

HINKLE, COX, EATON, COFFIELD & HENSLEY

P.L.L.C.*

ATTORNEYS AT LAW

218 MONTEZUMA POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554 FAX (505) 982-8623

LEWIS C. COX, JR. (1924-1993)
CLARENCE E. HINKLE (1904-1985)

OF COUNSEL
O. M. CALHOUN* JOE W. WOOD
RICHARD L. CAZZELL* RAY W. RICHARDS**
L. A. WHITE**

AUSTIN AFFILIATION
HOFFMAN & STEPHENS, P.C.
KENNETH R. HOFFMAN*
TOM D. STEPHENS*
RONALD C. SCHULTZ, JR.*
JOSE CANO*

JEFFREY S. BAIRD*
THOMAS E. HOOD**
REBECCA NICHOLS JOHNSON
STANLEY K. KOTOVSKY, JR.
H. R. THOMAS
ELLEN S. CASEY
MARGARET CARTER LUDEWIG
S. BARRY PAISNER
MARTIN MEYERS
WYATT L. BROOKS**
DAVID M. RUSSELL**
ANDREW J. CLOUTIER
STEPHANIE LANDRY
KIRT E. MOELLING**
DIANE FISHER
JULIE P. NEERKEN
WILLIAM P. SLATTERY
CHRISTOPHER M. MOODY

JAMES A. GILLESPIE
MARGARET R. MCNETT
LISA K. SMITH*
NORMAN D. EWART
DARREN T. GROCE*
MOLLY MCINTOSH
MARCA B. LINCOLN
SCOTT A. SHUART*
PAUL G. NASON
R. "TREY" ARVIZU, III
AMY C. WRIGHT*
BRADLEY G. BISHOP*
KAROLYN KING NELSON
ELLEN T. LOUDERBOUGH
BARBARA GREGG GLENN
JAMES H. WOOD*

PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
ROBERT P. TINNIN, JR.
MARSHALL G. MARTIN
MASTON C. COURTNEY**
DON L. PATTERSON**
DOUGLAS L. LUNSFORD
NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
WILLIAM F. COUNTISS**
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
W. H. BRIAN, JR.**
RUSSELL J. BAILEY**
CHARLES R. WATSON, JR.**
THOMAS D. HAINES, JR.
GREGORY J. NIBERT
MARK C. DOW
FRED W. SCHWENDIMANN
JAMES M. HUDSON

*REGISTERED IN NEW MEXICO
AS HINKLE, COX, EATON,
COFFIELD & HENSLEY, P.L.L.C., LTD., CO.

*NOT LICENSED IN NEW MEXICO
*FORMERLY COMPRISING THE FIRM OF
CULTON, MORGAN, BRITAIN & WHITE, P.C.

February 9, 1996

Hand Delivered

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM

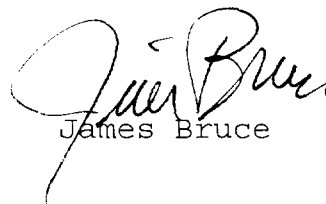
Re: Case 11435 (Shell Western E&P Inc.)

Dear Mr. Stogner:

At the hearing on Thursday, your last question to Shell's witness was whether the subject well could be put back into a dual completion status with artificial lift for both zones. After the hearing Mr. Nelson, Shell's witness, told me he did not fully answer your question. He told me that such a configuration would not be the most economical way to produce the well. If you'll refer to Shell's Exhibit 3 (copy attached), you can see that the lower (Middle Penn) zone is isolated below a permanent packer. As a result, both the oil and gas in that zone would have to be produced through the artificial lift pump, which is inefficient and could potentially cause a gas lock condition in the lower zone pump. This is in contrast to the upper (Wolfcamp) zone, where gas can be efficiently produced up the annulus. Thus, it is best not to revert to a dual completion.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY, P.L.L.C., LTD., CO.


James Bruce

WELL SCHEMATIC - SWEPI, State "A" 10
(Dual Completion)

SPUD: 2/95

GL: 3973'
DATUM: 3989 (KB)

13-3/8"
54.5#
1478'
1350 sxs
TOC: Circ

9-5/8"
36#
3706'
1250 sxs

TOC: 4230 (CBL)

DV Tool @ 8635

7"
23# to 5331'
26# ,5331 to TD
10700'
2880 sxs

TD: 10700'

Long String:
2-1/16", J55 tbg.

Short String:
2-3/8", J55 tbg.

NEW MEXICO
OIL CONSERVATION DIVISION

Shell EXHIBIT 3

CASE NO. 11435

Sqz'd perms @ 9444-9856

Wolfcamp Perfs @ 9711-10126' ✓

7" dual string tubing anchor @ 10140'

7" Guiberson Uni VI packer @ 10440'

Middle Penn Perfs @ 10524-10800 ✓

PBTD: 10,878