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April 10, 1978

Doyle Hartman  
Suite 508  
C&K Petroleum Building  
Midland, Texas 79701

Dear Mr. Hartman:

Completion Interval - Gulf-Greer No. 1, Section 21, T-22-S, R-36-E,  
Lea County, New Mexico

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Your April 6, 1978 letter on the above subject has been received. We agree in general with the statements and conclusions in that letter. This particular area has some anomalous situations, including oil accumulations in the Yates formation of the Jalmat Pool as well as gas accumulations in the South Eunice Pool intervals.

We believe it is a reasonable assumption that there would be no complaint with your completion interval so long as your well is a dry gas well completed 100' or more above the top of the Queen. Should you open any intervals in the well less than 232' above the top of the Queen formation and the well produces any liquid hydrocarbons, there will be a presumption that those liquid hydrocarbons come from the unitized interval of the South Eunice Unit. The unit would then have a claim not only on the liquids but on a portion of the gas produced from your well. Of course, any production from the South Eunice interval (100' or less above the top of the Queen) would be unitized substances.

We feel that this caveat should be mentioned to you so as to avoid any misunderstandings in the future.

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Also, please be assured that Continental is taking every reasonable precaution to confine injection water to the oil-bearing portions of the unitized interval.

We wish you luck with your completion.

Yours very truly,

*E. C. Osborn*

VTL/jj

cc:

New Mexico Oil Conservation Division, Box 2088, Santa Fe, NM 87501

✓ New Mexico Oil Conservation Division, Box 1980, Hobbs, NM 88240

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