

(3) The subject acreage is contained within the applicant's 1995 Re-development Area, and is composed of the following described Federal and State Leases. The interest ownership within any given lease, according to applicant's testimony, is common throughout including working, royalty and overriding royalty interests:

<u>LEASE NAME</u>	<u>DESCRIPTION</u>
Erwin "B" NCT-1	NE/4 Section 26
Fristoe "B" NCT-2	SE/4 Section 26
Fristoe NCT-1	NE/4, E/2 NW/4 Section 35
Fristoe "A" NCT-1	SW/4 SW/4 Section 26
Erwin "A"	W/2 NW/4 Section 35
Erwin "B" NCT-2	SW/4 Section 35
State "BB"	SE/4 Section 35
State "L"	NW/4 NW/4 Section 2
N.M. State "BZ" NCT-10	S/2 NW/4 Section 2
	SW/4 Section 2

(4) According to Division records, there are approximately fifteen wells currently producing from the Justis-Bliebry, two wells currently producing from the Justis Tubb-Drinkard, and nine wells currently downhole commingled in the Justis-Bliebry and Justis Tubb-Drinkard Pools within the subject area.

(5) Applicant's testimony indicates that approximately twelve of the existing wells within the subject area are candidates for downhole commingling. In addition, applicant testified that an additional ten wells, which may be drilled in the near future within the subject area, are also candidates for downhole commingling.

(6) The Justis-Bliebry and Justis Tubb-Drinkard Pools within the subject area are in an advanced state of primary depletion.

(7) According to production data presented by the applicant, the average production from the Justis-Bliebry and Justis Tubb-Drinkard Pools within the nine downhole commingled wells it operates within the subject area is approximately 3.22 and 3.0 BOPD, respectively.

(8) Division records further indicate that during December, 1993, the average production from the Justis-Bliebry and Justis Tubb-Drinkard Pools within the subject area was approximately 7.3 BOPD and 43.0 MCFGD and 2.0 BOPD and 12.0 MCFGD, respectively.