

Application for Exception to
Statewide Rule No. 303-C to
Downhole Commingle Production
February 17, 1989
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(i) Formula for allocation of production:

Morrow: 100% gas condensate, gas production will be based on stabilized test percentage prior to commingling of the total gas stream.

Monthly Oil (Morrow) = (Total BOPM) X 1.0

Monthly Gas (Morrow) = (Total MCFPM) X (Morrow
Test)/(Commingled test)

Atoka: 0% condensate production, 100% of total gas production less gas allocated to Morrow as above.

Monthly Oil (Atoka) = (Total BOPM) X 0

Monthly Gas (Atoka) = (Total MCFPM) - (Monthly Gas Morrow)

*Where Total BOPM, Total MCFPM in the above formulas refer to the total monthly commingled well production of oil and gas.

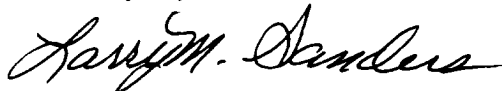
All parties of interest indicated on the attached list were notified by copy of this application sent February 17, 1989.

The Morrow produces gas and oil and is currently marginal to operate. Commingling both zones will permit the Morrow to be produced economically. The well will be produced such that bottom hole flowing pressure in the wellbore will be at a minimum; therefore, there will be no opportunity for crossflow between commingled zones. The bottom hole pressure of the Atoka is estimated to be 3000 psi which is slightly greater than the bottom hole pressure of the Morrow.

The ownership (including working interest, royalty, and overriding royalty) of the Morrow and the Atoka is common to both zones.

Your consideration and approval will be appreciated. Direct any questions to the attention of Mike Decker, telephone (915) 368-1557, or to me.

Thank you,



Larry M. Sanders, Supervisor
Regulation and Proration

LMS:AP:sdb
REGPRO:APINC:rule303c

Attachments

cc: NMOC, Hobbs Office
Offset Operators