

1. Operator:

Cities Service Oil and Gas Corporation - P.O. Box 1919 - Midland, Texas 79702

2. Lease, Well and Location:

Byers B #2, 2080'FNL & 1980'FEL of Sec. 7-T20S-R38E, Lea County, New Mexico

3. Producing Zones:

Currently producing from the Drinkard Zone with the Blinebry Zone being separated by a packer

4. Current 24 hour Productivity Test:

See attached State Forms C-103 and C-105

5. Estimated Bottom-hole Pressure for Each Artificially Lifted Zone:

See attached bottom-hole pressure calculation sheet

6. Well History:

See attached State Forms C-103 and C-105

7. Description of the Fluid Characteristics of Each Zone:

The Blinebry Oil has a corrected gravity of 38.9° with a 0.42 WT % total Sulfur content and the Drinkard Oil has a corrected gravity of 35.7° with a 0.40 WT % total Sulfur content. With these gravities and Sulfur contents both the Blinebry and Drinkard oils are classified as intermediate. See attached oil gravity calculation of commingled crudes.

8. Formula for the Allocation of Production to Each Commingled Zone:

The Blinebry Zone had a test of 5 BOPD and the Drinkard Zone had a test of 19 BOPD. Using these tests as guides, the Blinebry Zone should have 20 percent and the Drinkard Zone should have 80 percent of the commingled oil production.

9. Notice to all Offset Operators:

Please be advised that all of the attached offset operators have been informed of our proposed commingling by the mailing of a complete set of this application.