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**Application for Downhole Commingling
Under NMOCD Rule 303C
For Gas Wells**

MAY 17 1994

O. C. D.
ARTESIA OFFICE

a) By operator:
Mallon Oil Company
999 18th Street, Suite 1700
Denver, CO 80202

b) In the well:
Mobil '12' Federal #1
NWNE Sec. 12, T23S-R26E
Eddy County, New Mexico

For the pools:
Carlsbad, S. - Morrow
Carlsbad, S. - Atoka
Carlsbad, S. - Strawn

- c) A plat of the area surrounding the Mobil '12' Federal #1 well showing the ownership of direct and diagonal offset locations is included.
- d) The Morrow and the Atoka zones in this well produce dry gas, therefore no state form C116 are required or available for the current completion.
- e) A production decline curve is included that shows the Morrow and Atoka production. Both zones have been commingled downhole since 1974. The Strawn has not been completed in this well.
- f) The Morrow-Atoka bottom hole pressure was measured on April 7, 1994 after a one day shut in and was 787 psi at 10,700 feet. It is not certain what type of fluid was in the wellbore below 10,700 feet. A static gas gradient would result in a pressure of 789 psi at 10,842 feet, the top Atoka perforation. Use of a water gradient would yield an estimated pressure of up to 850 psi at the top of the Atoka