

Production decline curves have been supplied for both producing formations. These indicate the following gas nominal decline rates.

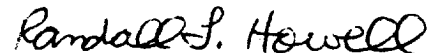
<u>Zone</u>	<u>Decline Rate</u>
Blinebry	0.036575756/yr.
Drinkard	0.035863710/yr.

Using these rates, a combined rate was calculated as 0.036528578/yr. With this rate, a gas allocation of 93% to the Blinebry and 7% to the Drinkard was calculated. Detailed procedures arriving at these figures follow later.

Oil allocation percentages were arrived at from previous swab test on each zone. From these results an oil allocation of 35% is to be dedicated to the Blinebry zone while 65% is to be assigned to the Drinkard zone. Documentation of these results is enclosed.

All offset operators have been notified of the proposed commingling by a copy of this memo sent by registered mail. A copy of the letter numbers have been attached. If you have any questions regarding this proposed action, please feel free to contact me.

Sincerely,



Randall L. Howell
Assoc. Petroleum Engineer

RLH/dg

Enclosures

xc: Division Direstor (2)
Hobbs District Office
Offset Operators
File