EXHIBIT "" - CASE NO. 11353, ORDER NO. R-10470-A

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107-A
New 3-12-96

APPROVAL PROCESS
__ Administrative __ Hearing

EXISTING WELLBORE
__ YES __ NO

Collins & Ware, Inc. (Operator) 508 W. Wall, Suite 1200, Midland, Texas 79701 (Address)

Baker, AB (Lease) 5 (Well No) P (Unit Ltr.) 10 (Sec) 22S (Twp) 37E (Rge) Lea (County)

OGRID NO 004874 Property Code 19149 API NO. 30-025-33528 Spacing Unit Lease Types (check 1 or more) Federal ___, State ___, (and/or) Fee X

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	Wantz ABO 62700		Wantz Granite Wash 62730
2. Top and Bottom of Pay Section (Perforations)	6565 - 7249		7250 - 7323
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) N/A	a.	a. N/A
	b. (Original) N/A	b.	b. N/A
6. Oil Gravity (°API) or Gas BTU Content	1202.7		1202.7
7 Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no)	No		Yes
* If Shut-In, give date and oil/gas/ water rates of last production Note For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date N/A Rates	Date Rates	Date N/A Rates
* If Producing, give date andoil/gas/ water rates of recent test (within 60 days)	Date 10/04/96 Rates: 2.85 BO, 3.8 BW 1007 mcf	Date Rates.	Date 10/04/96 Rates: .15 BO, .20 BW 53 mcf
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 95 % Gas: 95 %	Oil: % Gas: %	Oil: 5 % Gas 5 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? X Yes __ No
If not, have all working, overriding, and royalty interests been notified by certified mail? __ Yes __ No
Have all offset operators been given written notice of the proposed downhole commingling? __ Yes X No

11. Will cross-flow occur? __ Yes X No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. __ Yes __ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? X Yes __ No

13. Will the value of production be decreased by commingling? __ Yes X No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. __Yes __ No

15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). _____

16. ATTACHMENTS:
* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
* Production curve for each zone for at least one year. (If not available, attach explanation.)
* For zones with no production history, estimated production rates and supporting data.
* Data to support allocation method or formula.
* Notification list of all offset operators.
* Notification list of working, overriding, and royalty interests for uncommon interest cases.
* Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Dianne Sumrall TITLE Production Supervisor DATE 10/23/96

TYPE OR PRINT NAME Dianne Sumrall TELEPHONE NO. (915) 687-3435

FAX (915) 686-0302

COLLINS & WARE, INC.
508 WEST WALL AVENUE, SUITE 1200
MIDLAND, TEXAS 79701-5076
(915) 687-3435

October 22, 1996

Ben Stone
State of New Mexico
Oil Conservation Division
Energy and Minerals Department
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: Application for Downhole Commingling
Form C-107-A
A. B. Baker No. 5
Lea County, New Mexico

Dear Mr. Stone:

Enclosed, please find the Application For Downhole Commingling plus attachments. We would like to submit a production allocation for the two zones based on the following information.

Paul Koontz from the District I office in Hobbs indicated to us that the base of the Abo formation/top of the Granite Wash formation is inconsistent in this area. Based on the proximity of perforations in the Granite Wash and the low indicated porosity in this zone he said that we could allocate production from the two zones based on net feet of pay rather than spending time and funds to test each zone separately.

We shot a total of 171 perforations across the interval 6,565' - 7,323'. The bottom 9 shots were across the Granite Wash interval 7,250' - 7,323'. The cross-plot average porosity in the perforated Granite Wash is 5% versus 10% cross-plot average porosity in the perforated Abo interval. We therefore submit that the production allocation be based on the following formula.

Granite Wash Formula: 9' net pay Granite Wash / 171' total net pay x 100 = 5.26% or 5%

Abo Formula: 162' net pay ABO / 171' total net pay x 100 = 94.7% or 95%

If you require any additional information or have any questions regarding this application, please do not hesitate to call me.

Sincerely,

Chuck Sledge
Operations Engineer