

Attachment 2
N. G. Penrose Well No. 1
Downhole Commingling - Data Required

To obtain approval for downhole commingling, we have enclosed the following data pursuant to Rule 303 (C) (2) (a through j):

1. Exxon's name and address:

Exxon Corporation
P. O. Box 1600
Midland, TX 79702

2. Lease name, well number, well location, and name of pools to be commingled:

N. G. Penrose Well No. 1, Unit B, Section 13, T-22-S, R37-E, Lea County, New Mexico. Pools to be commingled: Blinebry Oil & Gas, Drinkard, and Tubb Oil & Gas.

3. A plat of the area showing the acreage dedicated to the well and the ownership of all offsetting leases:

Attached.

4. A 24-hour productivity test on Division Form C-116 showing the amount of oil, gas, and water produced from each zone:

Tests for the Blinebry and Tubb on Form C-116 are attached. The Drinkard has not yet been perforated. Expected Drinkard production is 3.5 BOPD and 68.3 mcfpd.

5. A production decline curve for zones showing that for a period of at least one year a steady rate of decline has been established for each zone which will permit a reasonable allocation of the commingled production to each zone for statistical purposes:

Decline curves for the Blinebry and Tubb zones are attached. Note that the Blinebry has not produced since 1977. Test data indicates that this zone is capable of producing 8 mcfpd. Allocations shown in Item 9 are based on actual production where available and appropriate or on 1986 average per well production within the immediate area.

6. A current bottom hole pressure for each zone capable of flowing:

The well currently flows small amounts of gas from the Tubb but appears to be logged up with condensate and most probably will require artificial lift to properly produce. Measured shut-in bottomhole pressure is 487 psia for the Tubb, 488 psia for the Blinebry (estimated from static fluid level in the N. G. Penrose #1) and 1416 psia for the Drinkard (estimated from the static fluid level in the N.G. Penrose #3). When adjusted to a common average datum of 2776 feet subsea, the Blinebry pressure is 668