

Commingling Data for Lake McMillan Federal #1

1. Operator: Barbara Fasken
303 W. Wall, Suite 1900
Midland, Texas 79701-5116
2. Lease: Lake McMillan Federal #1
Unit I, Sec. 30, T-19-S, R-27-E
1450' FSL & 150' FEL
Pools: East Lake McMillan (Wolfcamp)
Eddy Undesignated Atoka
3. Plat attached.
4. Current productivity test:

Wolfcamp 7870'-7896'
Flowed 25 MCFPD @ 490 psi FTP 1" choke

Atoka 9436'-9440'
Flowed 20 MCFPD @ 925 psi FTP 1" choke
5. Production decline history for the Wolfcamp is attached.
Estimated Wolfcamp reserves :
Initial rate 25 MCFPD declining @ 25%/yr to 10 MCFPD
economic limit = 19,025 MCF

Estimated Atoka reserves :
Initial rate 20 MCFPD declining @ 25%/yr to 10 MCFPD
economic limit = 12,700 MCF

Total expected reserves from both zones = 31,725 MCF
6. Bottom hole pressures:

Atoka zone @ 9440': 1746 psi measured 9/29/93 (copy attached)

Wolfcamp zone @ 7896': 874 psi calculated from SICP 730 psi
using the formula : $BHP = SICP + (.25)(SICP/100)(Depth/100)$
7. Both zones produce dry sweet gas with no fluid incompatibility problems.
8. The value of the commingled production will not be less than the sum of the values of the individual streams since the gas properties are similar.