be used to allocate commingled production to the new Mesaverde zone by the subtraction method (existing production shown on the table attached to the C107A will be subtracted from total metered production after adding the Mesaverde zone; the balance will be reported as Mesaverde production).