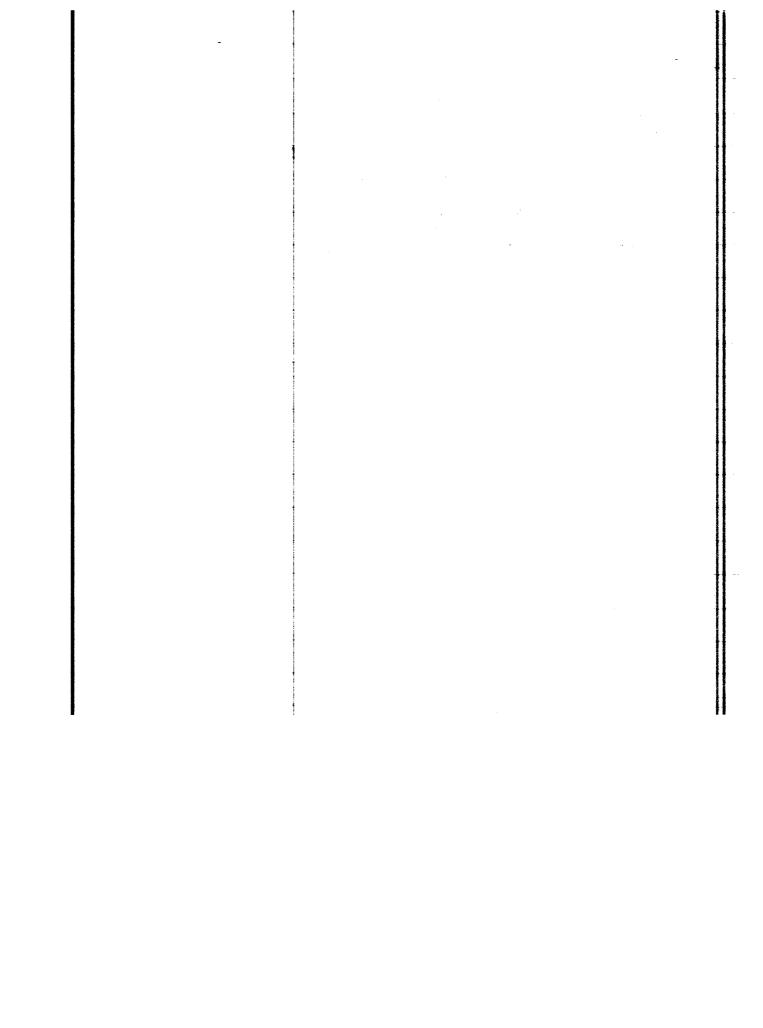
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NEVILLE G. PENROSE, INC.

1815 FAIR BUILDING
FORT WORTH 2, TEXAS

April 1, 1958

New Mexico Oil Conservation Commission P. O. Box 871 Santa Fe, New Mexico

Attn: Mr. A. L. Porter, Jr.

Re: Application for Administrative Approval to Dually Complete the Neville G. Penrose, Inc. #1 Percy Hardy as Gas-Oil Well in the Blinebry Gas and Drinkard Oil Pools in Lea County, New Mexico

Gentlemen:

By this letter of application, Neville C. Penrose, Inc. wishes to state the following information in accordance with Rules 5(a) and (b) of Order R-520, Special Pool Rules, and Rule 112A, Commission Rules and Regulations:

- 1. This application is submitted in triplicate.
- 2. Nevitle G. Peurose, Inc.'s #1 Percy Hardy, located in the center of the SE/4 SW/4 of Section 17-215-37E, was completed and put on production on January 8, 1950 at a total depth of 6660. The attached Exhibit "A" shows the location of this well on the Neville G. Penrose, Inc. Percy Hardy lease, covering the SE/4 SW/4 (40 acres), and the Tidewater Oil Company Percy Hardy lease, covering the S/2 SE/4 (80 acres), which 120 acres is proposed as a Non-standard Blinebry Gas Proration Unit. The attached Exhibit "B" shows a diagramatic sketch of the proposed dual completion.
- 3. The subject well has 5-1/2 inch casing set at 6599' and is cemented with 300 sacks of cement. The well is an oil well producing from the open hole interval 6600-6659' from the Drinkard formation in the Drinkard Pool.

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- 4. Your applicant proposes to dually complete subject well in the following manner:
 - (a) Perforate the 5-1/2 inch casing within the approximate intervals 5664-5680' and 5710-5722' in the Blinebry formation in the Blinebry Gas Pool.
 - (b) Set production type packer below these perforations at approximately 5775' to separate the two pay zones.
 - (c) Produce the Drinkard Pool oil through the tubing and the Blinebry gas through the tubing-casing annulus.
- 5. The granting of this application to produce subject well as a dual completion with gas from the Blinebry Gas Pool and oil from the Drinkard Oil Pool, is in the interest of conservation, will protect correlative rights and prevent waste. Your applicant will comply with all rules and regulations of the New Mexico Oil Conservation Commission so as to maintain separation of production from the two pay zones.
- 6. The manner and method of the proposed dual completion is mechanically feasible and practical.
- 7. The proposed Non-standard Gas Proration Unit will meet the requirements of Order R-520 as follows:
 - (a) The Unit will be comprised of contiguous quarter-quarter sections.
 - (b) The Unit lies wholly within a single governmental section.
 - (c) All of the acreage within the Unit may reasonably be presumed productive of Blinebry gas.
 - (d) The length and width of the Unit does not exceed 5280'.
 - (e) By copy of this letter of application, all offset operators are being notified by registered mail of this proposed dual completion and Non-standard Gas Proration Unit.

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Therefore, Meville G. Penrose, Inc. requests that under the provisions of Rule 5 (b) of Order 3-520 and Mule 112A (c) of the Rules and regulations, the Secretary of the Gil Conservation Commission grant administrative approval for the proposed Monstandard Gas Provat on Unit and grant permission to jour applicant to dually complete the sab est well, all as is proposed in this letter application.

I hereby certify that the information given above is true and complete to the best of my knowledge.

Respectfully solutions.

MEVILLA G. PEPROJE, IAT.

Original Signed By?

N. P. Guretal

ar./ca

axion to and subscribed before me this the let do of April, 1958.

TRELLIS ADAMS, Notary Public in and for Tarrant County, Texas My Commission Expires June 1, 1959

P. C. Box FF Hobbs, New Mexico

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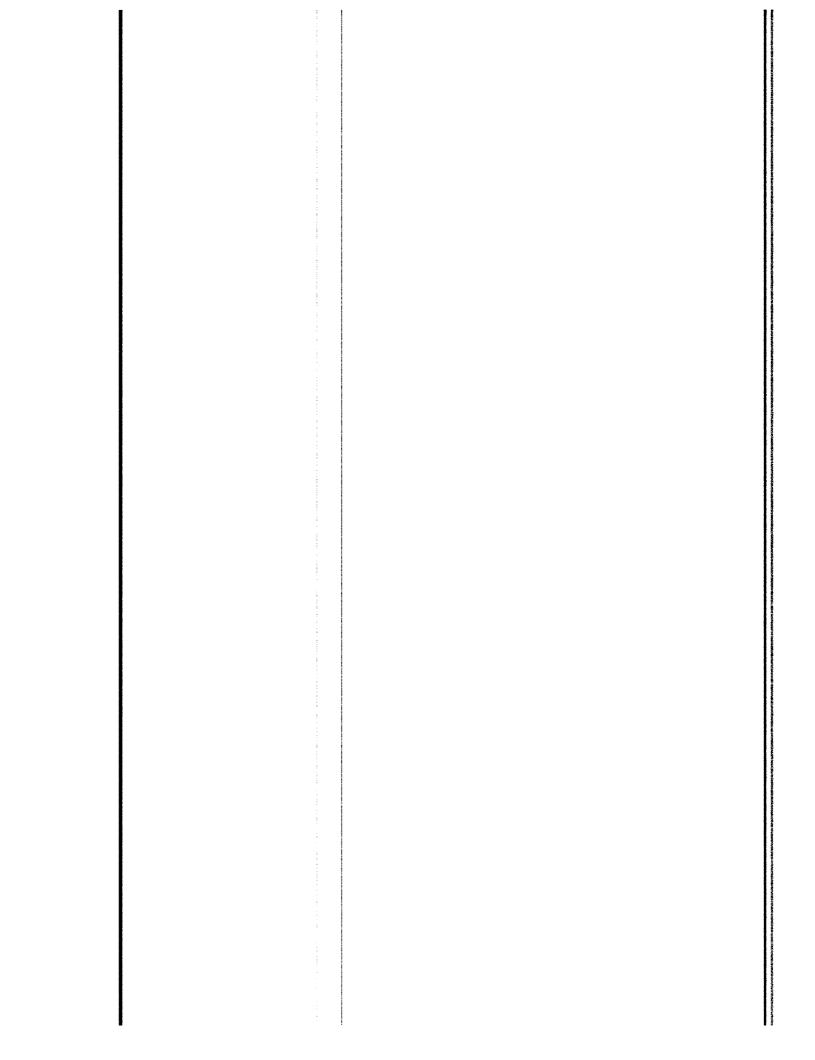
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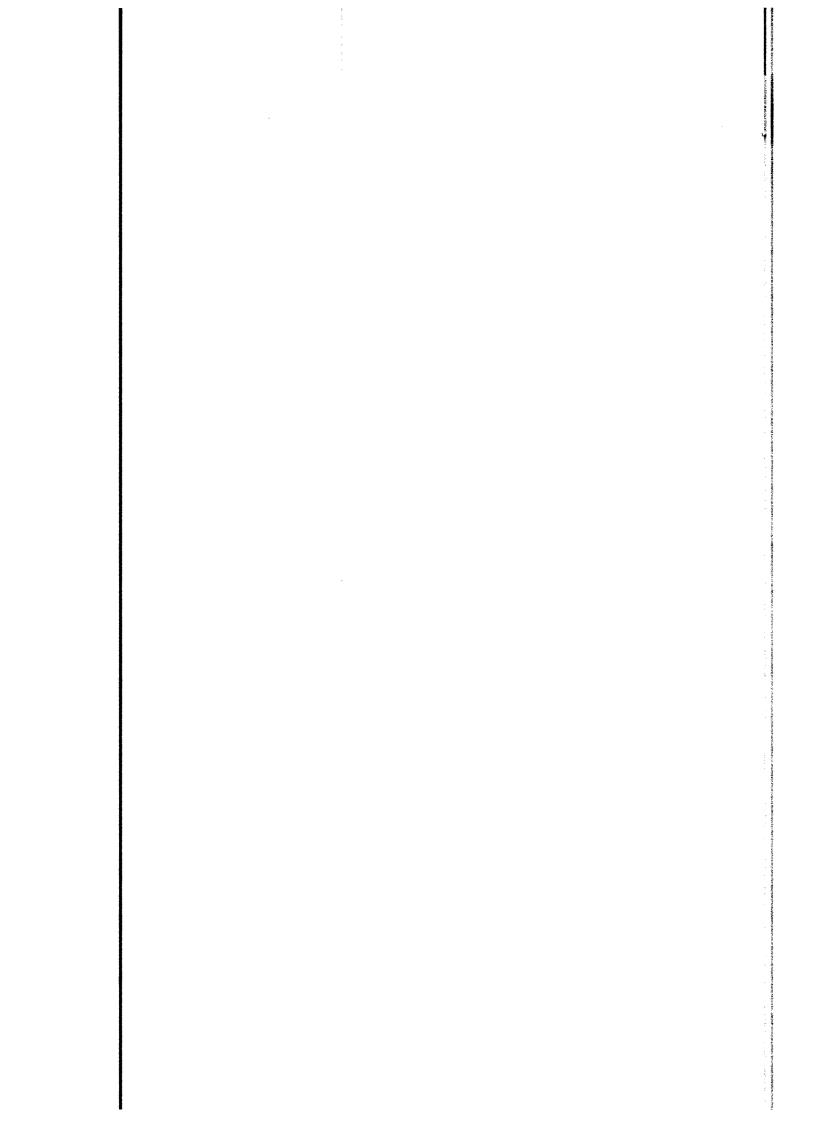


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Legend

Proposed dual completion Dedicated acreage





Neville G. Penrose, Inc. FAIR BUILDING FORT WORTH 2, TEXAS

PERCY HARDY 1 Section 17, 21S, 37E

Diagramatic Sketch of Proposed Dual Completion

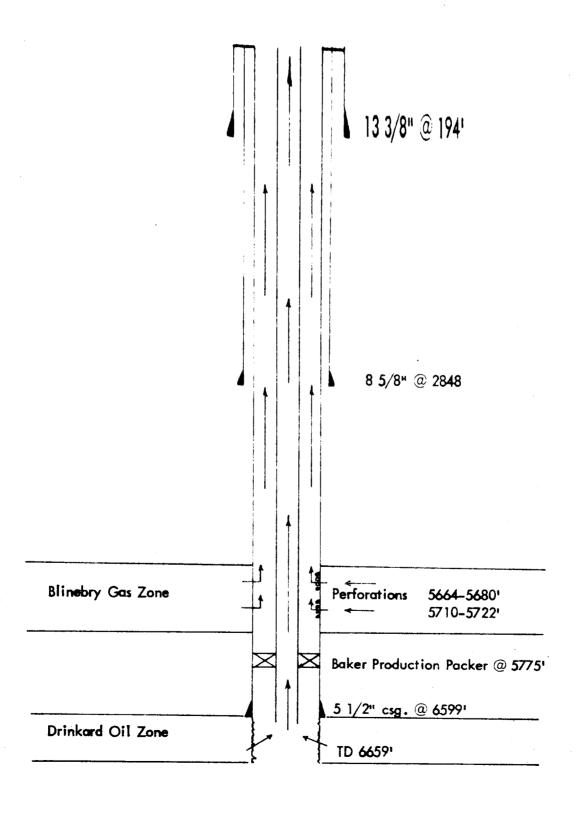


EXHIBIT "B"

