

(9) Due to the marginal nature of both producing horizons, applicant testified that it is much more economic to downhole commingle existing and subsequently drilled wells within the subject area as opposed to dually completing these wells.

(10) In its newly drilled wells, the applicant expects to encounter producing rates of approximately 50 BOPD, however, these rates should decline sharply in a short period of time.

(11) The applicant further demonstrated through its evidence and testimony that within the wells it proposes to commingle within the subject area:

- a) there will be no crossflow between the commingled pools;
- b) none of the commingled zones exposes the others to damage by produced liquids;
- c) the fluids from each zone are compatible with the other;
- d) the bottomhole pressure of the lower pressure zones should not be less than 50 percent of the bottom hole pressure of the higher pressure zone adjusted to a common datum; and,
- e) the value of the commingled production is not less than the sum of the values of the individual production.

(12) The evidence indicates that the proposed downhole commingling is necessary in order to economically recover the remaining oil and gas reserves within the Blinebry and Tubb-Drinkard formations underlying the subject area.

(13) Approval of the subject application will allow the applicant the opportunity to recover additional oil and gas reserves from the Blinebry and Tubb-Drinkard formations which may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

(14) The applicant proposed that the production from a well on a given lease within the subject area be allocated on the basis of cumulative Blinebry and Tubb-Drinkard production that has occurred on such lease.