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July 15, 1969

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COLO. OIL & GAS CONS. COMM.

Oil and Gas Conservation Commission
Room 237 Columbine Building
1845 Sherman
Denver, Colorado 80203

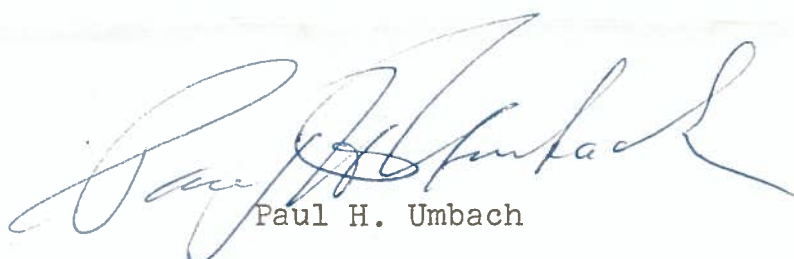
Dear Sirs:

My office has been keeping books on the Whitacres Lease for several years. Although a majority of the owners in percent of interest desire to place the wells on production an attempt now is being made to sell the wells to a party or company that can use the equipment. This appears to be the most practical solution since some of the owners are not paying bills and could not or would not pay their part in the additional cost.

The reservoir should be at a low level in October or November or during some of the winter months, depending on weather conditions.

The wells are safe from a contamination standpoint. The "J" production sand in the #2 well has been squeezed and the "O" sand pressure is too low to give any problems. There are, at this time, several individuals making bids on the wells and will be interested in salvaging the equipment and plugging the wells during this coming winter. Any attempt to salvage the wells before that time would cause contamination of the reservoir as well as being prohibitive in expense of operation.

Sincerely yours,



Paul H. Umbach