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Neither zone is subject to proration at the present time. The Royalty and Working Interest Ownership from both zones is common. All acreage involved is leased from the State of New Mexico and the 320 acres is dedicated to both zones. It is our opinion that the proposed commingling of production will prevent waste and protect correlative rights.

Enclosed are three copies of a Schematic Flow Diagram of the proposed hookup and three copies of a map showing the location of the subject well and surrounding wells of interest.

Very truly yours,

C. R. Jugsott C. R. Leggott, Jr.

LEK/agp Encls. (6)