

APPLICATION FOR DOWNHOLE COMMINGLING
UNION TEXAS PETROLEUM CARLSON "B" WELL NO. 1
660' FNL & 330' FEL, SECTION 23, T-25-S, R-37-E
LEA COUNTY, NEW MEXICO

1. The well is a dual completion in the Justis Blinebry and Justis Tubb-Drinkard Field authorized by Commission Order DC-895.
2. The well is currently classified as a producing well (pumping) from the Justis Blinebry. The Tubb-Drinkard has been classified as Temporarily Abandoned since 1971 and prior to being temporarily abandoned tested 1/2 BOPD + 20 BWPD; last measured GOR was 4615. The current production from the well is 40 BOPD, 20 BWPD, GOR 7800, pumping (Form C-116 attached).
3. The current production curve for the producing Blinebry zone is attached. There is no production curve for the Tubb-Drinkard Zone during this period due to the length of shut in time since last production.
4. Bottom hole pressures for both zones are low and will require artificial lift to produce.
5. The bottom perforation of the lower-most pool is 5781'. Oil production prior to commingling does not equal 30 barrels per day. Both zones produced less water than the 30 BPD limit.
6. The produced fluids are compatible and have been previously successfully commingled both downhole and surface in other operations for these two fields.
7. Total value of the crude will not be decreased by the commingling, and the value of the produced hydrocarbons will be increased by the value of the Tubb-Drinkard production.
8. A plat of the well location showing offset properties is attached with the subject well and lease indicated.
9. Commingling will not jeopardize future secondary recovery operations.
10. Ownership of both zones is common.
11. All offset operators and the USGS have been notified via copy of this application of the proposed commingling. A list of parties notified is attached.