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November 8, 1985

Enserch Exploration, Inc.
P. O. Box 4815
Midland, Texas 79704



Re: Downhole Commingling Application
State 17 No. 1
S. Peterson Penn Assoc. Field
Sec 17, T-6-S, R-34-E
Roosevelt County, New Mexico

Dear Sir:

This letter is being sent to notify you of Energy Reserves Group, Inc.'s plan to downhole commingle the subject well in the Cisco (7610'-7714') and Granite Wash (7660'-7864') formations. The Granite Wash was perforated and tested, prior to the completion of this well in the Cisco. A CIBP, which was set at 7750' to separate the Cisco and Granite Wash, will be drilled out to allow for this commingling.

In order to satisfy the NMOCC's requirements for our application to downhole commingle the subject well, please sign this notification in the space provided and return in the enclosed envelope. Your expedient handling of this notification will be appreciated.

M. L. Jones

M. L. Jones
Petroleum Engineer III

MLJ/ah

Name of Company

Representative

Title of Representative

Date