

The operational problems of a triple completion would be immense due to the fact that all three zones require artificial lift. The Blinebry zone produces enough gas that pumping below a packer would be impossible unless a vent string was added. This would mean that four strings of tubing would be necessary to complete the well as a triple. No attempt will be made to complete the well in this manner.

Although commingling the sour Penrose-Skelly-Grayburg oil with the sweet Blinebry and Drinkard oil would lower the value of the sweet oil, the low volume of the sweet oil in relation to the volume of sour oil makes the total value reduction small and prevents underground waste by allowing low productivity zones to be produced. Precedent is set by Commingling Order DHC-206, dated October 1, 1976, for Sun's Elliot B-1 Lease, NW/4 NW/4, Section 20, T-21-S, R-37-E, Lea County, New Mexico, for the Penrose-Skelly-Grayburg Pool and the Blinebry Oil and Gas Pool.

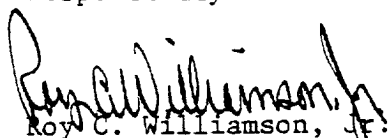
- (i) A statement that all offset operators and, in the case of a well on Federal land, the United States Geological Survey, have been notified in writing of the proposed commingling.

Offset operators have been notified, including United States Geological Survey. See Attachment No. 4.

COMMENT:

Every effort will be made to obtain waivers of objection from offset operators and United States Geological Survey, since lease storage facilities are nearing fill-up and well will have to be shut-in unless down-hole commingling permit is received soon.

Respectfully submitted,



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