

APPLICATION FOR DOWNHOLE COMMINGLING APPROVAL

To: Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88221-1778

Mallon Oil Company is requesting approval for subsurface commingling and measurement of hydrocarbon production from the following formation and well on Federal Lease Number(s) NM-040547 and NM-027994; Lease Name: Mobil '12' Federal

Well No.	Loc.	Sec.	Twp.	Rng.	Formation
1	NWNE	12	23S	26E	Morrow, Atoka

with hydrocarbon production from the following formation and well on Federal Lease Number(s) NM-040547 and NM-027994; Lease Name: Mobil '12' Federal

Well No.	Loc.	Sec.	Twp.	Rng.	Formation
1	NWNE	12	23S	26E	Strawn

Production from the wells involved is as follows:

Well Name and No.	BOPD	Oil Gravity	MCFD
Mobil '12' Federal No. 1	NA	NA	400

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling. All unitized/communitized areas, production zones/pools are also clearly illustrated.

A schematic diagram is also attached which shows the current and proposed perforations and downhole well configuration for the zones to be commingled downhole.

The storage and measuring facility is located at NE 1/4, Sec. 12, T23S, R26E, on lease number NM027994, Eddy County, New Mexico. The BLM will be notified if there is any future change in the facility location.