

encountered in connecting this well for sales. This loss of income due to delays in sales has caused considerable hardship to Southwestern Natural Gas, Inc., its investors and partners in the well, and to the royalty holder, the Federal Bureau of Land Management. In order to compensate for this delay in production and to maintain the competitive position of the well and protect the correlative rights of the above mentioned parties, Southwestern Natural Gas, Inc. requests approval to produce this well at a rate of 3,000 MCF per day during periods that the purchaser and the processing plant can handle the increased production until such time as the 472,000 MCF of delayed production is recovered. Based on the contract allowable rate of 1,851 MCF per day, a net recovery of 1,149 MCF per day will be gained and the 472,000 MCF will be recovered in approximately 410 days. This 410 days will have to be arranged in periods that the processing plant has the capacity to handle the 3,000 MCF per day to be taken from this well.

The purchaser, Natural Gas Pipeline of America, has been contacted concerning this proposal and have given us verbal assurance that they can and will take the 3,000 MCF per day. The processing plant, operated by Marathon Oil Company, has been contacted and they do have sufficient capacity to take the gas and process it except during periods of peak demands which generally occur in late fall and winter.

A four point back pressure test has been completed on the well. The calculated Absolute Open Flow is 7,400 MCF per day with a gas condensate ratio of 197.2 MCF per barrel. A copy of this test and a well completion report on the subject well are attached for your information. We would appreciate your early consideration of our request as the well has now gone on production. A copy of this letter has been furnished to Natural Gas Pipeline of America, Marathon Oil Company, and the Federal Bureau of Land Management. If any additional information or data is required, please advise the undersigned.

Yours very truly,



Don C. Bennett
Operations Manager

DCB/ns
attachs.

cc: Natural Gas Pipeline of America
Marathon Oil Company
Federal Bureau of Land Management