ConocoPhillips

Ashley Bergen
Regulatory Specialist
Phone: (432) 688-6938

ConocoPhillips Company
P.O. Box 51810
Midland, TX 79710-1810

July 20, 2015

State of New Mexico
Oil Conservation Division
Attn:
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

SUBJECT: REQUEST FOR APPROVAL OF DOWNHOLE COMMINGLE FOR BRITT B LEASE

To Whom It May Concern:

ConocoPhillips Company respectfully requests an approval of our plans to Downhole Commingle the Skaggs-Glorieta Pool (57190) with the pre-approved pools Weir-Blinebry (63780), Weir-Blinebry East (63800), Monument-Tubb (47090), and Skaggs-Drinkard (57000) pools in ConocoPhillips' Blinebry, Tubb, Drinkard development program in Sections 10 and 15, T20S, R37E, Lea County, New Mexico.

Enclosed are the following documents in support of this request.

- Administrative Application Checklist
- Copy of the New Mexico Form C-107A (with attachments)
- Copy of letter sent to spacing unit interest owners.

A copy of this letter is being sent to Bureau of Land Management, Carlsbad Field Office. Notification is being provided by separate letter to interest owners in the spacing unit (as per NMAC 19.15.12) via certified return receipt.

If you have any questions regarding this request, I can be reached at 432-688-6938 or via email at ashley.bergen@cop.com

Sincerely,

Ashley Bergen

Ashley Bergen
Regulatory Specialist

53

30157

DATE IN 7/23/15	SUSPENSE	ENGINEER MAM	LOGGED IN 7/24/15	TYPE DHC	APP NO pSA1520528~~576~~

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response] DHC 4776

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A] operator: Conoco Phillips

[A] Location - Spacing Unit - Simultaneous Dedication well: Bi H B #51, 52, 53, 54, 55
☐ NSL ☐ NSP ☐ SD
API: Pendings

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM Pool: Weir; Blinebry

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery +3
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
#: 63780
+3

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ashley Bergen	Ashley Bergen	Regulatory Specialist	
Print or Type Name	Signature	Title	Date

ashley.bergen@conocophillips.com
e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
X Single Well
___Establish Pre-Approved Pools
EXISTING WELLBORE
___Yes X No

APPLICATION FOR DOWNHOLE COMMINGLING

ConocoPhillips Company — Operator
P.O. Box 51810 Midland, TX 79710 — Address

Britt B — Lease
53 — Well No.
C- 15- 20S- 37E — Unit Letter-Section-Township-Range
Lea — County

OGRID No. 217817 Property Code 31365 API No. 30-025- Lease Type: X Federal ___State ___Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Skaggs Gloireta	Weir-Blinebry	Monument Tubb
Pool Code	57190	63780	47090
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	~5208'-5341' TVD	~5662'-6372' TVD	~6372'-6678' TVD
Method of Production (Flowing or Artificial Lift)	Artifical Lift	Artifical Lift	Artifical Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	~2555	~2440	~2150
Oil Gravity or Gas BTU (Degree API or Gas BTU)	~39	~39	~39
Producing, Shut-In or New Zone	New Zone	New Zone	New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates: TBD	Date: Rates: TBD	Date: Rates: TBD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil TBD % Gas TBD %	Oil TBD % Gas TBD %	Oil TBD % Gas TBD %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No ___
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ___ No ___

Are all produced fluids from all commingled zones compatible with each other? Yes X No ___

Will commingling decrease the value of production? Yes ___ No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No ___

NMOCD Reference Case No. applicable to this well: _____

Attachments:
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

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Form C-107A
Revised August 1, 2011

APPLICATION TYPE
X Single Well
___ Establish Pre-Approved Pools
EXISTING WELLBORE
___ Yes X No

APPLICATION FOR DOWNHOLE COMMINGLING

ConocoPhillips Company — Operator
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Britt B — Lease
53 — Well No.
C- 15- 20S- 37E — Unit Letter-Section-Township-Range
Lea — County

OGRID No. 217817 Property Code 31365 API No. 30-025- Lease Type: X Federal ___ State ___ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name			Skaggs Drinkard
Pool Code			57000
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)			~6678'-6970' TVD
Method of Production (Flowing or Artificial Lift)			Artifical Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			~2100
Oil Gravity or Gas BTU (Degree API or Gas BTU)			~39
Producing, Shut-In or New Zone			New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: Rates:	Date: Rates: TBD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil ___ % Gas ___ %	Oil ___ % Gas ___ %	Oil TBD% Gas TBD%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No ___
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ___ No ___

Are all produced fluids from all commingled zones compatible with each other? Yes X No ___

Will commingling decrease the value of production? Yes ___ No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No ___

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Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0720
DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-9720
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011

Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-	57190	Skaggs Glorieta

Property Code	Property Name	Well Number
	BRITT B	53
OGRID No.	**Operator Name**	**Elevation**
	CONOCO PHILLIPS	3566'

Surface Location

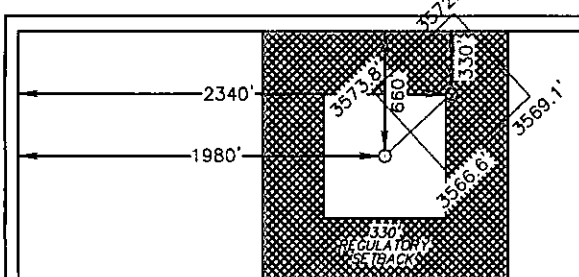
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	15	20 S	37 E		330	NORTH	2340	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	15	20 S	37 E		660	NORTH	1980	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



SURFACE LOCATION
Lat – N 32°34'46.04"
Long – W 103°14'25.09"
NMSPCE– N 576265.619
E 878024.747
(NAD-83)
Lat – N 32°34'45.60"
Long – W 103°14'23.37"
NMSPCE– N 576203.956
E 836841.938
(NAD-27)

BOTTOM HOLE LOCATION
Lat – N 32°34'42.77"
Long – W 103°14'29.28"
NMSPCE– N 575932.4
E 877668.9
(NAD-83)
Lat – N 32°34'42.34"
Long – W 103°14'27.57"
NMSPCE– N 575870.7
E 836486.1
(NAD-27)

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Ashley Bergen
Signature Date

Ashley Bergen
Printed Name

ashley.bergen@cop.com
Email Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

NOVEMBER 09, 2011
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES NEW MEXICO 7977 REGISTERED PROFESSIONAL LAND SURVEYOR

25433

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 25433

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0720
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Form C-102
Revised August 1, 2011

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-	63780; 47090; 57000	Weir Blinebry; Monument Tubb; Skaggs Drinkard

Property Code	Property Name	Well Number
31365	BRITT B	53

OGRID No.	Operator Name	Elevation
217817	CONOCO PHILLIPS	3566'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	15	20 S	37 E		330	NORTH	2340	WEST	LEA

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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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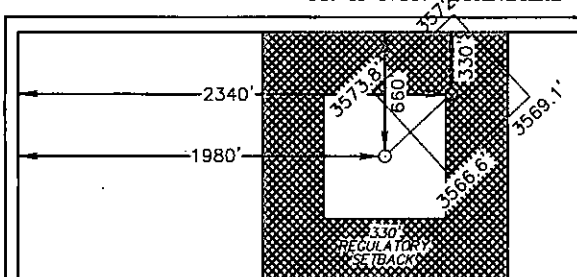

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E 878024.747
(NAD-83)
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E 836841.938
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Lat – N 32°34'42.34"
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E 836486.1
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Ashley Bergen
Signature Date

Ashley Bergen
Printed Name

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Email Address

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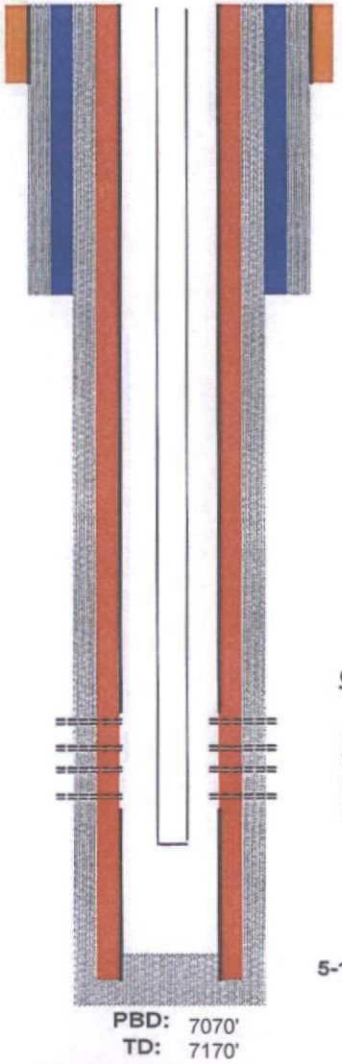
GARY L. JONES NEW MEXICO 7977 REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 25433

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 25433

Britt B 53 Proposed Well Schematic: Production Well



8-5/8" , 24# J-55 @ 1400. Cmt to surface

Surface: C640-365-168

Downhole:

Tbg: 2-7/8", 6.5#, L-80: 7000 ft.
TAC: 2-7/8" x 5-1/2", 17# @ 5150
Rods:
1" Norris D90: surface - 2150
7/8" Norris D90: 2150 - 4400
3/4" Norris D90: 4400-6750
1-1/2" Flexbar C Sinker Bars w/ guides: 6750-7000
Pump: 1-3/4" RHBC (24 ft.) w/ 1-1/4" strainer nipple (1 ft.)

Completion Interval

Skaggs Gloritea ~5208'-5341' TVD
Weir Blinebry ~5662'-6372' TVD
Monument Tubb ~6372'-6678' TVD
Skaggs Drinkard ~6678'-6970' TVD

5-1/2", 17#, L-80 @ 7200. Cmt to surface

ConocoPhillips

Skaggs-Glorieta Pool Commingling with Weir-Blinebry (or Weir-Blinebry East), Monument-Tubb, and Skaggs-Drinkard Pools

Britt-B Acreage Field Study and Preliminary Results

Summary

ConocoPhillips is proposing to commingle the Skaggs-Glorieta pool with the three pre-approved pools, i.e., Weir-Blinebry (or Weir-Blinebry East)* pool, Monument-Tubb pool, and Skaggs-Drinkard pool as a part of ConocoPhillips' Blinebry, Tubb, and Drinkard (BTD) development program in Sections 10, 11, and 15, T20S, R37E, Lea County, New Mexico. The working, net revenue, and royalty interests are the same for all pools within the lease being proposed for this commingle. The fluids from all zones are compatible. The allocation will be determined through down-hole production allocation tests after completion.

Purpose

ConocoPhillips requests to commingle the Skaggs-Glorieta ("Glorieta") with the three pre-approved pools, i.e., Weir-Blinebry (or Weir-Blinebry East) pool, Monument-Tubb pool, and Skaggs-Drinkard pools, in SW/4 NW/4 and S1/2 Section 10, W1/2 SW1/4 Section 11, and W/2 and W/2 E/2 Section 15, T20S-R37E in order to access reserves that would otherwise be stranded. Development of the Blinebry, Tubb, and Drinkard (BTD) is not competitively economic as initial production rates and recoveries are low. The commingling of these pools is expected to enhance production and boost ultimate recovery from the field. This will result in increased revenue for royalty interests and lease holder.

With commingling, the total recoverable resource in COP's Britt-B lease is estimated to be ~5.8 MMBO and 11.3 BCFG or an incremental 165 MBO and 324 MMCF per well, for up to 35 potential 40-acre and 20-acre spaced wells in the Britt-B lease. Our 2017 development plan targeting the Glorieta plus BTD includes the Britt B 51, Britt B 52, Britt B 53, Britt B 54, and Britt B 55 proposed wells.

History

ConocoPhillips operates the Britt-B lease in Sections 10, 11, and 15, T20S R37E. This lease has produced from the BTD since the 1960's. Historically, the BTD has been successful in this area with high Initial Production (IP) and long production lives. However, as reservoir pressure declines and the reserves move into lower reservoir quality areas, the BTD pool is becoming uncompetitive and uneconomic. A review of a nearby drilling program meant to produce the BTD pools suggests that the production from the two zones (Glorieta and BTD) needs to be commingled to have more favorable economics, especially in the current economic environment.

* The same formation, Blinebry is called by Weir-Blinebry pool or Weir-Blinebry East pool, depending only on surface location.

The Glorieta started to be commingled with the BTD as early as 1979 in the Britt-B #26 (See Figure 1). It showed some uplift potential. For example, the Glorieta in the Britt-B #13 was discovered to have potential to produce at high rates. The high rate was again repeated in 1998 in the Britt-B #34, with exclusive Glorieta production. The Glorieta, however, hasn't shown consistent results and is considered uneconomic by itself. Therefore, in conjunction with modern completion methods, the commingling of the Glorieta and Blinebry, Tubb, and Drinkard pools in the ConocoPhillips Britt-B lease will allow both of these reserves to be produced economically and at low risk. If this pilot project is successful it will prove the viability of further downhole commingling in future wells. This would also allow recompletions into the Glorieta to be commingled with historical BTD production.

Reservoir Details

The Glorieta and BTD are substantially similar in characteristics to make them compatible for downhole commingling. Oil gravity comparisons between the Glorieta, Blinebry, Tubb, and Drinkard reservoirs indicate that the type of oil found in these reservoirs is similar; approximately 39 degrees API according to the Britt-B #34 and SEMU #174 production analyses.

The upper Blinebry, Tubb, and Drinkard are the better reservoir quality areas of the Yeso group formations. The Drinkard tends to be more water saturated than the other formations, while the Tubb tends to be gassier than the other two. The reservoir productive quality is striated with low permeability areas. There is a lot of gross interval to net pay in the Yeso group reservoirs (see Figure 2).

The Glorieta is a higher porosity-permeability reservoir, usually with good oil saturation (see Figure 3). There is a risk of water production due to its proximity with the water saturated Paddock formation below it. A cross section is included in Figure 4.

The pore pressure gradients for the Glorieta and BTD are expected to be similar (~0.40 psi/ft). The BTD is expected to be normally pressured to slightly under-pressured due to historical production. If there is cross-flow between the two zones due to a high fluid level or over-pressured zone, it is expected that production will be recovered once the fluid level is pumped back down or the pressure stabilizes between the two zones.

Production is expected to vary widely among the layers. There will be a total of four layers spreading approximately 1,800 feet apart. The majority of the water is expected to come from the lowest and highest zones (Drinkard and Glorieta). The majority of the gas is expected to come from the middle two layers (Blinebry and Tubb). This, however, is speculation based on a study done in the Warren Unit. The production test and production profile will be useful in confirming this along with the Glorieta production. Appendix A includes the economics for BTD production which is requested to be kept confidential.

Allocation Method

The production allocation method for all zones will be based on a cumulative zone production test (subtraction method) carried out post completion. This will be done the following way:

The Blinebry-Tubb-Drinkard zone will be completed and production tested for a minimum of 45 days. Afterwards, the Blinebry-Tubb-Drinkard will be isolated by a retrievable bridge plug positioned above the Blinebry completion. The Glorieta will be completed and production tested for a minimum 45 days. Afterwards, following the removal of the retrievable bridge plug, the well will be placed on production from the Glorieta & Blinebry-Tubb-Drinkard with production allocation (oil, gas & water) based on:

> Glorieta Allocation: Glorieta well test volumes / (Glorieta well test volumes + Blinebry-Tubb-Drinkard well test volumes)
>
> Blinebry-Tubb-Drinkard Allocation: Drinkard well test volumes / (Glorieta well test volumes + Blinebry-Tubb-Drinkard well test volumes)

Our proposal includes production tests on the first two or three wells, depending on initial results.

Based on our review of historical production, the expected allocation for new drill wells is 36% from the Glorieta and 64% from the BTD, according to the estimated first year production average on BOE basis.

Preliminary Supporting Details

Figure 1: Map of all wells used in the Glorieta forecast, which are circled in red. Note that the wells outlined by blue squares are the proposed new drills and the BTD type curve well is indicated by yellow star.

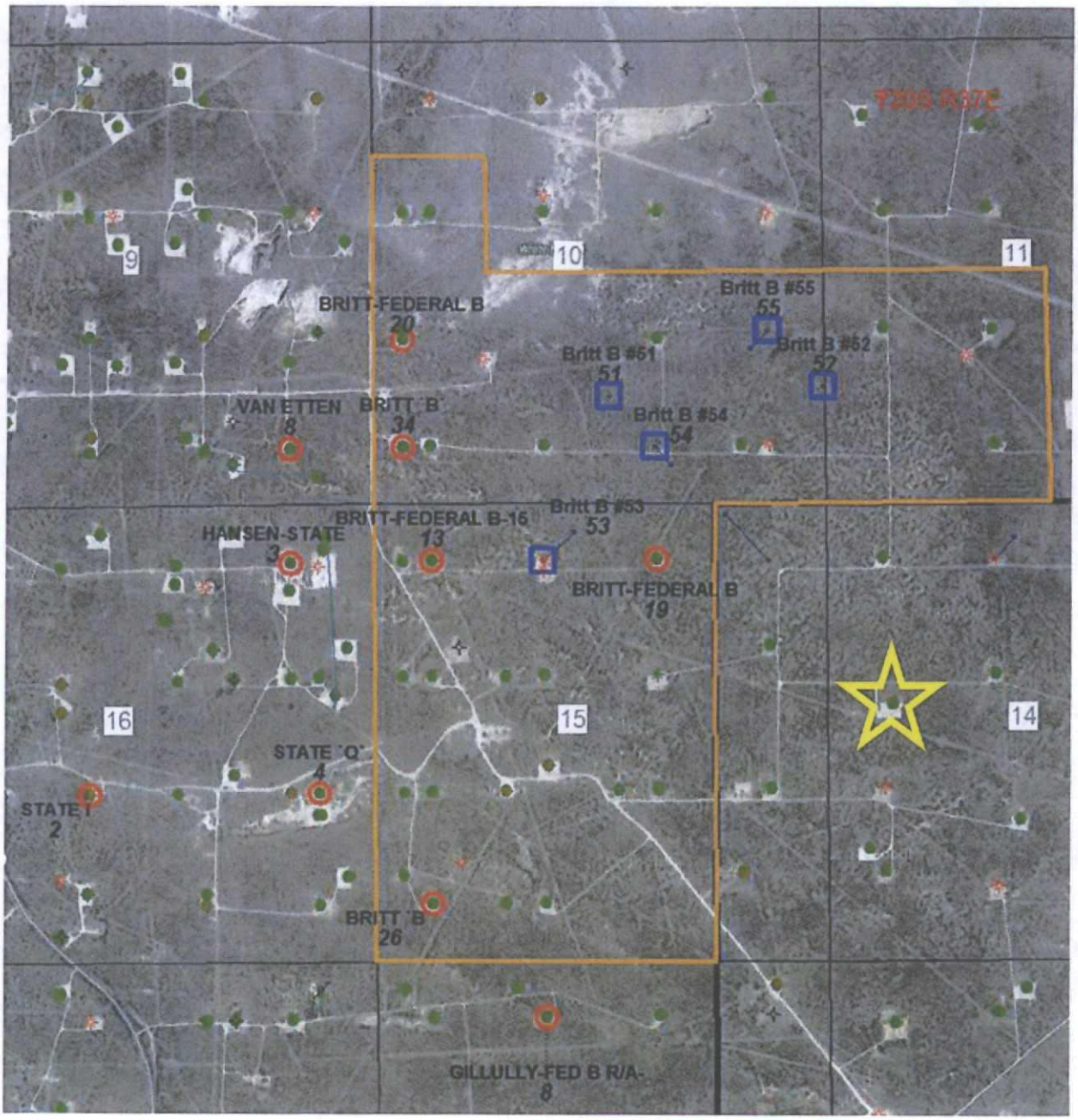


Figure 2: Blinebry/Tubb/Drinkard reservoir quality (SoPhiH) map. The wells with red circles are the proposed Britt-B wells, and the one with yellow Star is SEMU 174 type-well.

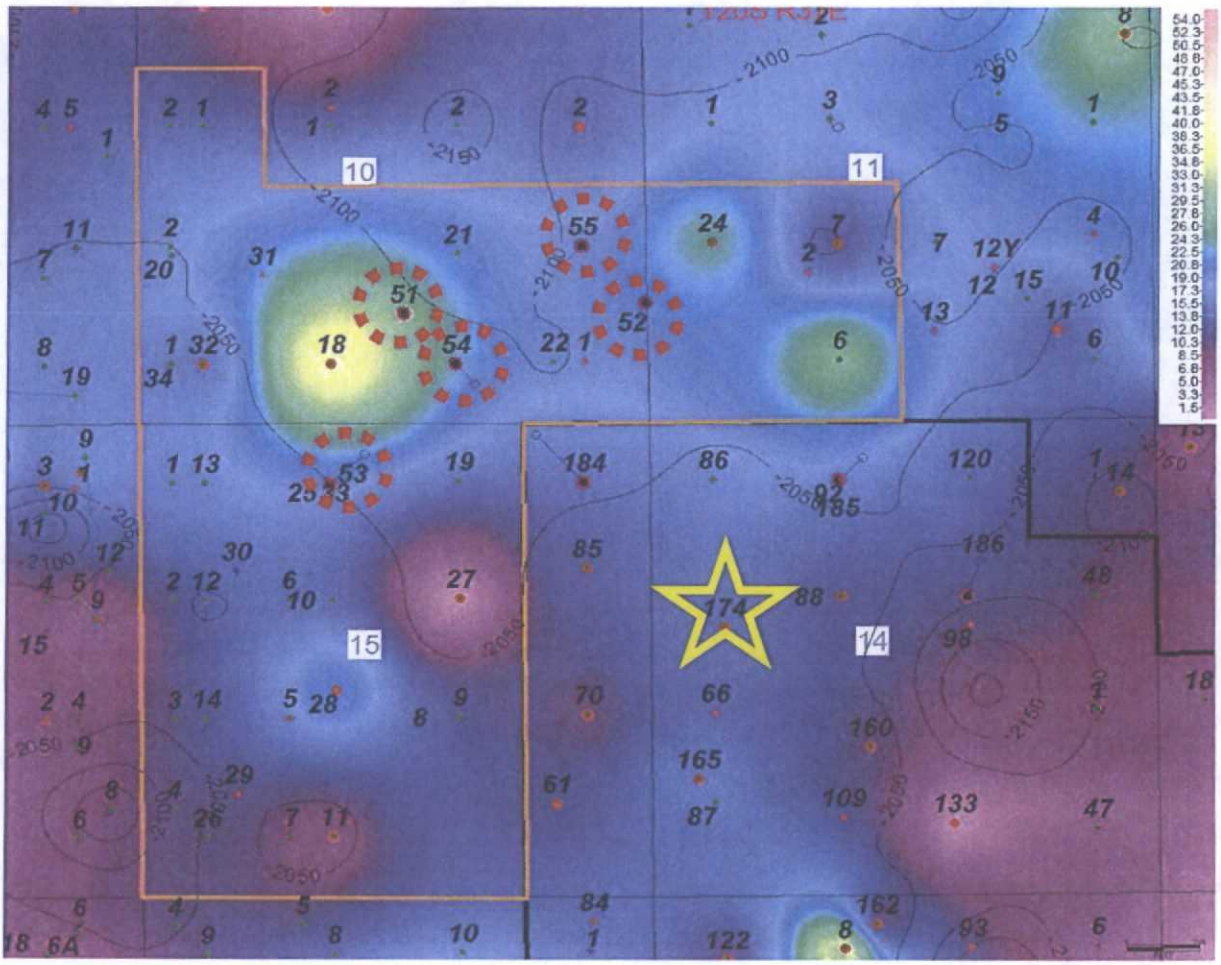


Figure 3: Glorieta reservoir quality (SoPhiH) map. The wells with red circles are the proposed Britt-B wells.

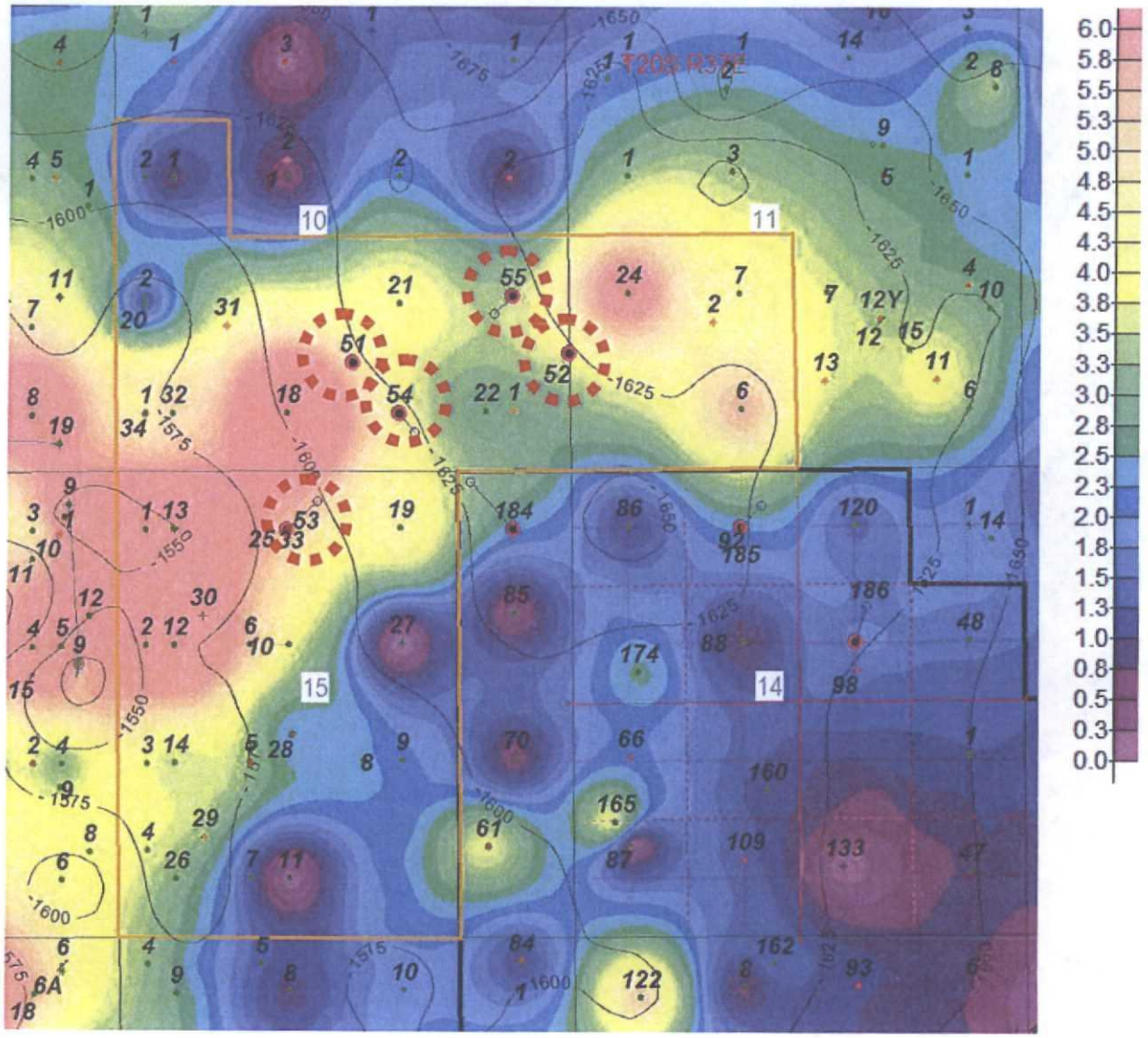
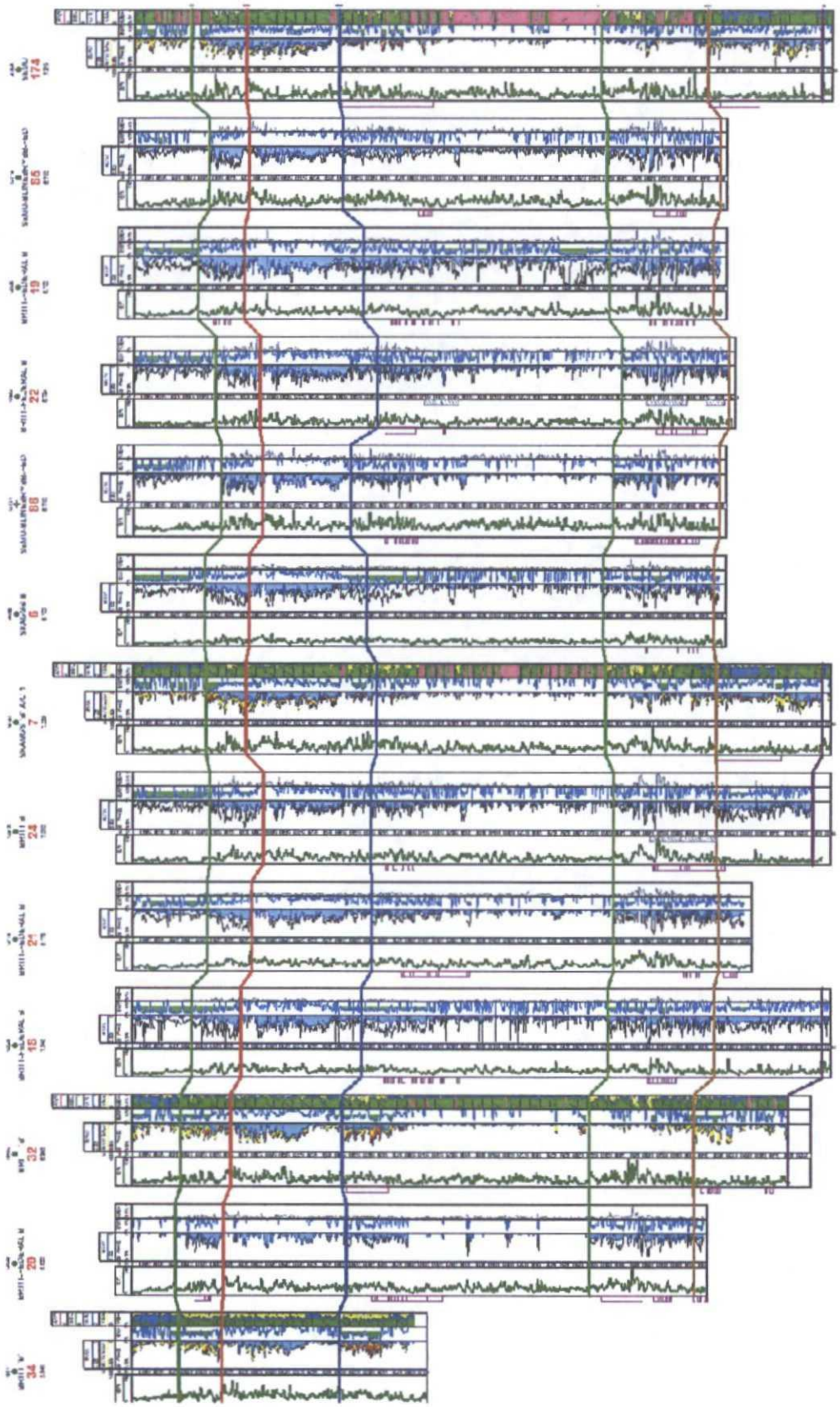


Figure 4: Glorieta, Paddock, Blinebry, Tubb, Drinkard cross-section



Appendix A

Table 1: Blinebry/Tubb/Drinkard standalone economics

Inputs			
Start Date	1/1/2015	Capital	$1,800
Working Interest	50%	Tax Rate	35%
Net Rev Interest	43.8%	Gas Tax	7.5%
Oil Price ($/bbl)	$50	Oil Tax	4.6%
Gas Price ($/mcf)	$3.00	Ad Val Rate	2%
OpEx ($/bbl)	$7		

Outputs				
Discount Rate	Pretax NPV [M$]	After Tax NPV [M$]	Pretax IRR	After Tax IRR
0%	(622)	(937)	-9%	-15%
5%	(803)	(1,015)		
10%	(827)	(1,021)		
12%	(845)	(1,024)		
15%	(864)	(1,025)		

	Gross Production		Net Production		Price		Revenue
	Oil MBbls	Gas MMcf	Oil MBbls	Gas MMcf	Oil $/bbl	Gas $/Mcf	$M /Total
2015	11.6	66.4	5.1	29.0	50.0	3.0	340
2016	8.8	50.4	3.8	22.1	50.0	3.0	258
2017	5.9	34.1	2.6	14.9	50.0	3.0	175
2018	4.4	25.0	1.9	10.9	50.0	3.0	128
2019	3.4	19.3	1.5	8.5	50.0	3.0	99
2020	2.7	15.5	1.2	6.8	50.0	3.0	80
2021	2.2	12.8	1.0	5.6	50.0	3.0	66
2022	1.9	10.8	0.8	4.7	50.0	3.0	55
2023	1.6	9.2	0.7	4.0	50.0	3.0	47
2024	1.4	8.0	0.6	3.5	50.0	3.0	41
2025	1.2	7.0	0.5	3.1	50.0	3.0	36
2026	1.1	6.3	0.5	2.7	50.0	3.0	32
2027	1.0	5.6	0.4	2.5	50.0	3.0	29
2028	0.9	5.1	0.4	2.2	50.0	3.0	26
2029	0.8	4.6	0.4	2.0	50.0	3.0	24
Total	54.3	311.4	23.7	136.2			1,596

	Prod Tax [M$]	Ad Val Tax [M$]	Operating Costs [M$]	Operating CF [M$]	CapEx	Pre Tax CF [M$]	Taxes [M$]	After Tax CF [M$]	Cum Cash Flow Pre Tax [M$]	Cum Cash Flow After Tax [M$]
2015	18	7	36	279	1,800	-1,521	0	-1521	-1521	-1521
2016	14	5	27	212	0	212	74	138	-1309	-1383
2017	9	3	19	143	0	143	50	93	-1166	-1290
2018	7	3	14	105	0	105	37	68	-1061	-1222
2019	5	2	11	81	0	81	28	53	-979	-1169
2020	4	2	8	65	0	65	23	42	-914	-1126
2021	4	1	7	54	0	54	19	35	-860	-1091
2022	3	1	6	45	0	45	16	29	-815	-1062
2023	3	1	5	39	0	39	14	25	-776	-1037
2024	2	1	4	34	0	34	12	22	-742	-1015
2025	2	1	4	30	0	30	10	19	-713	-996
2026	2	1	3	26	0	26	9	17	-686	-978
2027	2	1	3	24	0	24	8	15	-663	-963
2028	1	1	3	21	0	21	7	14	-641	-949
2029	1	0	2	19	0	19	7	13	-622	-937
Total	85	32	170	1,309	1,800	-491	361	-851		

Preliminary Field Study Results

The last drilling program in this part of SEMU that targeted the Blinebry, Tubb, and Drinkard was generally uneconomic, with the exception being SEMU 174 that had an IP of 48 BOPD and 273 MCFD. This will add an incremental 55 MBO and 310 MMCF per well. The gas curve is based on a GOR of ~5.7 MCF/STB (see Figures 5 and 6).

SEMU 174 had the best reservoir quality compared to the other wells in its program, as shown by logs. The Britt-B area tends to be of higher or comparable reservoir quality to SEMU 174. For this reason in conjunction of a modern completion design, the Blinebry/Tubb/Drinkard type-curve was chosen to be based on the performance of SEMU 174. The 40-acre Original Oil In Place (OOIP) for the Blinebry/Tubb/Drinkard in the Britt-B lease was calculated to be 3.3 MBO.

Justification for Commingle Proposal

At current commodity prices, the estimated production (type curve) from the BTD in these wells is not sufficient to pay off the costs of a drilling program to this depth. With some successes being shown in the offsetting wells, in regards to producing the Glorieta and downhole commingling it with the Blinebry/Tubb/Drinkard, an uplift of 45 BOPD and 6 MCFD in the IP rate is expected (Figure 7). This will add an incremental 110 MBO and 14 MMCF per well.

The production curve is based on the production from wells inside and immediately surrounding the Britt-B lease (see Figure 1). The oil curve is based on an average of the IP rates and the decline rates of the wells. The gas curve is based on a GOR of 0.13 MCF/STB taken from the Britt-B #34, the only Glorieta only producer in the lease.

The reservoir quality for the Glorieta in the Britt-B area is comparable to the offsetting Glorieta producers. The P50[‡] 40-acre OOIP for the Glorieta producers was found to be ~1.1MMBO; there is confidence that the Glorieta will be a major production contributor. For convenience we include the BLM Downhole Commingle Worksheet.

[‡] P50 refers to an estimate with 50% certainty.

Supporting Details

Figure 5: Weir-Blinebry/Weir-Blinebry East/Monument-Tubb/Skaggs-Drinkard type curve

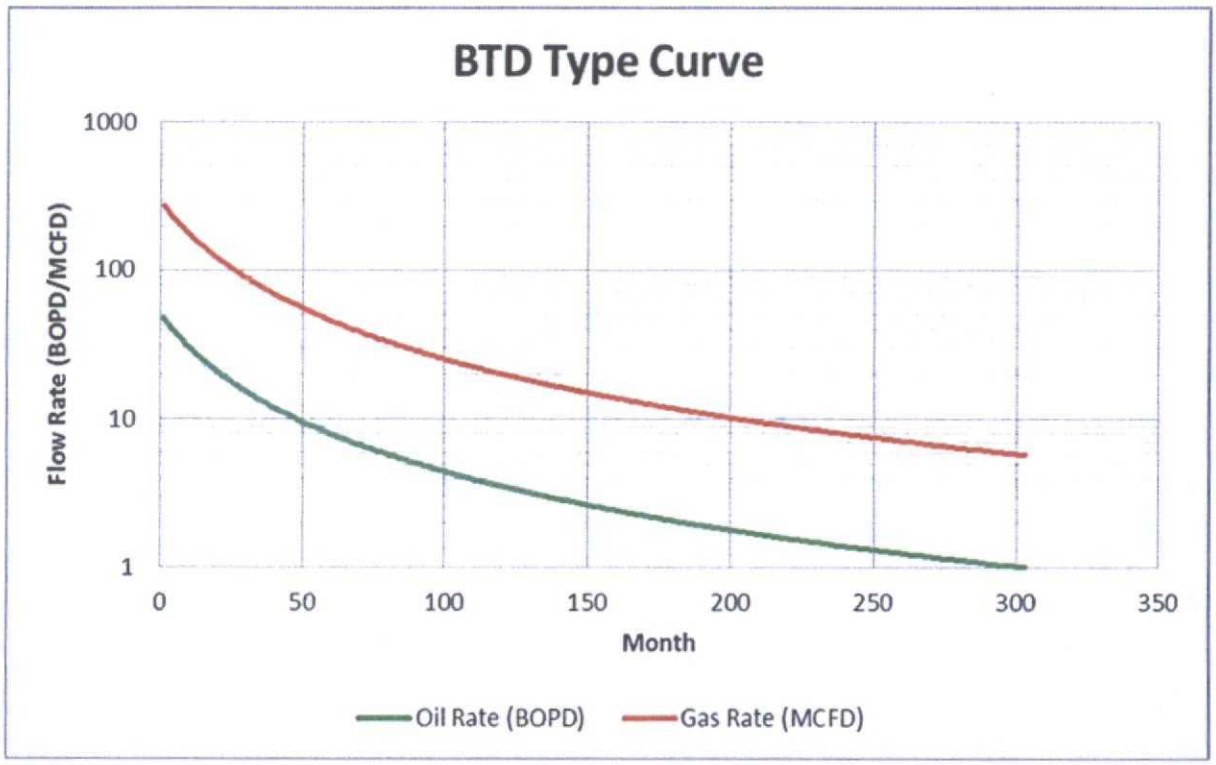


Figure 6: Type curve with SEMU 174 actual well test data

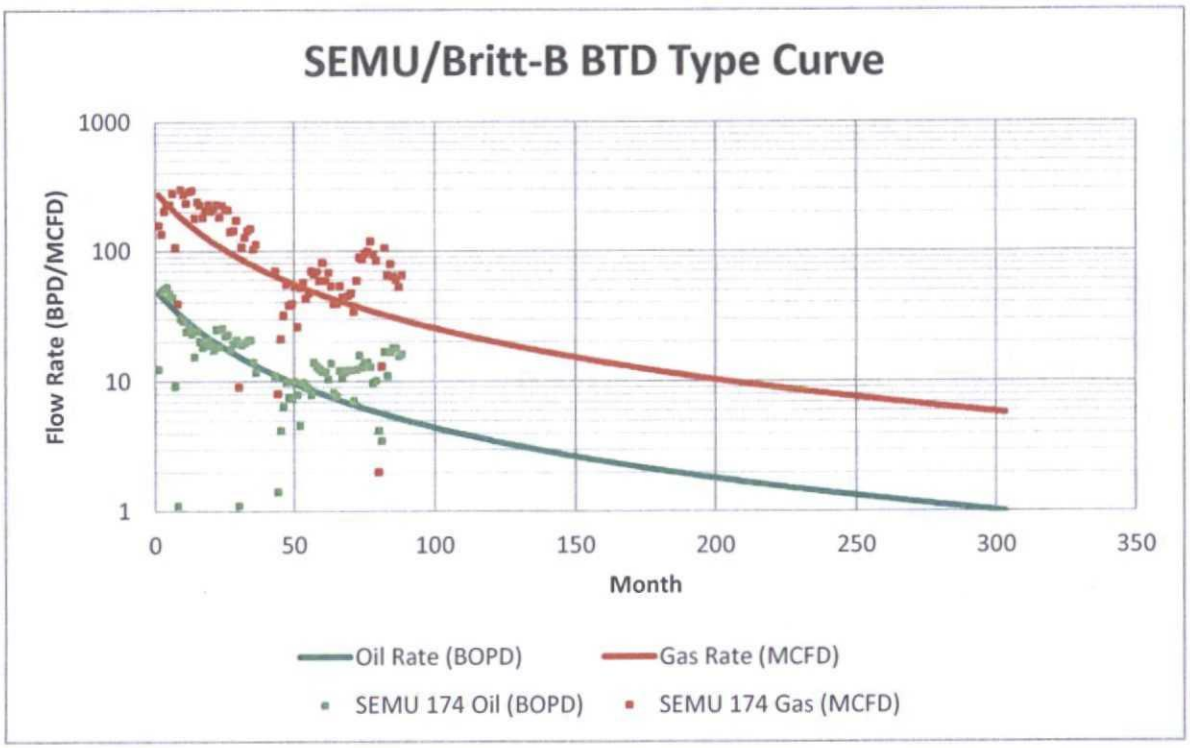


Figure 7: Skaggs-Glorieta type curve.

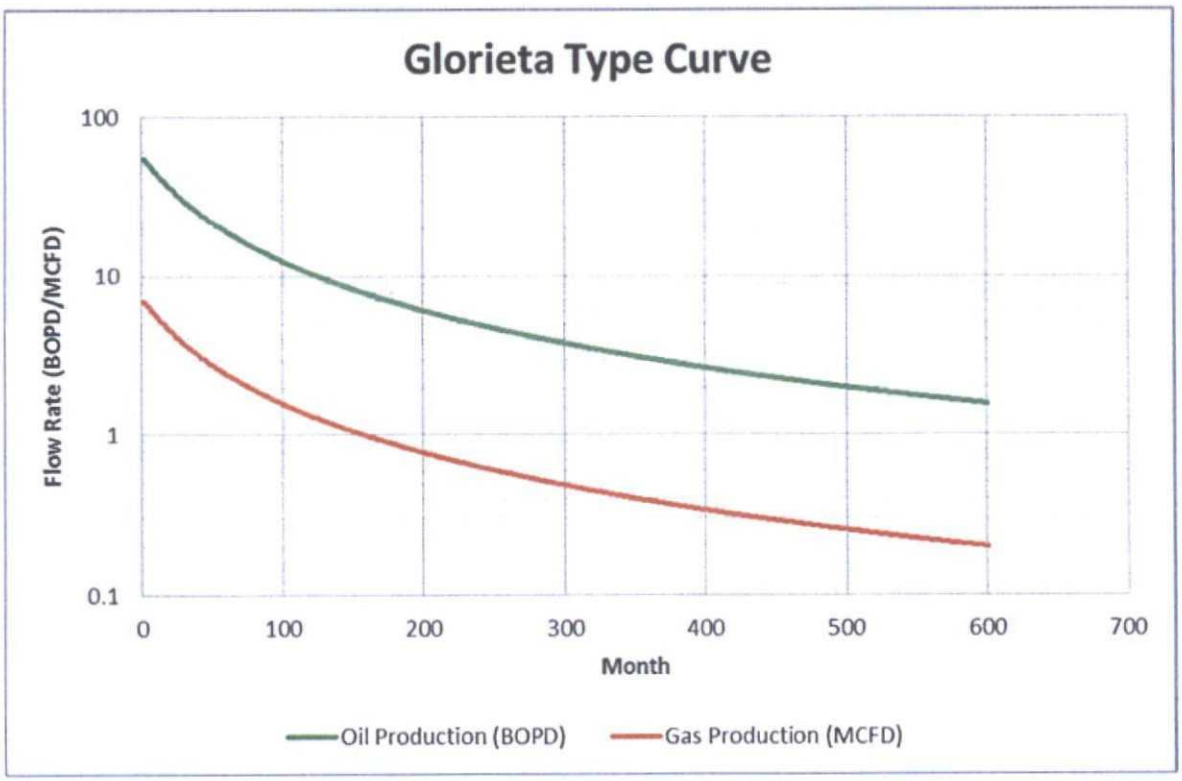
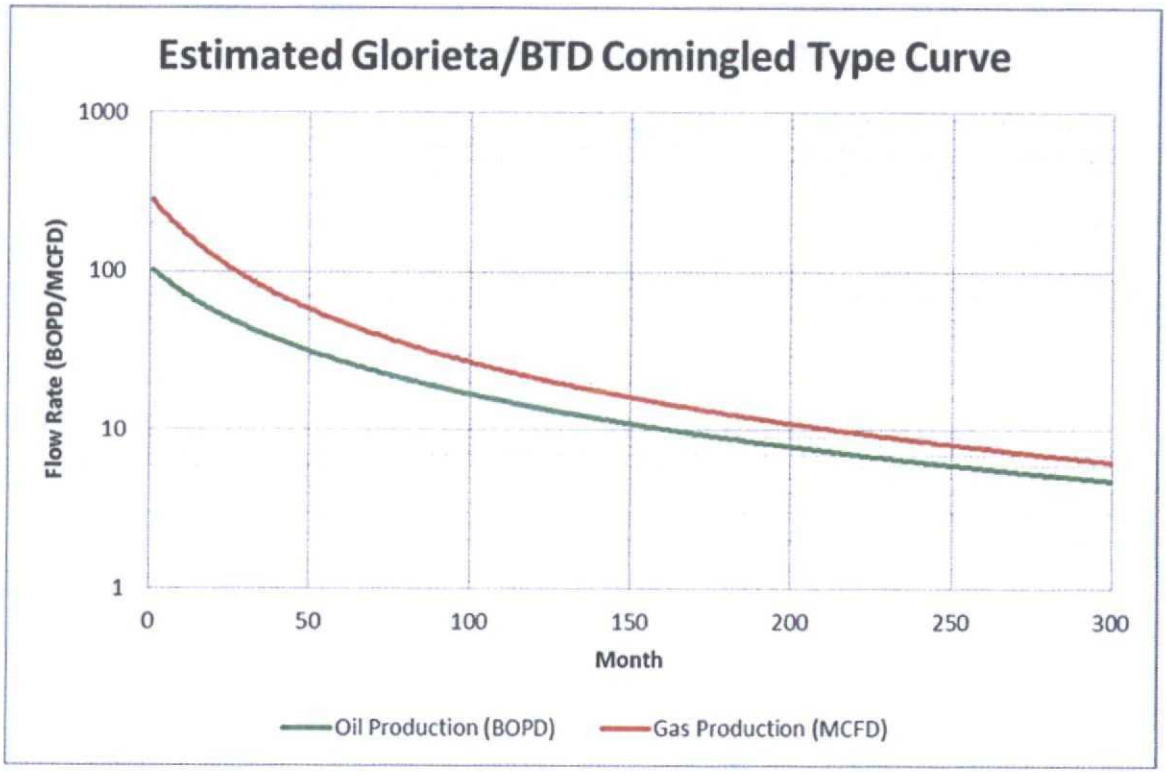


Figure 8: Type curve of Glorieta and BTD commingling



www.permianls.com

575.397.3713 2609 W Marland Hobbs NM 88240

For:	ConocoPhillips Attention: Vernon Mackey 1410 W. County Road Hobbs, New Mexico 88240	Sample: Identification: Company: Lease: Plant:	Meter Run Britt B #34 ConocoPhillips

Sample Data:	Date Sampled	2/18/2014	12:52 PM		
	Analysis Date	2/19/2014			
	Pressure-PSIA	35		Sampled by:	Logan McIlroy
	Sample Temp F			Analysis by:	Vicki McDaniel
	Atmos Temp F	83			

H2S = 4,500 PPM

Component Analysis

		Mol Percent	GPM
Hydrogen Sulfide	H2S	0.450	
Nitrogen	N2	2.639	
Carbon Dioxide	CO2	1.329	
Methane	C1	74.780	
Ethane	C2	10.706	2.856
Propane	C3	5.398	1.483
I-Butane	IC4	0.779	0.254
N-Butane	NC4	1.919	0.604
I-Pentane	IC5	0.583	0.213
N-Pentane	NC5	0.628	0.227
Hexanes Plus	C6+	0.789	0.342
		100.000	5.978

REAL BTU/CU.FT.		Specific Gravity	
At 14.65 DRY	1261.3	Calculated	0.7683
At 14.65 WET	1239.3		
At 14.696 DRY	1265.2		
At 14.696 WET	1243.7	Molecular Weight	22.2509
At 14.73 DRY	1268.1		
At 14.73 Wet	1246.3		

LABORATORY SERVICES
Natural Gas Analysis

www.permianls.com
575.397.3713 2609 W Marland Hobbs NM 88240

ASTM DISTILLATION

ConocoPhillips
Attention: Vernon Mackey
1410 W. County Road
Hobbs, New Mexico 88240

Sampled By: Logan McIlroy
Sample Date: 2/18/14

Sample ID: Britt B #34

Percent Distilled	Temperature
IBP	125
5	165
10	202
20	261
30	327
40	435
50	515
60	610
70	693
80	738
90	761
EP	765

%Recovered =	93.0
% Residue =	4.0
% Loss =	3.0

Total Sulfur	API Gravity	Specific Gravity
0.6484 wt.%	39.3	0.8284

LABORATORY SERVICES
Natural Gas Analysis

www.permianls.com

575.397.3713 2609 W Marland Hobbs NM 88240

For:	ConocoPhillips	Sample:	Casing
	Attention: Vernon Mackey	Identification:	SEMU 174
	1410 W. County Road	Company:	ConocoPhillips
	Hobbs, New Mexico 88240	Lease:	
		Plant:	

Sample Data:	Date Sampled	2/18/2014	11:58 AM		
	Analysis Date	2/19/2014			
	Pressure-PSIA			Sampled by:	Logan McIlroy
	Sample Temp F			Analysis by:	Vicki McDaniel
	Atmos Temp F	83			

H2S = 4,400 PPM

Component Analysis

		Mol Percent	GPM
Hydrogen Sulfide	H2S	0.440	
Nitrogen	N2	2.604	
Carbon Dioxide	CO2	0.618	
Methane	C1	75.574	
Ethane	C2	9.514	2.538
Propane	C3	5.478	1.505
I-Butane	IC4	0.754	0.246
N-Butane	NC4	2.143	0.674
I-Pentane	IC5	0.602	0.220
N-Pentane	NC5	0.815	0.295
Hexanes Plus	C6+	1.458	0.631
		100.000	6.108

REAL BTU/CU.FT.	
At 14.65 DRY	1299.6
At 14.65 WET	1276.9
At 14.696 DRY	1303.6
At 14.696 WET	1281.4
At 14.73 DRY	1306.6
At 14.73 Wet	1284.0

Specific Gravity	
Calculated	0.7809
Molecular Weight	22.6163

LABORATORY SERVICES
Natural Gas Analysis

www.permianls.com
575.397.3713 2609 W Marland Hobbs NM 88240

ASTM DISTILLATION

ConocoPhillips
Attention: Vernon Mackey
1410 W. County Road
Hobbs, New Mexico 88240

Sampled By: Logan McIlroy
Sample Date: 2/18/14

Sample ID: SEMU 174

Percent Distilled	Temperature
IBP	130
5	180
10	215
20	280
30	345
40	445
50	536
60	617
70	680
80	703
90	738
EP	741

%Recovered =	94.0
% Residue =	4.0
% Loss =	2.0

Total Sulfur	API Gravity	Specific Gravity
0.3688 wt.%	39.4	0.8279

NALCO Champion Water Analysis Report

An Ecolab Company

Attention: **Anthony.baeza@champ-tech.com**

Customer: **ConocoPhillips (1500390)**

Location Code: **23130**

Sample ID: **AB42153**

Login Batch: **2014-02-24_MFA_SWICPW**

Collection Date: **02/19/2014**

Receive Date: **02/24/2014**

Report Date: **03/03/2014**

Region: **Eunice Field**

Location: **Britt B Lease**

System: **Production System**

Equipment: **Well 34**

Lab ID: **ABU-1031**

Sample Point: **Well Head Valve Up Stream of Choke**

Analyses	Result	Unit
Dissolved CO2	50	mg/L
Dissolved H2S	188.1	mg/L
pH	8	
Pressure	70	psi
Temperature	83	° F

Analyses	Result	Unit
Bicarbonate	634.4	mg/L
Conductivity	130163	µS - cm3
Ionic Strength	1.47	
Resistivity	0.077	ohms - m
Specfic Gravity	1.055	
Total Dissolved Solids	83304.07	mg/L

Cations	Result	Unit
Iron	0.038	mg/L
Manganese	0.013	mg/L
Barium	0.056	mg/L
Strontium	66.68	mg/L
Calcium	2657	mg/L
Magnesium	804.1	mg/L
Sodium	28272.82	mg/L

Anions	Result	Unit
CHLORIDE	48988.96	mg/L
SULFATE	1880	mg/L

Scale Type	Result
Anhydrite CaSO4 SI	-0.52
Barite BaSO4 SI	-0.53
Calcite CaCO3 PTB	263.3
Calcite CaCO3 SI	1.17
Celestite SrSO4 SI	-0.07
Gypsum CaSO4 SI	-0.35
Hemihydrate CaSO4 SI	-0.35

Saturation Index Calculation (Tomson-Oddo Model)

Comments:

NALCO Champion Water Analysis Report

An Ecolab Company

Attention: **Anthony.baeza@champ-tech.com**

Customer: **ConocoPhillips (1500390)**

Location Code: **23299**

Sample ID: **AB42154**

Login Batch: **2014-02-24_MFA_SWICPW**

Collection Date: **02/19/2014**

Receive Date: **02/24/2014**

Report Date: **03/03/2014**

Region: **Eunice Field**

Location: **SEMU Tubb Lease**

System: **Production System**

Equipment: **Well 174**

Lab ID: **ABU-1031**

Sample Point: **Well Head Valve Up Stream of Choke**

Analyses	Result	Unit
Dissolved CO2	50	mg/L
Dissolved H2S	119.7	mg/L
pH	8	
Pressure	100	psi
Temperature	81	° F

Analyses	Result	Unit
Bicarbonate	475.8	mg/L
Conductivity	187614	µS - cm3
Ionic Strength	2.13	
Resistivity	0.053	ohms - m
Specfic Gravity	1.082	
Total Dissolved Solids	120073.1	mg/L

Cations	Result	Unit
Iron	0.082	mg/L
Manganese	0.044	mg/L
Barium	0.078	mg/L
Strontium	95.58	mg/L
Calcium	3793	mg/L
Magnesium	1040	mg/L
Sodium	41169.79	mg/L

Anions	Result	Unit
CHLORIDE	71983.77	mg/L
SULFATE	1515	mg/L

Scale Type	Result
Anhydrite CaSO4 SI	-0.46
Barite BaSO4 SI	-0.55
Calcite CaCO3 PTB	195.3
Calcite CaCO3 SI	1.12
Celestite SrSO4 SI	-0.05
Gypsum CaSO4 SI	-0.34
Hemihydrate CaSO4 SI	-0.38

Saturation Index Calculation (Tomson-Oddo Model)

Comments:

NALCO Champion Water Analysis Report

An Ecolab Company

Attention: **Anthony.baeza@champ-tech.com**

Customer: **ConocoPhillips (1500390)**

Location Code: **23130**

Sample ID: **AB42153**

Login Batch: **2014-02-24_MFA_SWICPW**

Collection Date: **02/19/2014**

Receive Date: **02/24/2014**

Report Date: **03/03/2014**

Region: **Eunice Field**

Location: **Britt B Lease**

System: **Production System**

Equipment: **Well 34**

Lab ID: **ABU-1031**

Sample Point: **Well Head Valve Up Stream of Choke**

Analyses	Result	Unit
Dissolved CO2	50	mg/L
Dissolved H2S	188.1	mg/L
pH	8	
Pressure	70	psi
Temperature	83	° F

Analyses	Result	Unit
Bicarbonate	634.4	mg/L
Conductivity	130163	µS - cm3
Ionic Strength	1.47	
Resistivity	0.077	ohms - m
Specfic Gravity	1.055	
Total Dissolved Solids	83304.07	mg/L

Cations	Result	Unit
Iron	0.038	mg/L
Manganese	0.013	mg/L
Barium	0.056	mg/L
Strontium	66.68	mg/L
Calcium	2657	mg/L
Magnesium	804.1	mg/L
Sodium	28272.82	mg/L

Anions	Result	Unit
CHLORIDE	48988.96	mg/L
SULFATE	1880	mg/L

Scale Type	Result
Anhydrite CaSO4 SI	-0.52
Barite BaSO4 SI	-0.53
Calcite CaCO3 PTB	263.3
Calcite CaCO3 SI	1.17
Celestite SrSO4 SI	-0.07
Gypsum CaSO4 SI	-0.35
Hemihydrate CaSO4 SI	-0.35

Saturation Index Calculation (Tomson-Oddo Model)

Comments:

Michael Fitzgerald
SE New Mexico Permian
ConocoPhillips Company
600 N. Dairy Ashford
P10-05-5055
Houston, TX 77079

Phone: 281-206-5684
Michael.d.fitzgerald@cop.com

ConocoPhillips

June 9, 2015

RE: Downhole Commingling Application
Township 20 South, Range 37 East, N.M.P.M.
Section 10: SW/4 SE4 and E/2 SE/4
Section 15: NE/4 NW/4
Containing 160.00 acres, more or less
Lea County, New Mexico

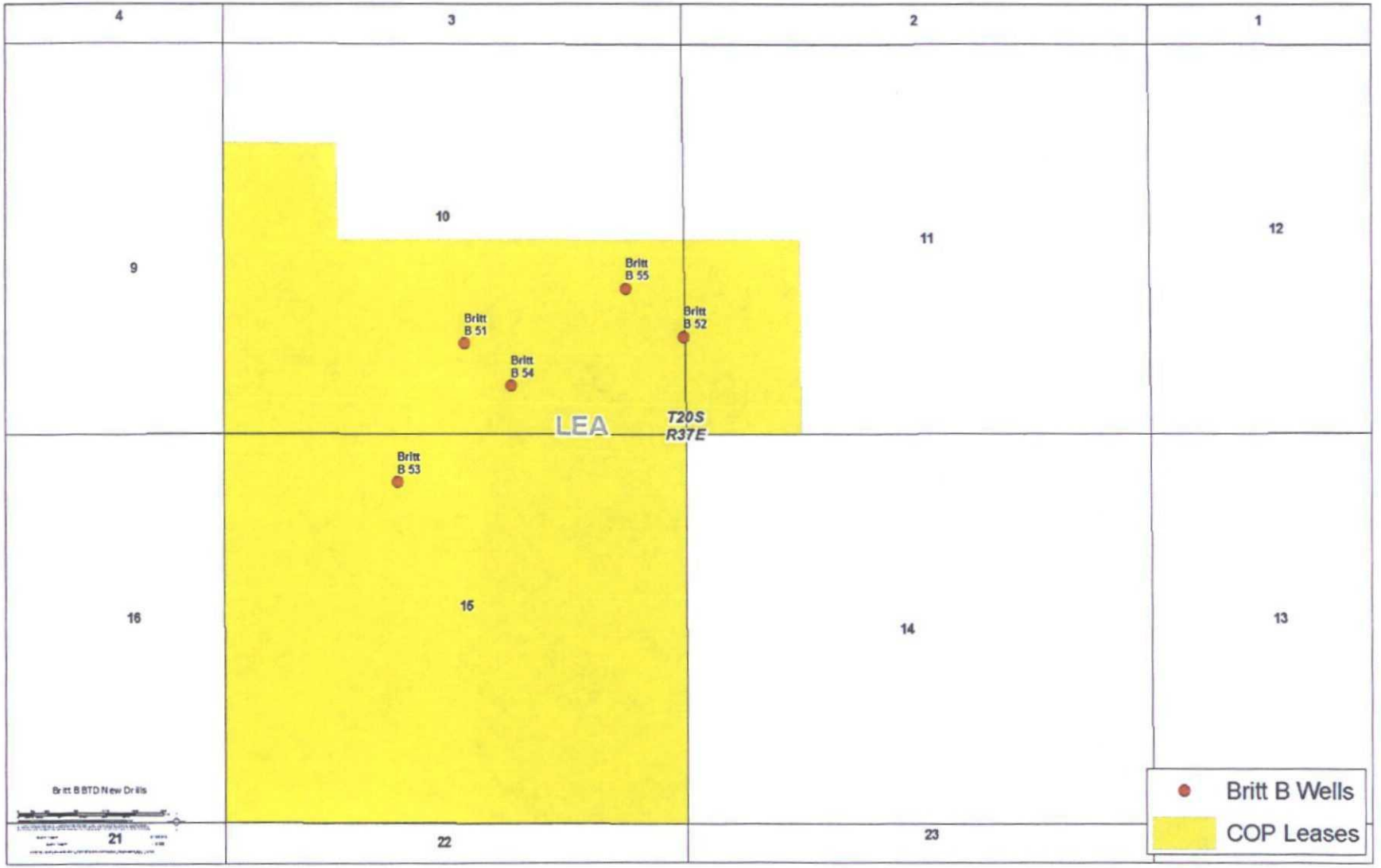
ConocoPhillips Company, as operator of the Britt-B Lease, is seeking approval to downhole commingle the wells referenced herein. (See attached map for specific locations).

Britt-B wells numbered 51, 52, 53, 54, and 55 are all located on the Britt-B Federal Lease (NMLC-031621B).

Interest Owner	Working Interest	Net Revenue Interest
ConocoPhillips Company	50.000%	43.750%
Chevron USA Inc.	25.000%	21.875%
ZPZ Delaware LLC	25.000%	21.875%
Office of Natural Resource Revenue	00.000%	12.500%
Total	100.000%	100.00%

I certify that the above information is true and correct.

Michael Fitzgerald
Associate Landman
ConocoPhillips Company


4
3
2
1
9
10
11
12
Britt B 55
Britt B 51
Britt B 52
Britt B 54
LEA
T20S
R37E
Britt B 53
16
15
14
13
22
23
Britt B Wells
COP Leases

ConocoPhillips

Ashley Bergen
Regulatory Specialist
Phone: (432) 688-6938

ConocoPhillips Company
P.O. Box 51810
Midland, TX 79710-1810

July 20, 2015

COPY

Chevron USA Inc.
15 Smith Rd, Claydesta Plaza
Midland, TX 79705

SUBJECT: REQUEST FOR APPROVAL OF DOWNHOLE COMMINGLE FOR BRITT B LEASE

To Whom It May Concern:

ConocoPhillips Company is requesting an approval to Downhole Commingle the Skaggs-Glorieta Pool (57190) with the pre-approved pools Weir-Blinebry (63780), Weir-Blinebry East (63800), Monument-Tubb (47090), and Skaggs-Drinkard (57000) pools in ConocoPhillips' Blinebry, Tubb, Drinkard development program in Sections 10 and 15, T20S, R37E, Lea County, New Mexico.

You are being provided notification of this action as an interest owner in the spacing unit. Any comments need to be provided to New Mexico Oil Conservation Division; 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within 20 days.

If you have any questions regarding this request, I can be reached at 432-688-6938 or via email at ashley.bergen@cop.com

Sincerely,

Ashley Bergen

Ashley Bergen
Regulatory Specialist

ConocoPhillips

Ashley Bergen
Regulatory Specialist
Phone: (432) 688-6938

ConocoPhillips Company
P.O. Box 51810
Midland, TX 79710-1810

July 20, 2015

COPY

ZPZ Delaware LLC
303 Veterans Airpark Lane
Midland, TX 79705

SUBJECT: REQUEST FOR APPROVAL OF DOWNHOLE COMMINGLE FOR BRITT B LEASE

To Whom It May Concern:

ConocoPhillips Company is requesting an approval to Downhole Commingle the Skaggs-Glorieta Pool (57190) with the pre-approved pools Weir-Blinebry (63780), Weir-Blinebry East (63800), Monument-Tubb (47090), and Skaggs-Drinkard (57000) pools in ConocoPhillips' Blinebry, Tubb, Drinkard development program in Sections 10 and 15, T20S, R37E, Lea County, New Mexico.

You are being provided notification of this action as an interest owner in the spacing unit. Any comments need to be provided to New Mexico Oil Conservation Division; 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within 20 days.

If you have any questions regarding this request, I can be reached at 432-688-6938 or via email at ashley.bergen@cop.com

Sincerely,

Ashley Bergen

Ashley Bergen
Regulatory Specialist

ConocoPhillips

Ashley Bergen
Regulatory Specialist
Phone: (432) 688-6938

ConocoPhillips Company
P.O. Box 51810
Midland, TX 79710-1810

July 20, 2015

COPY

Office of Natural Resource Revenue
Room A 614
Building 85 Denver Federal Center (6th Kipling)
Denver, CO 80225

SUBJECT: REQUEST FOR APPROVAL OF DOWNHOLE COMMINGLE FOR BRITT B LEASE

To Whom It May Concern:

ConocoPhillips Company is requesting an approval to Downhole Commingle the Skaggs-Glorieta Pool (57190) with the pre-approved pools Weir-Blinebry (63780), Weir-Blinebry East (63800), Monument-Tubb (47090), and Skaggs-Drinkard (57000) pools in ConocoPhillips' Blinebry, Tubb, Drinkard development program in Sections 10 and 15, T20S, R37E, Lea County, New Mexico.

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If you have any questions regarding this request, I can be reached at 432-688-6938 or via email at ashley.bergen@cop.com

Sincerely,

Ashley Bergen

Ashley Bergen
Regulatory Specialist

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Chevron
15 smith Rd,
Claydesta Plaza,
Midland, TX 79705

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by *(Printed Name)* | C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail® ☐ Priority Mail Express™
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ Collect on Delivery

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7013 3020 0001 2047 9982

PS Form 3811, July 2013 Domestic Return Receipt

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE
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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$

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City, State, ZIP+4 Britt PO DHC

PS Form 3800, August 2006 See Reverse for Instr

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Postage
Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees
$
Postmark Here
Sent To ZPZ
Street, Apt. No.; or PO Box No.

7013 3020 0001 2047 9975

CERTIFIED MAIL™
PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

ZPZ
303 Veterans Airpark Lane
Midland, TX 79705

COMPLETE THIS SECTION O

A. Signature
X

B. Received by *(Printed Name)*

D. Is delivery address different fr
If YES, enter delivery addres

3. Service Type
☒ Certified Mail® ☐ Priority Mail Express™
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ Collect on Delivery

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7013 3020 0001 2047 9975

PS Form 3811, July 2013 Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Office of Natural Resource Revenue
Room A 614
Building 85, Denver Federal center (6th Kipling)
Denver, Co, 80225

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) | C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail® ☐ Priority Mail Express™
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7013 3020 0001 2047 9999

PS Form 3811, July 2013 Domestic Return Receipt

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE
CERTIFIED MAIL™

7013 3020 0001 2047 9999
7013 3020 0001 2047 9999

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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OFFICIAL USE

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$

Postmark Here

Sent To: office of Natural Resou
Street, Apt. No.; or PO Box No.: Revenue
City, State, ZIP+4: Bnt B PHC

PS Form 3800, August 2006 See Reverse for Instruct

McMillan, Michael, EMNRD

From: Bergen, Ashley <Ashley.Bergen@conocophillips.com>
Sent: Tuesday, September 01, 2015 2:52 PM
To: McMillan, Michael, EMNRD
Subject: Britt B Wells No. 51,52,53,54,55 Lea Co. DHC
Attachments: Copy of SEMU #174 Production Allocation.xls

Good Afternoon Mr. McMillan,

We will use the historical data from the analog well of our new drills, SEMU 174, to determine the production allocation for the three zones (Blinebry, Tubb and Drinkard). SEMU 174 is recently drilled targeting Blinebry, Tubb and Drinkard formations in 2007 in the same area as those that we are planning to drill in the DHC proposal. The approved allocation for SEMU 174 is

	Oil	Water	Gas
Blinebry Allocation	90%	85%	24%
Tubb Allocation	5.0%	7.5%	38%
Drinkard Allocation	5.0%	7.5%	38%

The above allocation percentage for SEMU 174 was determined by production test and calculation based on open perf distribution. The details can be found in the attached excel sheet.

Please let me know if you have any questions.

Thanks,

Ashley Bergen
Regulatory Specialist - MCBU
ConocoPhillips Lower 48
3300 North A St.- Bldg 6 Midland, TX 79705-5406
T: 432.688.6938 | M: 432.640.7012 | *ashley.bergen@conocophillips.com*

SEMU #174-Production Allocation Report

Opetator: ConocoPhillips

API #: 3002538105

Surface Location: SEC 14, R37E,T20S

Formations completed: Blinebry, Tubb & Drinkard

Allocation is based on production tests

PRODUCTION TEST---Tubb/Drinkard stabilized test from 5/22/07 to 6/6/07
First Production---5/02/07

Date	Oil Prod	Water Prod	Gas Prod
	BBl/D	BBL/D	MCF/D
05/22/07	9	39	183
05/23/07	8	36	183
05/24/07	6	23	183
05/25/07	12	36	183
05/28/07	8	24	178
05/29/07	10	27	178
05/31/07	8	22	169
06/01/07	8	24	178
06/04/07	8	36	178
06/06/07	9	22	188
Average	8.60	28.90	180.10

PRODUCTION TEST---Blinebry, Tubb and Drinkard (commingled) stabilized test from 6/28/07 to 7/2/07
First Production---6/23/07

Date	Oil Prod	Water Prod	Gas Prod
	BBl/D	BBL/D	MCF/D
06/28/07	90	238	219
06/29/07	81	211	204
06/30/07	55	156	296
07/01/07	81	201	220
07/02/07	125	181	243
Average	86.40	197.40	236.40

CALCULATION--- of Blinebry allocation using subtraction method

Oil Prod	Water Prod	Gas Prod
BBl/D	BBL/D	MCF/D
77.80	168.50	56.30

CALCULATION---% allocation per formation

		Oil Prod	Water Prod	Gas Prod
Blinebry Allocation =		90.05%	85.36%	23.82%
Tubb/Drinkard Allocation=		9.95%	14.64%	76.18%

Tubb/Drinkard allocation is based on open perf distribution:		% Allocation	Total Well % Allocation
Tubb/Drinkard net perf interval=	40 ft	100%	
Tubb perf interval=	20 ft	50%	5%
Drinkard perf interval=	20 ft	50%	5%

	Oil	Water	Gas
Blinebry Allocation	90%	85%	24%
Tubb Allocation	5.0%	7.5%	38%
Drinkrad Allocation	5.0%	7.5%	38%

*Allocation is based on production tests and Net perf intervals