

for their downhole commingling listed the static bottom hole pressure of the Tubb as 755 psi. The time period of this buildup is unknown.

Using working fluid levels the pumping bottom hole pressure for the Paddock was calculated to be 31 psi. Using a 24 hour static fluid level, a static bottom hole pressure of 363 psi was calculated.

The API gravity of the Tubb oil is 37.6° and the API gravity of the Paddock oil is 36.8°. The price of the commingled product will not be less than the sum of the two individual streams. A computation sheet is attached showing calculations.

No laboratory testing of the commingling of the Tubb and Paddock oils of this wellbore is presently possible, but Conoco's Britt B #26, an offset, is presently downhole commingled without any apparent precipitates forming that might damage either reservoir.

The ownership of the zones to be commingled in the State "Q" #4 is common with AHC having a working interest of 100% with 1/8 royalty and no overriding royalty. At present the well is not involved in an secondary recovery project, but if a future recovery project was to be considered, no problems can be foreseen with this commingling that would jeopardize the efficiency of the operation.

Attached is a plat of the proposed commingled well location and offsets, a C-116 showing Paddock production, and plotted Tubb and Paddock production dating back to 1963. The production curves indicate the following nominal declines.

<u>ZONE</u>	<u>DECLINE RATE</u>
Tubb	26.7 %/yr.
Paddock	22.9 %/yr.

Using these rates, a combined decline rate of 24.2 %/yr. was calculated, an allocation of 35% of the total to the Tubb and 65% to the Paddock.

Offset operators have been notified of the proposed commingling by a copy of this memo. If there are any questions regarding this proposed commingling, please contact me.

Sincerely,

*Denise Gregson*

Denise Gregson  
Petroleum Engineer

XC Division Director (2)  
Hobbs District Office  
Offset Operators  
File