

DINERO OPERATING COMPANY

Application for Hardship Gas
Well Classification

RECEIVED

MAY 11 1984

OIL CONSERVATION DIVISION

DINERO
P. O. DRAWER 10505
MIDLAND, TEXAS 79702

May 9, 1984

Case 8218

State of New Mexico
Energy and Minerals Department
Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Dinero Operating Company respectfully submits an application for Hardship Gas Well Status for the following wells in the Dublin Ranch (Morrow) Field in Eddy County, New Mexico:

1. Big Chief Comm. No. 1 Well
2. Big Chief Comm. No. 4 Well
3. Little Squaw Comm. No. 1 Well
4. Dinero State Comm. No. 1 Well

We are also asking for emergency Hardship Gas Well Status until we receive final approval of our application.

Thank you for your consideration in this matter.

Sincerely Yours,

DINERO OPERATING COMPANY



J. M. Beique
Petroleum Engineer

JMB/ln

Enclosures

cc: Oil Conservation Commission
Artesia, New Mexico
El Paso Natural Gas Company
All offset operators

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELLS

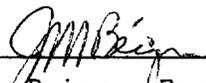
OPERATOR DINERO OPERATING COMPANY CONTACT MITCH BEIQUE
ADDRESS P. O. DRAWER 10505, MIDLAND, TEXAS 79702 PHONE NO (915) 684-5544
LEASE BIG CHIEF COMM. WELL NO 1 UT F SEC. 22 TWP -22-S RGE -28-E
POOL NAME DUBLIN RANCH MORROW MINIMUM RATE REQUESTED 115 MSCF/DAY
TRANSPORTER & PURCHASER EL PASO NATURAL GAS COMPANY
ARE YOU SEEKING EMERGENCY "HARDSHIP" CLASSIFICATION FOR THIS WELL? X YES NO

STATE OF TEXAS §

COUNTY OF MIDLAND §

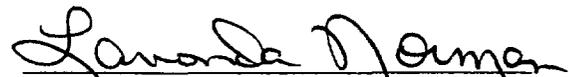
VERIFICATION

I, J. M. BEIQUE, certify that all the information submitted with this application is true and correct to the best of my knowledge; that one copy has been submitted to the Artesia district office and that notice of the application has been sent to the purchaser, EL PASO NATURAL GAS COMPANY, and that notice of this application has been sent to each offset operator.



J. M. Beique, Engineer for
DINERO OPERATING COMPANY

Subscribed and Sworn to before me, a Notary Public in and for
Midland County, Texas, this 9th day of May, 1984.



Lavonda Norman, Notary Public

My Commission Expires:

1-28-88

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELLS

OPERATOR DINERO OPERATING COMPANY CONTACT MITCH BEIQUE

ADDRESS P. O. DRAWER 10505, MIDLAND, TX. 79702 PHONE NO (915) 684-5544

LEASE BIG CHIEF COMM. WELL NO 4 UT N SEC. 15 TWP -22-S RGE -28-E

POOL NAME DUBLIN RANCH MORROW MINIMUM RATE REQUESTED 115 MSCF/DAY

TRANSPORTER & PURCHASER EL PASO NATURAL GAS COMPANY

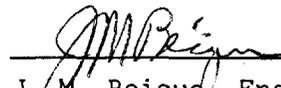
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STATE OF TEXAS §

COUNTY OF MIDLAND §

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OPERATOR DINERO OPERATING COMPANY CONTACT MITCH BEIQUE

ADDRESS P. O. DRAWER 10505, MIDLAND, TX. 79702 PHONE NO (915) 684-5544

LEASE LITTLE SQUAW COMM. WELL NO 1 UT F SEC. 27 TWP -22-S RGE -28-E

POOL NAME DUBLIN RANCH MORROW MINIMUM RATE REQUESTED 500 MMSCF/DAY

TRANSPORTER & PURCHASER EL PASO NATURAL GAS COMPANY

ARE YOU SEEKING EMERGENCY "HARDSHIP" CLASSIFICATION FOR THIS WELL? X YES NO

STATE OF TEXAS §

COUNTY OF MIDLAND §

VERIFICATION

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APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELLS

OPERATOR DINERO OPERATING COMPANY CONTACT MITCH BEIQUE

ADDRESS P. O. DRAWER 10505, MIDLAND, TX. 79702 PHONE NO. (915) 684-5544

LEASE DINERO STATE COMM. WELL NO 1 UT C SEC. 16 TWP -22-S RGE -28-E

POOL NAME DUBLIN RANCH MORROW MINIMUM RATE REQUESTED 60 MCF/DAY

TRANSPORTER & PURCHASER EL PASO NATURAL GAS COMPANY

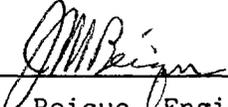
ARE YOU SEEKING EMERGENCY "HARDSHIP" CLASSIFICATION FOR THIS WELL? X YES NO

STATE OF TEXAS §

COUNTY OF MIDLAND §

VERIFICATION

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APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELLS

Dinero Operating Company
Dublin Ranch Morrow Wells,
Eddy County, New Mexico

ITEM NO. I

1. In July of 1980, El Paso Natural Gas Company (Pipeline Company) shut in our Big Chief Comm. No. 3 Well due to the Market demand of the July 4th. weekend. This well had consistently been flowing over one million standard cubic foot of gas per day from the Morrow formation prior to this period. Subsequent to the five day shut in period, the well produced no significant amount of gas relative to its past history, and a great deal of time and money was spent in an attempt to return production to normal. All of this work was to no avail, and the well was eventually plugged in the Morrow formation and recompleted in the Atoka formation.

The Big Chief Comm. No. 2 Well was originally completed in the Morrow in late 1978. It tested for 2.6 million SCFPD. It was necessary to shut this well in following the acid treatment and subsequent cleanup due to an incomplete pipeline connection. When the line was finally completed over 30 days later, the well could sustain a rate of only 300 MSCFPD. This well was later plugged back in the Morrow formation and recompleted in the Atoka formation.

The estimated loss of production from just these two wells because they had been shut in is over 1500 MMSCF.

We believe that the Morrow production was lost due to the quality of sandstone and associated bentonitic clay material present in the Morrow and Atoka formation in this area. Studies of the Pennsylvanian sandstones in this area indicate an average composition of 85% fine grained quartz, 10% total clay minerals, and 5% other minerals. It is the 10% clay content that exposes these wells to the danger of lost production. This clay is composed of 95% chlorite and 5% illite. Chlorite is a very water sensitive mineral, and it occupies some of the pore space in the sandstone matrix. It has a high irreducible water saturation, and fluid retention of the chlorite during drilling, completion, or as in this case, temporary shut in periods, can lower the relative gas permeability.

These wells produce very little water, but as in the case of the Big Chief Comm No. 3 Well, enough water entered the wellbore to cover the perforations. A swabbing unit was placed on the well and 6 days were spent trying to swab back the well. All the water was recovered from the wellbore, but the damage had been done.

Therefore, we ask that the following wells be classified as HARDSHIP GAS WELLS, so that we will avoid the possibility of losing another Morrow gas well to formation damage.

BIG CHIEF COMM. NO. 1 WELL, BIG CHIEF COMM. NO. 4 WELL, LITTLE SQUAW COMM. NO. 1 WELL, and DINERO STATE COMM. NO. 1 WELL.

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELLS

Dinero Operating Company
Dublin Ranch Morrow Wells
Eddy County, New Mexico

ITEM NO. 2

2. Attached are the well histories showing the attempts to rectify production problems in the Morrow zones of the Big Chief No. 2 and Big Chief No. 3 wells. Since the wells which we are applying for hardship gas well status have not as yet been damaged by being shut-in, we are using these two wells to justify our case for the remaining four Morrow wells in this field.

Attached are well histories of the Big Chief Comm No. 2 Well and the Big Chief Comm. No. 3 Well. Also attached are wellbore sketches of the Big Chief Comm. No. 1 Well, Big Chief Comm. No. 4 Well, Little Squaw No. 1 Well, and the Dinero State Comm. No. 1 Well.

COMPLETION HISTORY ON THE BIG CHIEF #2

January 15, 1979

Rigged D.A. & S. Well Service. Prep to run Gamma Correlation Log.

January 15, 1979

Rigged up Schlumberger and ran Gamma Ray Corr. Log from plug back total depth of 12,655-10,800. Unloaded 404 jts. of tub. on rack, ran 100 jts. of tub. in hole open ended.

January 17, 1979

Ran 401 jts. of tub. in hole open ended. Displaced fresh water with 275 bbls of 2% KCL waer. Pulled 2" tub. Perf. Lower Morrow formation: 12,455-464' 9 shots, 12,360-68' 8 shots, 12,346-56' 10 shots.

January 18, 1979

Ran Tub. with disc. and Otis Packer set @ 12,288'. Dropped bar @ 3:45 p.m. well kicked off, was flowing @ 300,000 cf/day. Shut well in last night. Will flow today and check with swab for fluid and give it acid wash.

January 19, 1979

SITP 2250, flowed well to pit and ran swab to bottom of tubing. No fluid in hole. Well stabilized on 3/4" choke @ 20 PSI , rate 500 MCF/day. Acidized Morrow form. with 3000 gal. MS acid & 5000 SCS of Nitro. Break down press. 9100. Treated @ 6700 PSI @ 5 bbls/min. ISIP 5000 15 min SIP 4300. Flowed well to pit , rate increased to 1.5 MMCF/Day. Still making water.

January 20, 1979

Flowed and cleaned up.

January 21, 1979

Flowed and cleaned up.

January 22, 1979

Will run Otis Plug in Packer set @12,288'. Prep to perf. upper Morrow Zones.

January 23, 1979

SITP 3400 PSI, flowed to pit and ran Otis Blanking Plug and set in packer @ 12,280. Released on-off tool and pulled tubing out of hole. Perf. upper Morrow formation from 12,232-42 12,170-75 12,160-64' total of 19 shots.

COMPLETION HISTORY ON BIG CHIEF #2

January 24, 1979

Ran Otis Perma Latch Packer and on-off tool in hole with 387 jts. of 2" tub. Bottom of Packer 12,255'. Spotted 200 gal of 7½% MS acid over perms. Pulled 8 jts. of tub. and set Packer @ 12,021'. Acidized formation with 200 gal. acid. Break down press. 4900. Pumped into pay @ 4800 @ 2/bbls min. ISIP 3800, 5 min SIP 2200. Swabbed load and acid water to pit for 2 hours, fluid level 7200. Well kicked off and flowed gas and water to pit. Stabilized on 3/4" choke @ 100 psi, rate 1.6 MMCF/day.

January 25, 1979

SITP 3000#, flowed well to pit. unloaded water and stabilized @ 200 psi on 3/4" choke, rate 3 MMCF/day. Flowed well on 7/16" choke @ 550 psi, rate 2.6 MMCF/day. Rigged up Otis and attempted to pull blanking plug out of bottom of packer but have not.

January 26, 1979

Otis cont fishing for blanking plug, retrieved plug @ 10:30 PM. Flowed well to pit on 3/8" choke, flowed water and gas. No rate.

January 27, 1979

Waiting on Tie in.

January 28, 1979

Waiting on Tie in.

January 29, 1979

Waiting on Tie in.

January 30, 1979

Waiting on gas line connection (El Paso Nat. Gas.)

January 31, 1979

Waiting on Gas Line Connection.

February 1, 1979

Waiting on Gas Line Connection.

COMPLETION HISTORY ON THE BIG CHIEF #2

February 2 thru March 24, 1979

Waiting on ElPaso Gas Line connection.

March 24, 1979

Tied in well to ElPaso Line @ 12:00 noon 3500# Shut In press. @ time well was turned on. Flowing 1.871 MMCF.

March 26, 1979

Tied in & flowing.

March 27, 1979

Flowing to ElPaso Line, will have rate later today. Unloading water and waiting on well to stabilize to start 4 point test.

March 28, 1979

Flowing into ElPaso line. Start 4 pt. test if well is stabilized.

March 29, 1979

Open up and flow on larger choke and attempt to unload water.

March 30, 1979

Flow TP 600#, 950 MCF. Crew lay to blow down well. Lease operator will attempt to unload water.

April 1, 1979

Flowing no report

April 2, 1979

Flowing no report.

April 3, 1979

Closed in for pressure buildup and attempting to unload water.

April 4, 1979

TP 450#, Gas 320 MCF. Opened well to atmosphere & blow down for 2 hours & rec. an est. 3 bbl of water. Closed well in for press. build up.

April 5, 1979

Closed in 24 hrs. press. built up to 1300# in 24 hrs. Lease operator left closed for cont. press build up.

COMPLETION HISTORY ON THE BIG CHIEF #2

April 6, 1979

Left well closed for 48 hrs. Built up to 1500#. Opened well to pit and blow down, recovering 0 water. well will probably have to be swabbed off.

April 7, 1979

Shut In.

April 8, 1979

Shut In.

April 9, 1979

Shut In.

April 10, 1979

West Texas Consulting Service ran BHP. Surface press 1777# BHP @ 12,300' 2299#, no fluid.

April 11, 1979

SI BHP 2229# surface tub. press. 1777# Western Co. making up recommendation for treatment.

April 12, 1979

Prep. to acidize well.

April 13, 1979

Re-treat upper zone 6000 gal. 7½% Gelled acid 9000 Cu. ft. Nit. 72 balls Av. treat press. 8500# , 8.4 BPM. Good ball action - ISDP 4800# FST 10 min. 4250# flow to pit, well died, rig up to swabb. Shut Down.

April 14, 1979

Swabbing load back, released unit, well not coming back.

April 15, 1979

Attempting to flow well back.

April 16, 1979

T.P. 2060# flow to pit, unload very little water. Stabilized on ½" choke, 160# TP, Rate 850 MCF.

April 17, 1979

Shut In.

COMPLETION HISTORY ON THE BIG CHIEF #2

April 18, 1979

Shut In, tie back into ElPaso line this AM.

April 19, 1979

TP 2210# , open well to sales line, press came down to 500#, open to 3/4" Choke.

April 20, 1979

On line, flowing 583 MCF.

April 21, 1979

Flowing.

April 22, 1979

509 MCF 6 bbls. of fluid, TP 500#.

April 23, 1979

501 MCF 6 bbls. of fluid, TP 450#.

April 24, 1979

On Line.

April 25, 1979

Flow to line, est. 371 MCF.

April 26, 1979

Flowing to sales line.

April 27, 1979

Flowing 401 MCF.

April 28, 1979

Flowing into line.

April 29, 1979

Flowing into line.

May 1, 1979

Flowing ElPaso to run 4 pt. test as soon as possible start 24 hrs. Shut In. 5/1/79 28th - 29th 376 MCF.

COMPLETION HISTORY ON THE BIG CHIEF #2

May 2, 1979

Starting 4 pt. test @ 9:30 am.

May 3 1979

Run 4 pt. test by ElPaso .

COMPLETION HISTORY BIG CHIEF NO. 3

June 1980

Produced and sold 34,000 MSCF gas, approx. 1130 MCF/day.

July 4, 1980

ElPaso Pipeline called to inform us Bug Chief #3 had to be shut in.

July 5, 1980

Shut In.

July 6, 1980

Shut In.

July 7, 1980

Shut In.

July 8, 1980

Shut In.

July 9, 1980

Shut In.

July 10, 1980

Well back on line.

July 11, 1980

No Production.

July 12, 1980

No Production.

July 13, 1980

No Production.

July 14, 1980

No Production.

COMPLETION HISTORY ON THE BIG CHIEF #3

July 15, 1980

No Production.

July 16, 1980

No Production.

July 17, 1980

RU Mack Chase Swab Unit. Ru blow down line and started swabbing.

July 18, 1980

Bled well down. Run swab to 11,500'. Fluid level approx. 9000'. Swabbed dry, then made one swab run every hour. Shut Down.

July 19, 1980

Bled well down, ran swabb, swabbed well dry and shut down.

July 20, 1980

Shut Down.

July 21, 1980

Bled well down. Started swabbing.

July 22, 1980

Bled well down, swabbed well dry, shut down.

July 23, 1980

Bled well down, swabbed well dry. Acidized with 3500 gallons 7.5% MS acid. with corrosion inhibitor and clay stabilizers. Maximum pressure 7000 psig. Min. pressure 3400 psig. Avg. pressure 5000 psig. Average rate 3.0 BPM. ISIP 2200# 15 min. SIP 500##. 134 bbls. of load to recover. Good ball action indicated. Start swabbing, recovered, 30 bbls load. 104 bbls to recover.

July 24, 1980

Swabbing initial fluid level 7700'. Recovered 66 bbls. some gas. Final fluid level 11,800'. Rec. 66 bbls. 38 bbls to recover.

July 25, 1980

450 psig on tubing. Bled well down. Swabbed dry.

COMPLETION HISTORY ON THE BIG CHIEF #3

July 26, 1980

Tubing pressure 750 psig. Bled well down. Initial fluid level at 6000'. Swabbed dry.

July 28, 1980

Bled well down. Swabbed dry. Total load recovered/ Put on line at 300#. Tubing pressure up to 900# 2 hours later, decreasing to 350# . Zero sales that night.

July 29, 1980

Tubing pressure 400 psig. Bled well down in 10 min. Initial fluid level at 6000'. Fluid level stayed around 7500' all day..

July 30, 1980

Tubing pressure 1400 psig. Bled well down. Initial fluid level at 6000' Swabbed all day with fluid level around 7500'. Shut Down.

July 31, 1980

Swab all day. Shut Down.

August 1, 1980

Swab all day. Shut Down.

August 2, 1980

Bled well down, swabbed well dry. put well on line, Shut Down.

August 3, 1980

Well on line.

August 4, 1980

Tub. pressure 400 psi. Bled well down. Initial fluid level 6000'. Swabbed well dry. Shut down. Rig down.

August 5, 1980

Tubing pressure 1500 psig. Bled well down. Made two swab runs. Shut Down.

August 6, 1980

Tub. press. 400 psi. Bled well down. Swabbed well dry. Rig Down, Cleaned location. Put well back on line.

OPERATOR DINECO OPERATING COMPANY

LEASE BIG CHIEF WELL NO 1

FIELD WILOCAT-MORROW

LOCATION 1980 FNL & 1980 FWL

SEC 22 Township 22-S Range 28-E Survey

COUNTY EDDY

STATE NEW MEXICO

ELEVATION DF GL 2095'

TD 12733' PBD 8-23- COMPL 19 (D)

CURRENT COMPLETION INTERVAL 12150-12671

AVAILABLE DATA

LOGS. DUAL LATERAL, COMPENSATED NEUTRON,

SAMPLE LOGS.

CORE: SIDEWALL-DELAWARE

DST:

PVT:

BHP:

13 3/8"-54 # Set @ 340' - 375 SX. Class C Cement

10 3/4"-40.5 # Set @ 2560' - 750 SX. Cement

5 1/2"-17-20 # Set @ 12,733' - 1450 SX. Cement

Perfs: 12150-59	7 shots	12551-56	4 shots
12216-26	8 shots	12652-64	12 shots
12270-74	4 shots	12670-71	4 shots
12322-36	14 shots		
12507-14	7 shots		

Acid: 12150-59	1500 gals.	7 1/2%
12216-26	Frac.	F10. 20,000 gals.
12270-74	2000 gal.	10%
12322-36	2000 gal.	10%

Packer Set @ 12106.

2 3/8" Tubing @ 12,106' + Packer

12150-59 (7 shots)

12216-26 (8 shots)

12270-74 (4 shots)

12322-36 (14 shots)

12507-14 (7 shots)

12551-56 (4 shots)

12652-64 (12 shots)

12670-71 (4 shots)

5 1/2" T.D. 12,733'

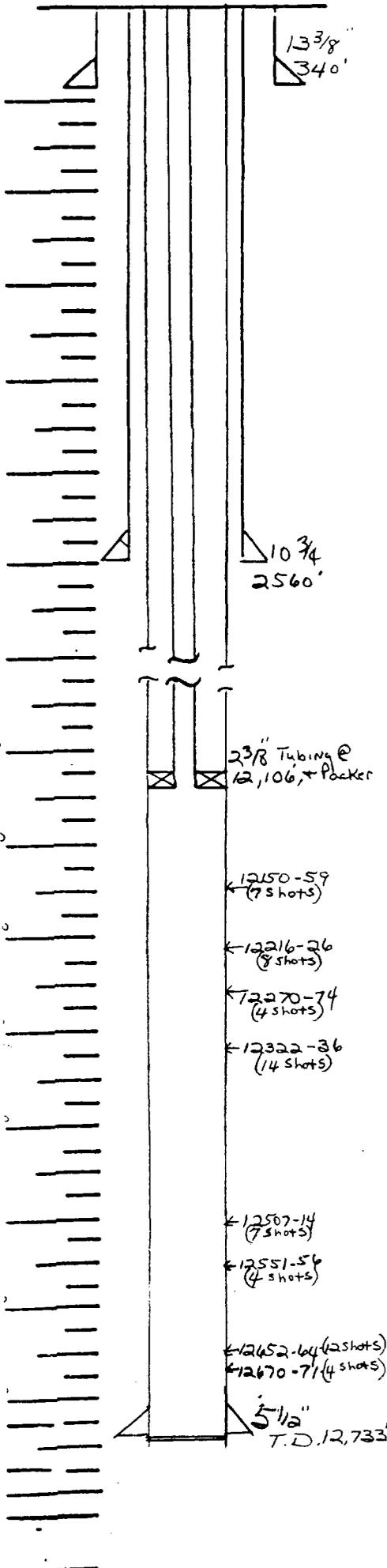
(FUTURE WELL WORK)

OPERATOR: DINECO OPERATING COMPANY

LEASE NAME: BIG CHIEF WELL NO 1

IP: AOF 1.310 MMCFPO

CURRENT STATUS: Flowing Gas - Sold to El Paso Natural Gas Company



OPERATOR DINERO OPERATING COMPANY
 LEASE BIG CHIEF WELL NO 4 FIELD DUBLIN RANCH-MORROW
 LOCATION 1980 FWL & 660 ESL SEC 15, T-22-S, R-28-E
 COUNTY SOOY STATE NEW MEXICO
 ELEVATION _____ DF _____ GL 3101 TD 12,720' PBD 12,425' COMPL 10-18-
 CURRENT COMPLETION INTERVAL _____ (D: _____)

AVAILABLE DATA

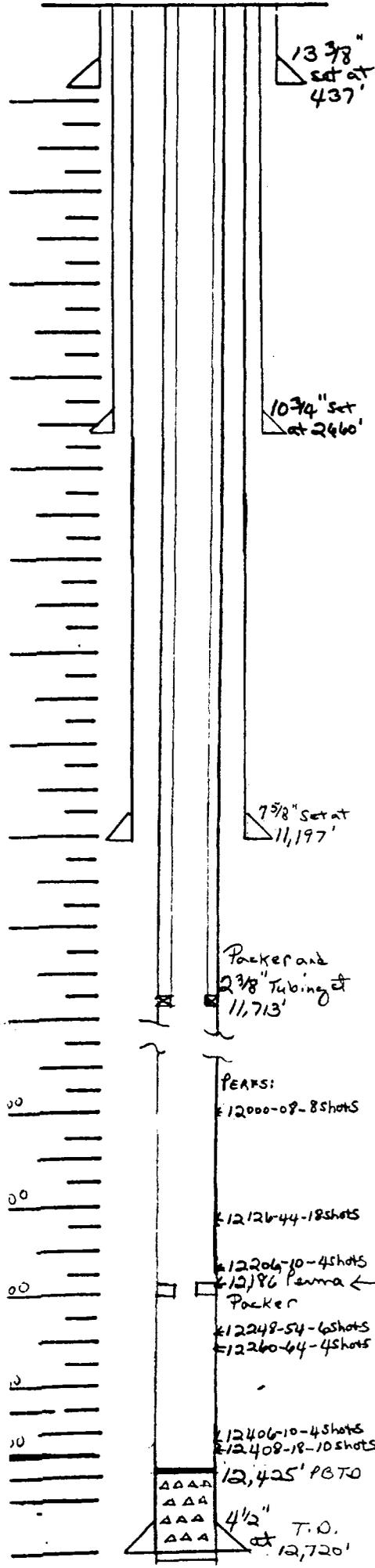
LOGS. Gamma Ray - Sonic - Dual Laterolog

SAMPLE LOGS.
 CORE: NONE
 DST:
 PVI:
 BHP:

4 3/4" Depth of 13 3/8" casing - 48# - set with 550 sx of class C, 270 c.c.
10 3/4" set at 2,660' - 40.5# - set with 415 sx bits, 200 class C.
7 5/8" set at 11,197' - 29-33# - set with 1600 Halb. bits, 300 class H.
4 1/2" - set at 12,720' - 11.6# - set with 250 sacks class H.

PERFS: 12,000-008 - 8 shots 12,406-10 - 4 shots
12,126-44 18 shots 12,408-18 - 10 shots
12,206-10 4 shots
12,248-54 6 shots 1 shot per ft. 54-1/4" holes.
12,260-64 4 shots

AC10: 12,000-12,418' - 32,000 gal. gelled H₂O
8,000 gal. CO-2
2,900 #0 Sand
3,000 gal. AC10.



(FUTURE WELL WORK)

→ This Packer is a OTIS W.B. Perma Packer.

OPERATOR: DINERO OPERATING COMPANY
 LEASE NAME. BIG CHIEF WELL NO 4
 IP: AOE 2.505 MMCF/DAY
 CURRENT STATUS: Flowing Gas-Sold to EL PASO NATURAL GAS COMPANY

OPERATOR Dinero Operating Co.
 LEASE Little Squaw Comm WELL NO #1
 LOCATION 1980 FWL & 1980 FNL
 COUNTY Eddy
 ELEVATION DF GL 3074'
 CURRENT COMPLETION INTERVAL 12,198'-12490'

FIELD DUBLIN RANCH MORROW
 SEC 27, T-22-S, R-28-E
 STATE New Mexico
 TD 12,745 PBDT Aug. 15, 1977
 COMPL 1977 (Da)

AVAILABLE DATA

LOGS. Density + Sonic (Schlumberger)

SAMPLE LOGS.
 CORE: sidewall / Delaware
 DST:
 PVT:
 BHP:

MORROW FORMATION

13 3/8" - 54# set @ 39' - 300 sxs. class "C" cement.
8 5/8" - 24-32# set @ 3752' - 1450 sxs cement.
5 1/2" - 17-20# set @ 12,745' - 1450 sxs cement

Perfs: 12198 to 12213 11 shots.
12222 to 12232 10 shots
12483 to 12490 7 shots
1 shot per FT. - 28 - 1/4" holes

Acid: 12198 - 213
12222 - 32 20 shots - 500 gal. 7 1/2% Acid.

PACKER set @ 12094

2 3/8" Tub @
12,094 + Packer

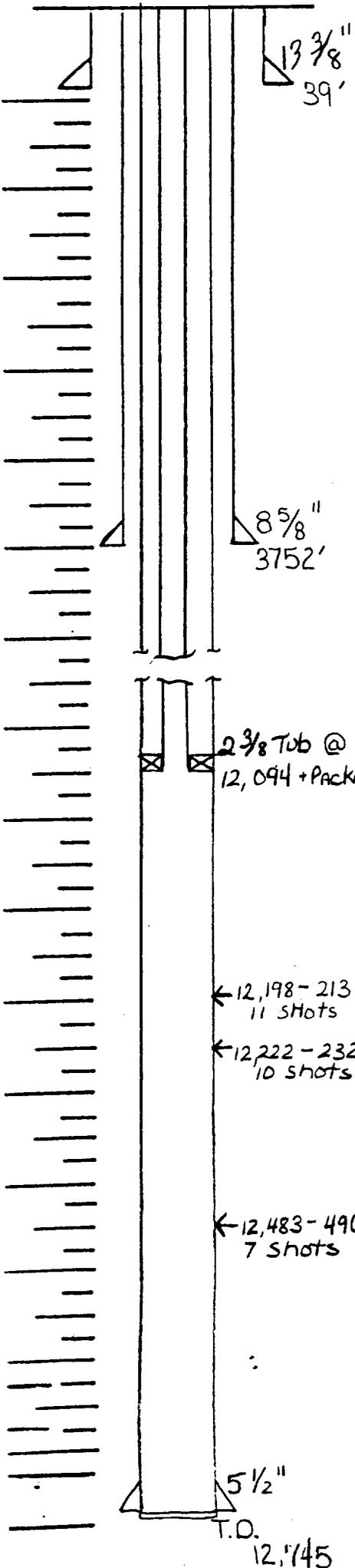
← 12,198 - 213
11 shots

← 12,222 - 232
10 shots

← 12,483 - 490
7 shots

(FUTURE WELL WORK)

OPERATOR: Dinero Operating Co.
 LEASE NAME. Little Squaw Comm WELL NO 1
 IP: AOF 5.360 MMCFD
 CURRENT STATUS: Flowing Gas - Sold to E&F Nat. Gas Company



OPERATOR Dineco Operating Co.
 LEASE Dineco State Comm WELL NO 1
 LOCATION 660 FNL & 1980 FWL
 COUNTY Eddy
 ELEVATION DF GL 3082.6'
 CURRENT COMPLETION INTERVAL _____

FIELD Dublin Ranch-Moex
 SEC 16-T-22-S, R-28-E
 STATE NEW MEXICO
 TD 12,690' PBD 2450 COMPL NOV. 1988
 (D:)

AVAILABLE DATA

LOGS. Density Neutron Gamma Ray, Dual
Later log Gamma Ray

SAMPLE LOGS.

CORE: NO
 DST:
 PVT:
 BHP:

16" - 65# ft @ 450' - 550 sx CL.C. 2% CC circ

10 3/4" - 40.5# ft @ 2595' - 1600 sx. HALB. LT. 200 sx CL.C.

7 5/8" - 26.40# ft. - 39# @ 10,727' - 350

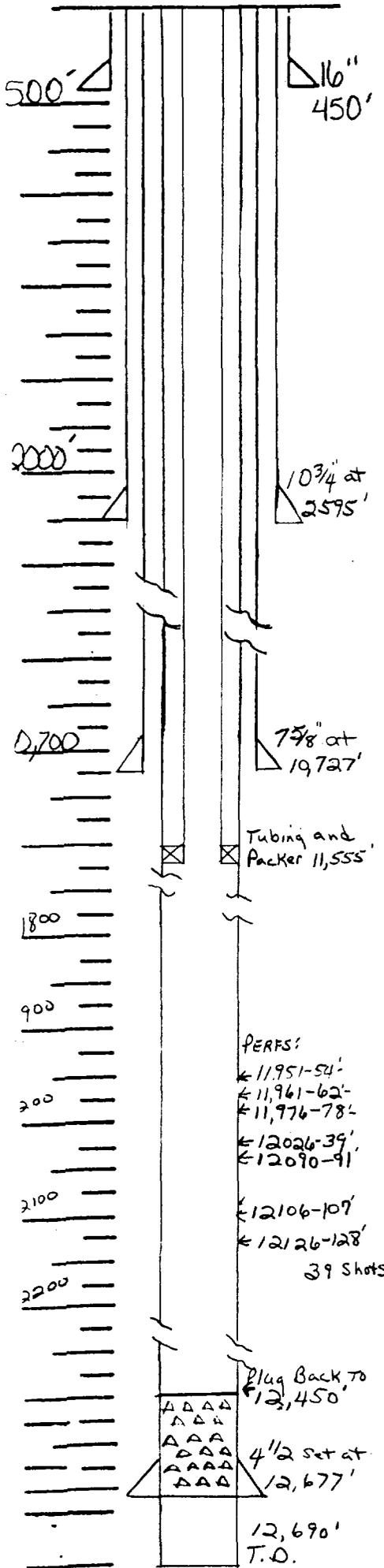
4 1/2" - 12,677' - 5X - 350

PERFS: 11,951' to 12,128' 0.29 39 HOLES

ACID: 11,951 - 12,128' - 9000 gals
11,951 - 12,128' - 19,000 gals + 19,300# sand frac

PACKER: 11,555

(FUTURE WELL WORK)



OPERATOR: Dineco Operating Co.
 LEASE NAME: Dineco State Comm WELL NO 1
 IP: _____
 CURRENT STATUS: Flowing Gas - Sold to El Paso Natural Gas Company

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELLS

Dinero Operating Company
Dublin Ranch Morrow Wells
Eddy County, New Mexico

ITEM NO. 3

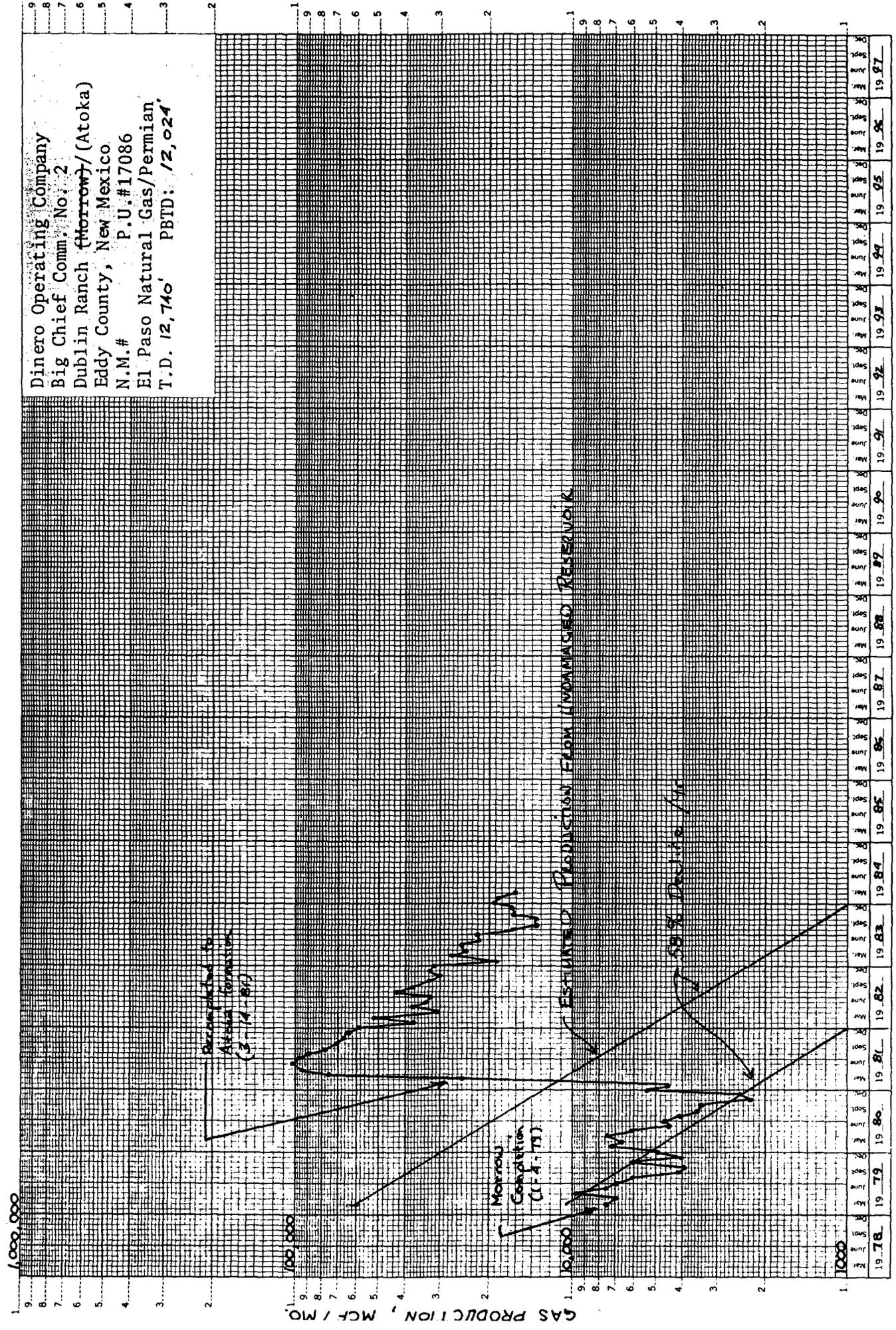
3. Assuming that the Big Chief Comm. No. 2 would have produced at 75 percent of its maximum flowing rate of 2.6 MMCFPD, prior to being shut in for lack of a pipe line connection, it would have produced a total of 1.18 BCF more gas than the actual production from that zone. This represents not only a loss of energy reserves, but also a loss of over four million dollars in gross revenue from this one well.

The waste of production from the Big Chief Comm. No. 3 Well is not as dramatic, but still considerable. If production had not been so drastically curtailed in the Morrow zone due to damage occurring while the well was shut in, an additional 416 million cubic feet of gas could have been produced.

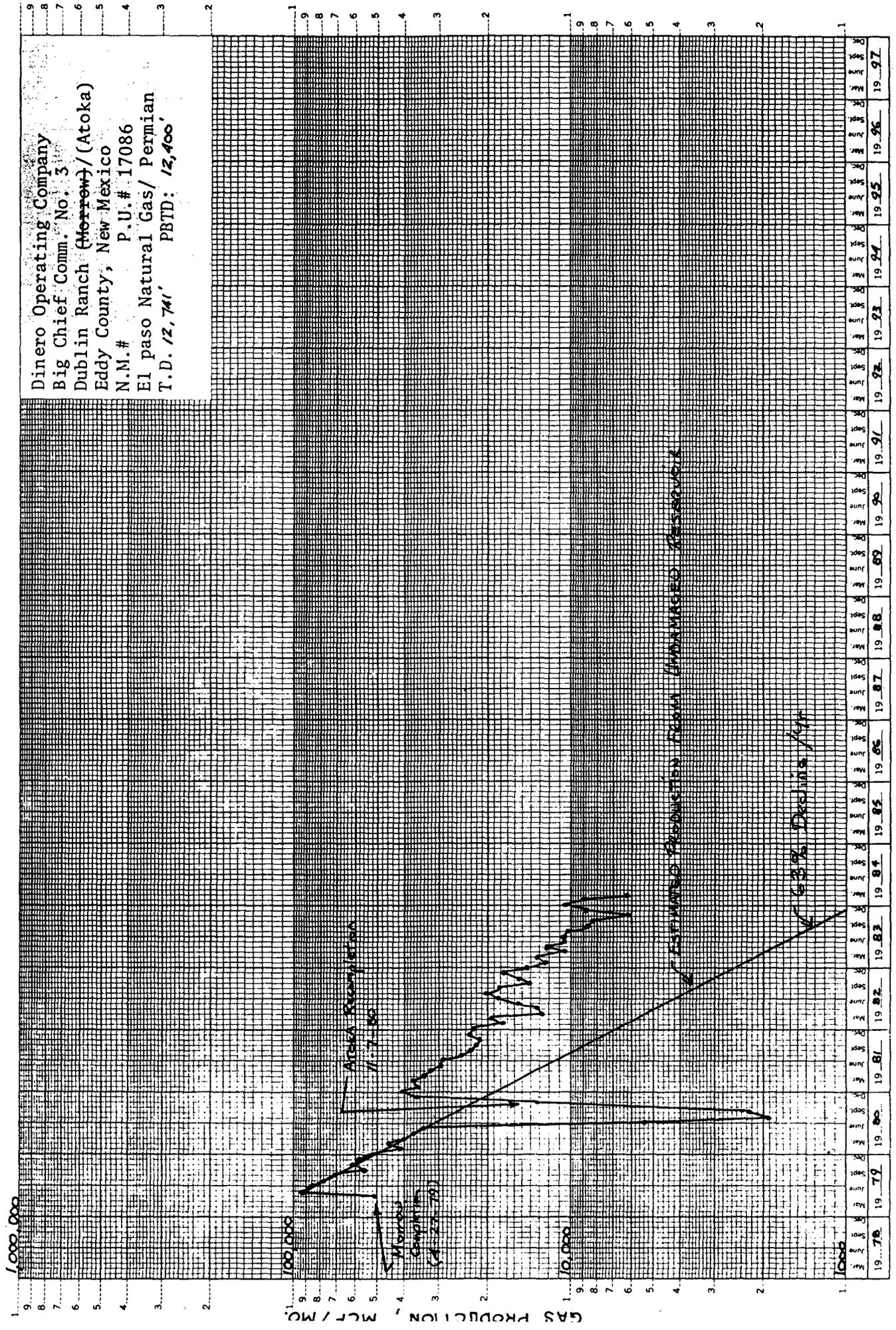
The production curves for these wells are also attached, showing the Morrow production and the basis for estimating lost reserves.

The completion history of these two example wells shows that no amount of swabbing or acidizing will return the original rate of production once the damage is done. The wells will not return to normal production if for any reason the formation has been damaged because of encroaching water.

Dinero Operating Company
 Big Chief Comm. No. 2
 Dublin Ranch (Morrow)/ (Atoka)
 Eddy County, New Mexico
 N.M.# P.U.#17086
 El Paso Natural Gas/Permian
 T.D. 12,740' PBTD: 12,024'



Dinero Operating Company
 Big Chief Comm. No. 3
 Dublin Ranch (Morrow)/(Atoka)
 Eddy County, New Mexico
 N.M.# P.U.# 17086
 El Paso Natural Gas/ Permian
 T.D. 12,741' PBTD: 12,400'



APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELLS

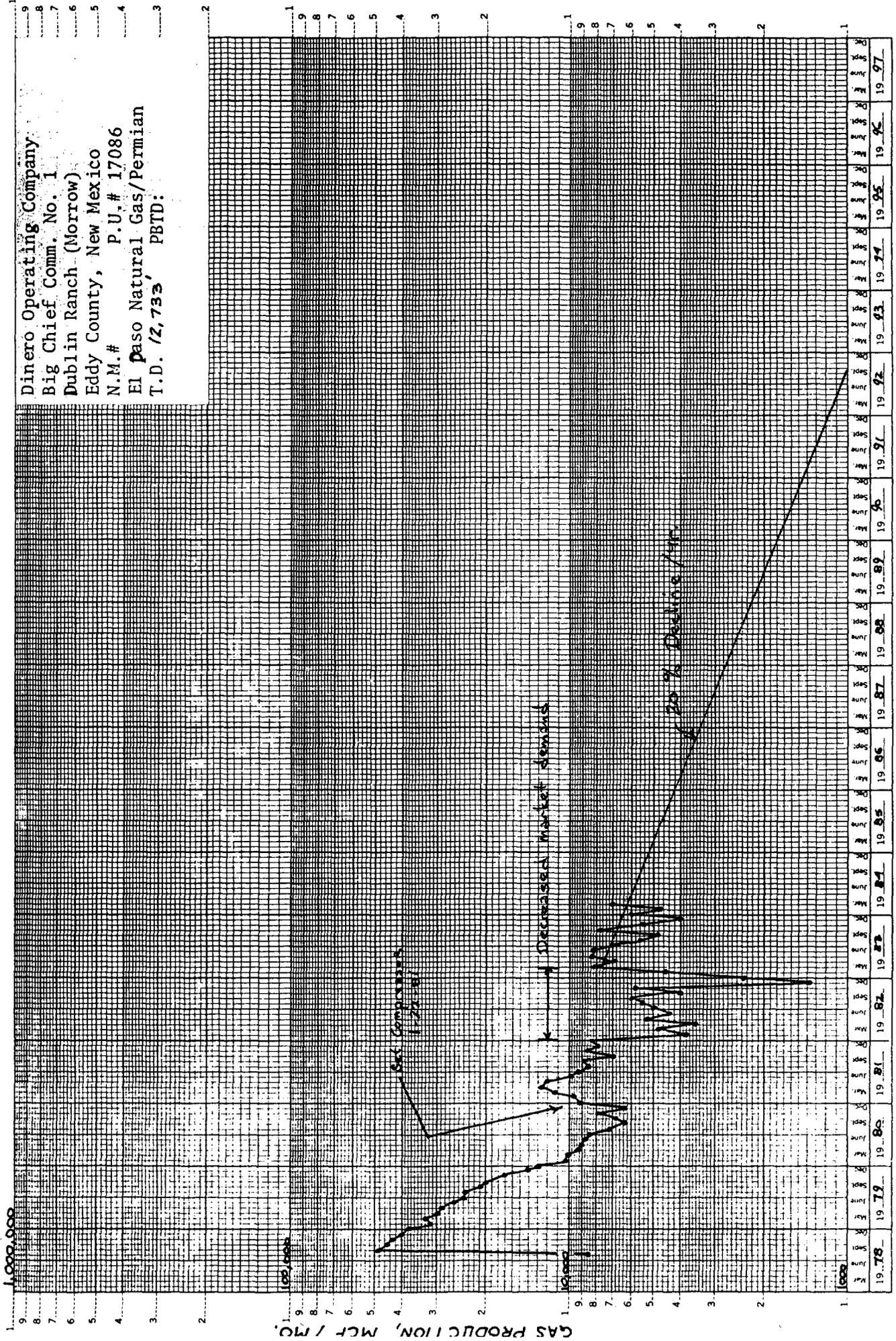
Dinero Operating Company
Dublin Ranch Morrow Wells
Eddy County, New Mexico

ITEM NO. 4

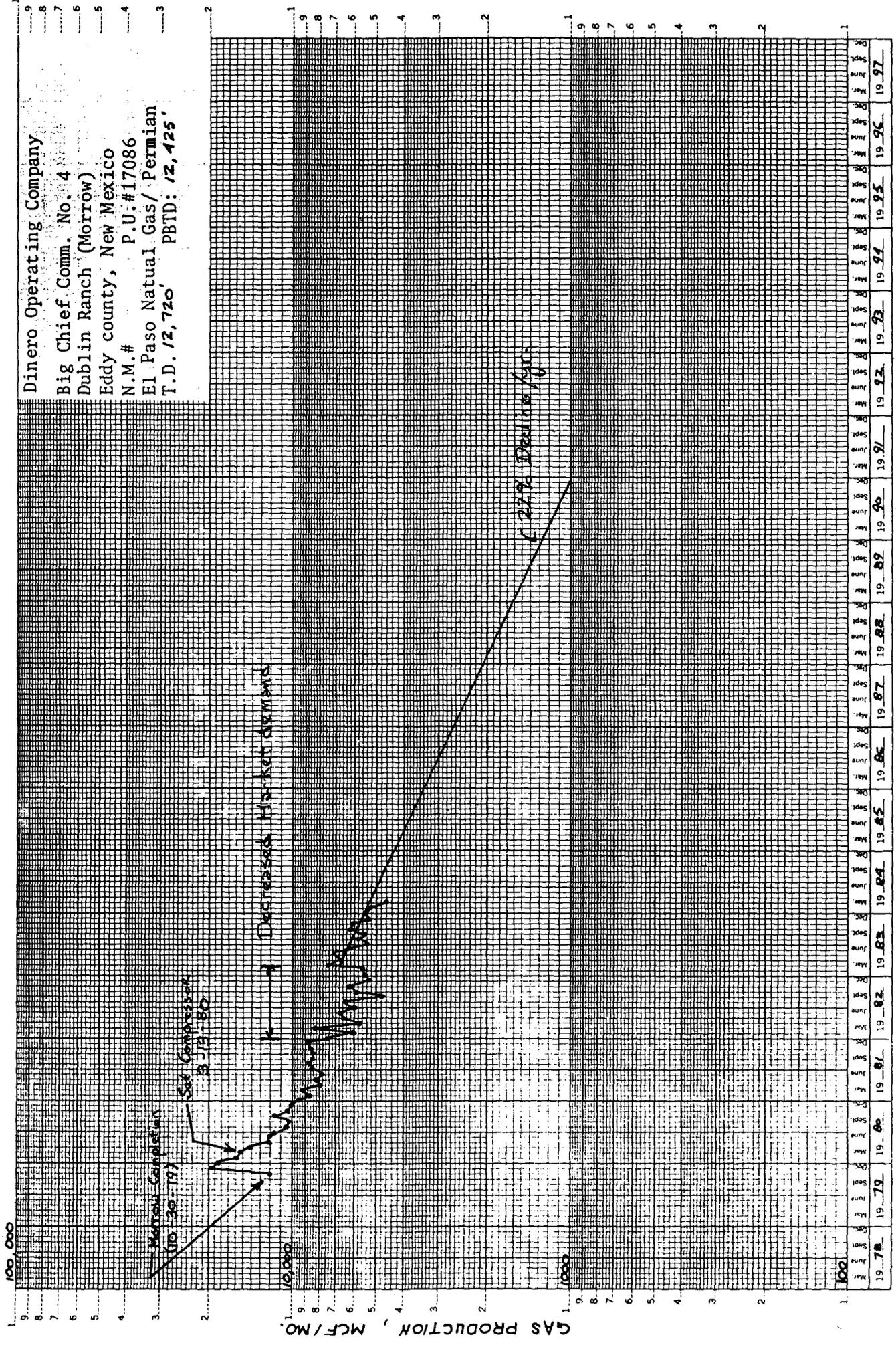
4. Failure to obtain a HARDSHIP GAS WELL status for the Morrow wells in question would lead to premature abandonment and loss of reserves as follows:

BIG CHIEF COMM. NO. 1	304 MMCF
BIG CHIEF COMM NO. 4	225 MMCF
LITTLE SQUAW COMM. NO. 1	1065 MMCF
DINERO STATE COMM. NO. 1	21 MMCF

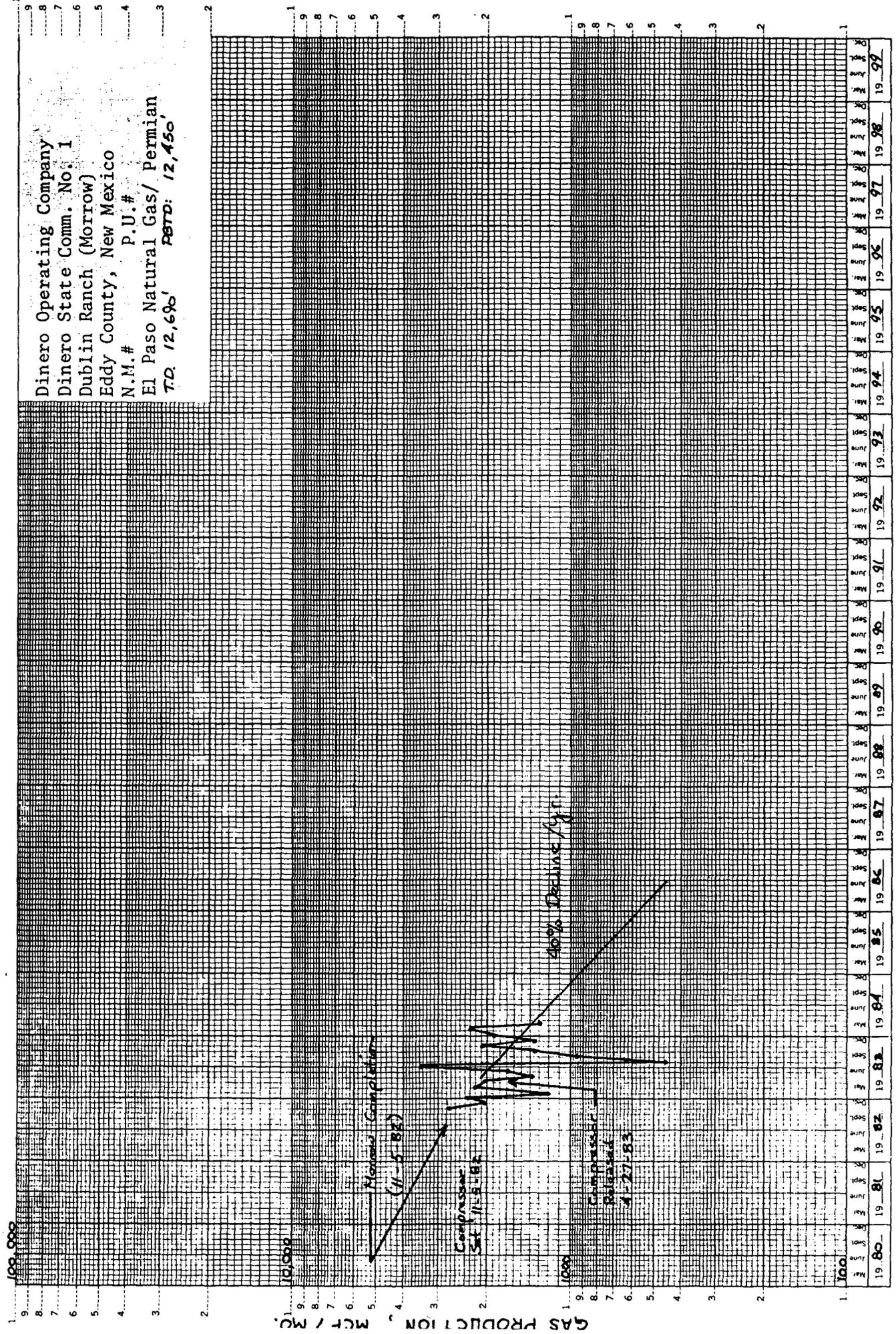
Dinero Operating Company
 Big Chief Comm. No. 1
 Dublin Ranch (Morrow)
 Eddy County, New Mexico
 N.M.# P.U.# 17086
 El Paso Natural Gas/Permian
 T.D. 12,733, PBTD:



Dinero Operating Company
 Big Chief Comm. No. 4
 Dublin Ranch (Morrow)
 Eddy county, New Mexico
 N.M.# P.U.#17086
 El Paso Natural Gas/ Permian
 T.D. 12,720' P.BTD: 12,425'

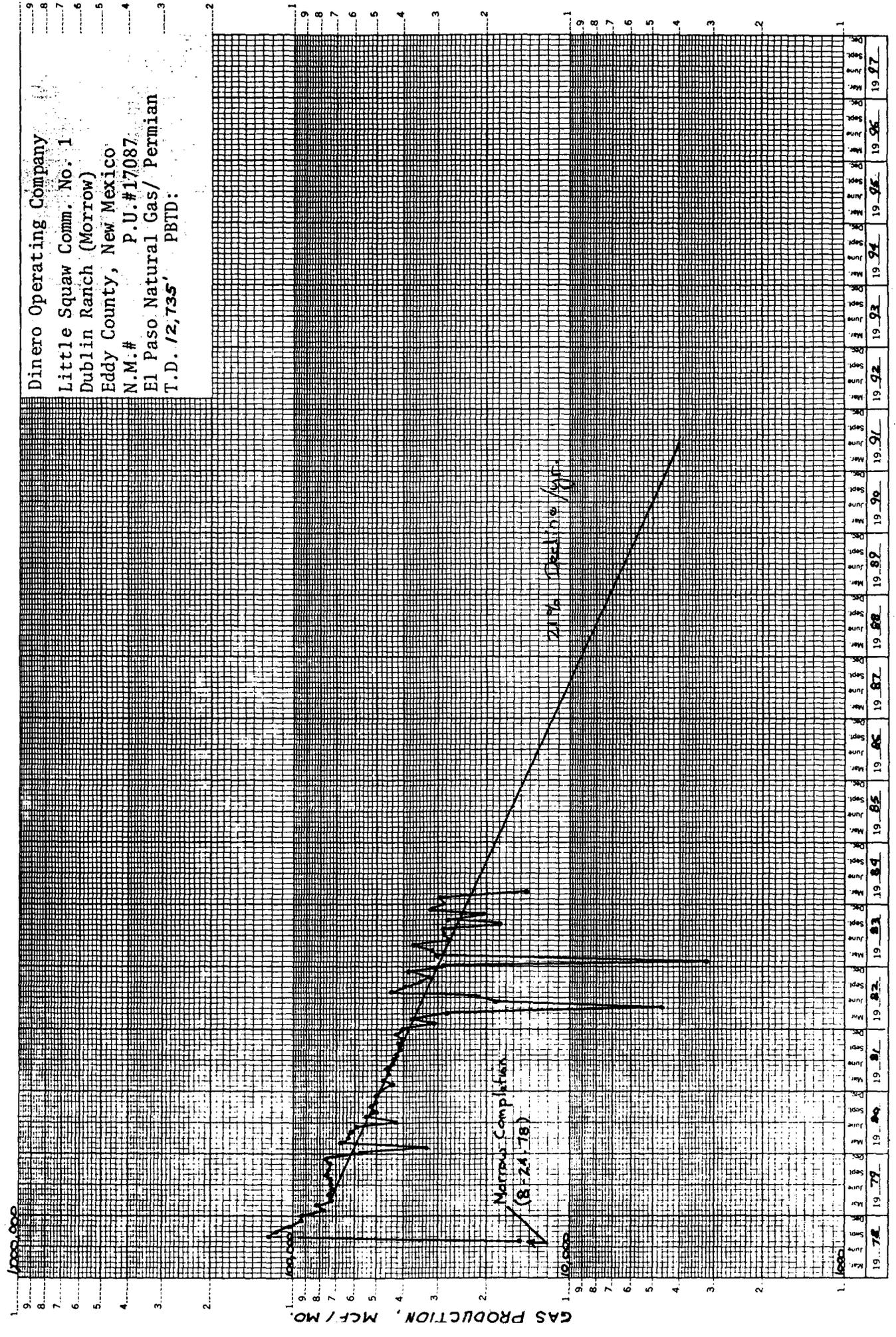


Dinero Operating Company
 Dinero State Comm. No. 1
 Dublin Ranch (Morrow)
 Eddy County, New Mexico
 N.M.# P.U.#
 El Paso Natural Gas/ Permian
 T.D. 12,690' PSTD: 12,450'



GAS PRODUCTION, MCF / MO.

Dinero Operating Company
 Little Squaw Comm. No. 1
 Dublin Ranch (Morrow)
 Eddy County, New Mexico
 N.M.# P.U.#17087
 El Paso Natural Gas/ Permian
 T.D. 12,735' PBTD:



GAS PRODUCTION, MCF / MO.

Morrow Completion
 (8-24-78)

21% Decline / yr.

10,000,000

0

Year	Month	Actual Production (MCF/MO)	21% Decline / yr. (MCF/MO)
1978	Jan	~1,000,000	~1,000,000
1978	Feb	~1,200,000	~1,000,000
1978	Mar	~1,500,000	~1,000,000
1978	Apr	~1,800,000	~1,000,000
1978	May	~2,000,000	~1,000,000
1978	Jun	~2,200,000	~1,000,000
1978	Jul	~2,500,000	~1,000,000
1978	Aug	~2,800,000	~1,000,000
1978	Sep	~3,000,000	~1,000,000
1978	Oct	~3,200,000	~1,000,000
1978	Nov	~3,500,000	~1,000,000
1978	Dec	~3,800,000	~1,000,000
1979	Jan	~4,000,000	~1,000,000
1979	Feb	~4,200,000	~1,000,000
1979	Mar	~4,500,000	~1,000,000
1979	Apr	~4,800,000	~1,000,000
1979	May	~5,000,000	~1,000,000
1979	Jun	~5,200,000	~1,000,000
1979	Jul	~5,500,000	~1,000,000
1979	Aug	~5,800,000	~1,000,000
1979	Sep	~6,000,000	~1,000,000
1979	Oct	~6,200,000	~1,000,000
1979	Nov	~6,500,000	~1,000,000
1979	Dec	~6,800,000	~1,000,000
1980	Jan	~7,000,000	~1,000,000
1980	Feb	~7,200,000	~1,000,000
1980	Mar	~7,500,000	~1,000,000
1980	Apr	~7,800,000	~1,000,000
1980	May	~8,000,000	~1,000,000
1980	Jun	~8,200,000	~1,000,000
1980	Jul	~8,500,000	~1,000,000
1980	Aug	~8,800,000	~1,000,000
1980	Sep	~9,000,000	~1,000,000
1980	Oct	~9,200,000	~1,000,000
1980	Nov	~9,500,000	~1,000,000
1980	Dec	~9,800,000	~1,000,000
1981	Jan	~10,000,000	~1,000,000
1981	Feb	~9,800,000	~1,000,000
1981	Mar	~9,600,000	~1,000,000
1981	Apr	~9,400,000	~1,000,000
1981	May	~9,200,000	~1,000,000
1981	Jun	~9,000,000	~1,000,000
1981	Jul	~8,800,000	~1,000,000
1981	Aug	~8,600,000	~1,000,000
1981	Sep	~8,400,000	~1,000,000
1981	Oct	~8,200,000	~1,000,000
1981	Nov	~8,000,000	~1,000,000
1981	Dec	~7,800,000	~1,000,000
1982	Jan	~7,600,000	~1,000,000
1982	Feb	~7,400,000	~1,000,000
1982	Mar	~7,200,000	~1,000,000
1982	Apr	~7,000,000	~1,000,000
1982	May	~6,800,000	~1,000,000
1982	Jun	~6,600,000	~1,000,000
1982	Jul	~6,400,000	~1,000,000
1982	Aug	~6,200,000	~1,000,000
1982	Sep	~6,000,000	~1,000,000
1982	Oct	~5,800,000	~1,000,000
1982	Nov	~5,600,000	~1,000,000
1982	Dec	~5,400,000	~1,000,000
1983	Jan	~5,200,000	~1,000,000
1983	Feb	~5,000,000	~1,000,000
1983	Mar	~4,800,000	~1,000,000
1983	Apr	~4,600,000	~1,000,000
1983	May	~4,400,000	~1,000,000
1983	Jun	~4,200,000	~1,000,000
1983	Jul	~4,000,000	~1,000,000
1983	Aug	~3,800,000	~1,000,000
1983	Sep	~3,600,000	~1,000,000
1983	Oct	~3,400,000	~1,000,000
1983	Nov	~3,200,000	~1,000,000
1983	Dec	~3,000,000	~1,000,000
1984	Jan	~2,800,000	~1,000,000
1984	Feb	~2,600,000	~1,000,000
1984	Mar	~2,400,000	~1,000,000
1984	Apr	~2,200,000	~1,000,000
1984	May	~2,000,000	~1,000,000
1984	Jun	~1,800,000	~1,000,000
1984	Jul	~1,600,000	~1,000,000
1984	Aug	~1,400,000	~1,000,000
1984	Sep	~1,200,000	~1,000,000
1984	Oct	~1,000,000	~1,000,000
1984	Nov	~800,000	~1,000,000
1984	Dec	~600,000	~1,000,000
1985	Jan	~400,000	~1,000,000
1985	Feb	~200,000	~1,000,000
1985	Mar	~100,000	~1,000,000
1985	Apr	~50,000	~1,000,000
1985	May	~20,000	~1,000,000
1985	Jun	~10,000	~1,000,000
1985	Jul	~5,000	~1,000,000
1985	Aug	~2,000	~1,000,000
1985	Sep	~1,000	~1,000,000
1985	Oct	~500	~1,000,000
1985	Nov	~200	~1,000,000
1985	Dec	~100	~1,000,000
1986	Jan	~50	~1,000,000
1986	Feb	~20	~1,000,000
1986	Mar	~10	~1,000,000
1986	Apr	~5	~1,000,000
1986	May	~2	~1,000,000
1986	Jun	~1	~1,000,000
1986	Jul	~0.5	~1,000,000
1986	Aug	~0.2	~1,000,000
1986	Sep	~0.1	~1,000,000
1986	Oct	~0.05	~1,000,000
1986	Nov	~0.02	~1,000,000
1986	Dec	~0.01	~1,000,000
1987	Jan	~0.005	~1,000,000
1987	Feb	~0.002	~1,000,000
1987	Mar	~0.001	~1,000,000
1987	Apr	~0.0005	~1,000,000
1987	May	~0.0002	~1,000,000
1987	Jun	~0.0001	~1,000,000
1987	Jul	~0.00005	~1,000,000
1987	Aug	~0.00002	~1,000,000
1987	Sep	~0.00001	~1,000,000
1987	Oct	~0.000005	~1,000,000
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1988	Jan	~0.0000005	~1,000,000
1988	Feb	~0.0000002	~1,000,000
1988	Mar	~0.0000001	~1,000,000
1988	Apr	~0.00000005	~1,000,000
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1988	Jul	~0.000000005	~1,000,000
1988	Aug	~0.000000002	~1,000,000
1988	Sep	~0.000000001	~1,000,000
1988	Oct	~0.0000000005	~1,000,000
1988	Nov	~0.0000000002	~1,000,000
1988	Dec	~0.0000000001	~1,000,000
1989	Jan	~0.00000000005	~1,000,000
1989	Feb	~0.00000000002	~1,000,000
1989	Mar	~0.00000000001	~1,000,000
1989	Apr	~0.000000000005	~1,000,000
1989	May	~0.000000000002	~1,000,000
1989	Jun	~0.000000000001	~1,000,000
1989	Jul	~0.0000000000005	~1,000,000
1989	Aug	~0.0000000000002	~1,000,000
1989	Sep	~0.0000000000001	~1,000,000
1989	Oct	~0.00000000000005	~1,000,000
1989	Nov	~0.00000000000002	~1,000,000
1989	Dec	~0.00000000000001	~1,000,000
1990	Jan	~0.000000000000005	~1,000,000
1990	Feb	~0.000000000000002	~1,000,000
1990	Mar	~0.000000000000001	~1,000,000
1990	Apr	~0.0000000000000005	~1,000,000
1990	May	~0.0000000000000002	~1,000,000
1990	Jun	~0.0000000000000001	~1,000,000
1990	Jul	~0.00000000000000005	~1,000,000
1990	Aug	~0.00000000000000002	~1,000,000
1990	Sep	~0.00000000000000001	~1,000,000
1990	Oct	~0.000000000000000005	~1,000,000
1990	Nov	~0.000000000000000002	~1,000,000
1990	Dec	~0.000000000000000001	~1,000,000
1991	Jan	~0.0000000000000000005	~1,000,000
1991	Feb	~0.0000000000000000002	~1,000,000
1991	Mar	~0.0000000000000000001	~1,000,000
1991	Apr	~0.00000000000000000005	~1,000,000
1991	May	~0.00000000000000000002	~1,000,000
1991	Jun	~0.00000000000000000001	~1,000,000
1991	Jul	~0.000000000000000000005	~1,000,000
1991	Aug	~0.000000000000000000002	~1,000,000
1991	Sep	~0.000000000000000000001	~1,000,000
1991	Oct	~0.0000000000000000000005	~1,000,000
1991	Nov	~0.0000000000000000000002	~1,000,000
1991	Dec	~0.0000000000000000000001	~1,000,000
1992	Jan	~0.00000000000000000000005	~1,000,000
1992	Feb	~0.00000000000000000000002	~1,000,000
1992	Mar	~0.00000000000000000000001	~1,000,000
1992	Apr	~0.000000000000000000000005	~1,000,000
1992	May	~0.000000000000000000000002	~1,000,000
1992	Jun	~0.000000000000000000000001	~1,000,000
1992	Jul	~0.0000000000000000000000005	~1,000,000
1992	Aug	~0.0000000000000000000000002	~1,000,000
1992	Sep	~0.0000000000000000000000001	~1,000,000
1992	Oct	~0.00000000000000000000000005	~1,000,000
1992	Nov	~0.00000000000000000000000002	~1,000,000
1992	Dec	~0.00000000000000000000000001	~1,000,000
1993	Jan	~0.000000000000000000000000005	~1,000,000
1993	Feb	~0.000000000000000000000000002	~1,000,000
1993	Mar	~0.000000000000000000000000001	~1,000,000
1993	Apr	~0.0000000000000000000000000005	~1,000,000
1993	May	~0.0000000000000000000000000002	~1,000,000
1993	Jun	~0.0000000000000000000000000001	~1,000,000
1993	Jul	~0.00000000000000000000000000005	~1,000,000
1993	Aug	~0.00000000000000000000000000002	~1,000,000
1993	Sep	~0.00000000000000000000000000001	~1,000,000
1993	Oct	~0.000000000000000000000000000005	~1,000,000
1993	Nov	~0.000000000000000000000000000002	~1,000,000
1993	Dec	~0.000000000000000000000000000001	~1,000,000
1994	Jan	~0.0000000000000000000000000000005	~1,000,000
1994	Feb	~0.0000000000000000000000000000002	~1,000,000
1994	Mar	~0.0000000000000000000000000000001	~1,000,000
1994	Apr	~0.00000000000000000000000000000005	~1,000,000
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1994	Jun	~0.00000000000000000000000000000001	~1,000,000
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1994	Aug	~0.000000000000000000000000000000002	~1,000,000
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1995	Mar	~0.00000000000000000000000000000000001	~1,000,000
1995	Apr	~0.000000000000000000000000000000000005	~1,000,000
1995	May	~0.000000000000000000000000000000000002	~1,000,000
1995	Jun	~0.000000000000000000000000000000000001	~1,000,000
1995	Jul	~0.0000000000000000000000000000000000005	~1,000

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELLS

Dinero Operating Company
Dublin Ranch Morrow Wells
Eddy County, New Mexico

ITEM NO. 5

5. Minimum sustainable producing rate as determined by well production history:

BIG CHIEF COMM NO. 1 WELL

115 MSCF/DAY

The production curve for this well shows that when the well produced less than 3000 MCF/MONTH or 100 MCF/DAY, it took more than two months for the well to recover its full production capability.

BIG CHIEF COMM. NO. 4

115 MSCF/DAY

This well, along with the Big Chief Comm. No. 1 Well, require a compressor to overcome El Paso's high line pressure. This rate maintains the minimum economic justification for this well.

LITTLE SQUAW COMM. NO. 1

500 MMSCF/DAY

This well is the last of our successful Morrow completions. Lowering the rate less than 500 MSCF/DAY would jeopardize successful drainage of this zone.

DINERO STATE COMM. NO. 1

MAX. RATE

This well produces about 40-50 MCF/DAY and is barely economical to operate as it is. Any cutback would render this well uneconomical.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-4-65

All distances must be from the outer boundaries of the Section.

Owner J. C. Barnes Oil Company		Lease Big Chief Comm.		Well No. One
Well Letter F	Section 22	Township 22-S	Range 28-E	County Eddy County, New Mexico

Actual Footage Location of Well:

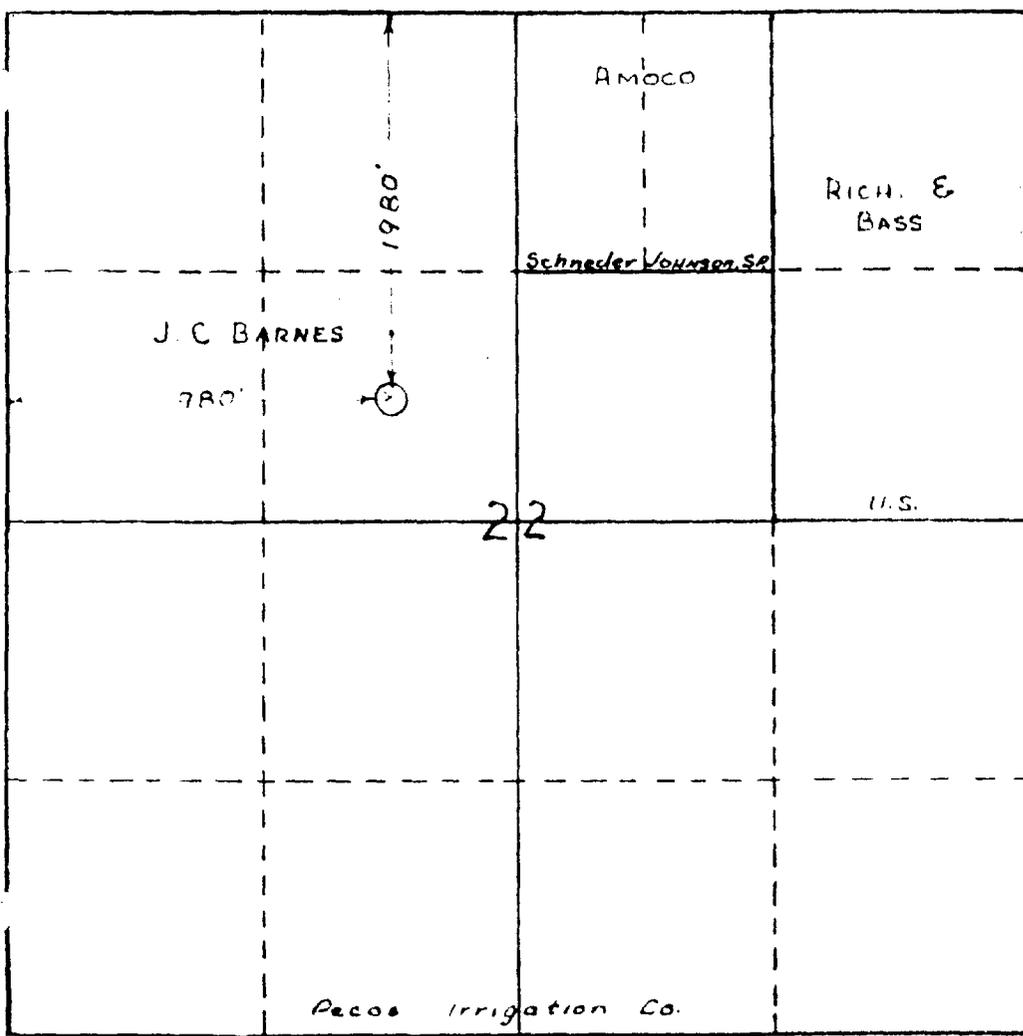
1980	feet from the North	line and 1980	feet from the West	line
Sound Level Elev. 3095'	Producing Formation Morrow	Pool Undesignated	Dedicated Acreage: 320	Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Bursey Remslund
Position
President

Company
J. C. Barnes Oil Company

Date
January 24, 1979

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

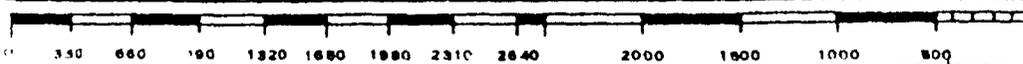
March 9, 1978

Date Surveyed
Orig. signed by-W. D. Watson, J

Registered Professional Engineer and/or Land Surveyor

3959

Certificate No.



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

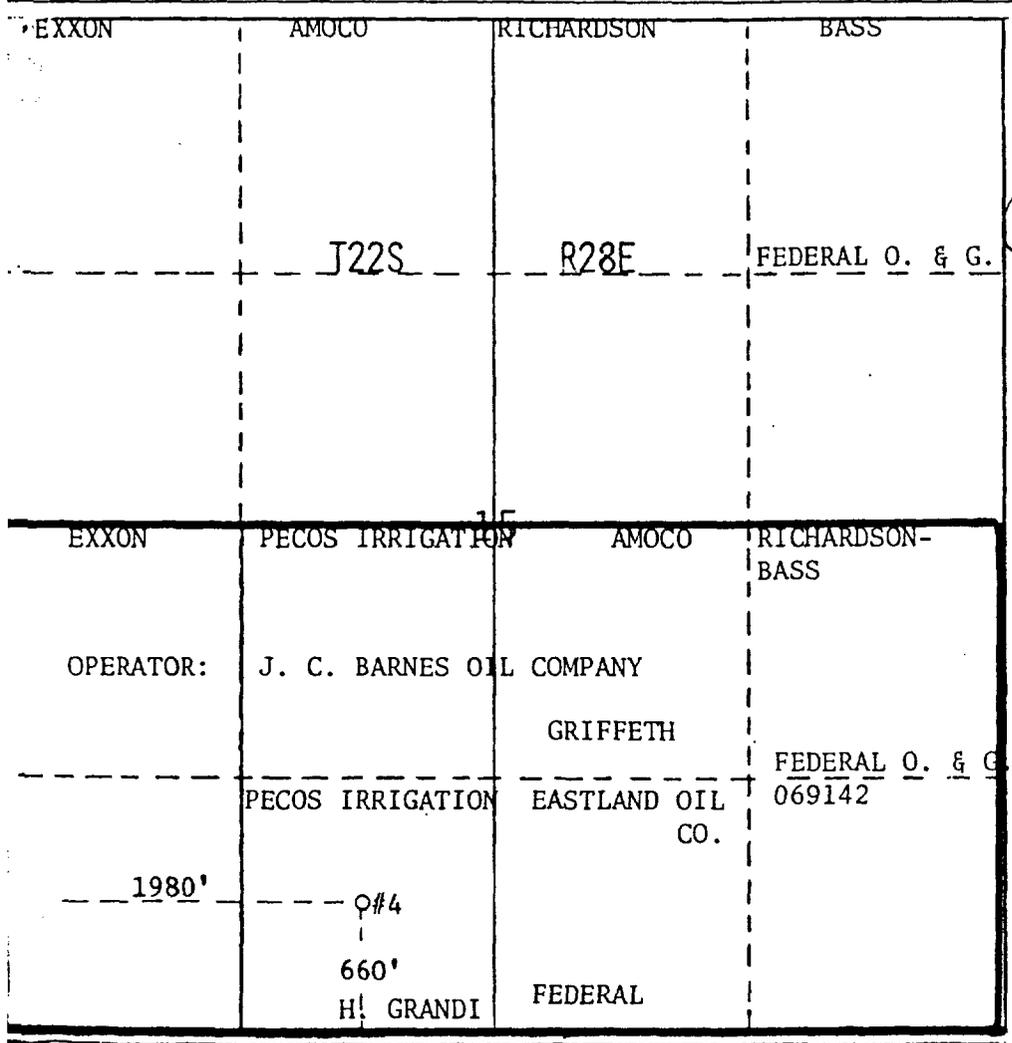
All distances must be from the outer boundaries of the Section.

Owner J. C. Barnes Oil Company			Lease Big Chief		Well No. 4
Section Letter N	Section 15	Township 22S	Range 28E	County Eddy	
Actual Footage Location of Well: 1980 feet from the West line and 660 feet from the South line					
Ground Level Elev. 3101	Producing Formation Morrow		Pool Dublin Ranch		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Comm.

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

J. C. Barnes
Name
Field Supt.

Position
J. C. BARNES OIL COMPANY

Company
May 25, 1979

Date

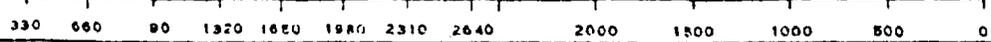
I hereby certify that the location shown on the attached field notes was surveyed and collected under my supervision, and that the same is true and correct to the best of my knowledge and belief.

WILSON D. WATSON, JR.
PROFESSIONAL ENGINEER AND LAND SURVEYOR
No. 3959
NEW MEXICO

May 11, 1979
Date Surveyed

W. D. Watson, Jr.
Registered Professional Engineer and/or Land Surveyor

W. D. Watson, Jr.
Certificate No. 3959



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-4-65

All distances must be from the outer boundaries of the Section.

Operator J. C. Barnes Oil Company		Location Little Squaw Comm.		Well No. One
Tract Letter F	Section 27	Township 22-S	Range 28-E	County Eddy County, New Mexico

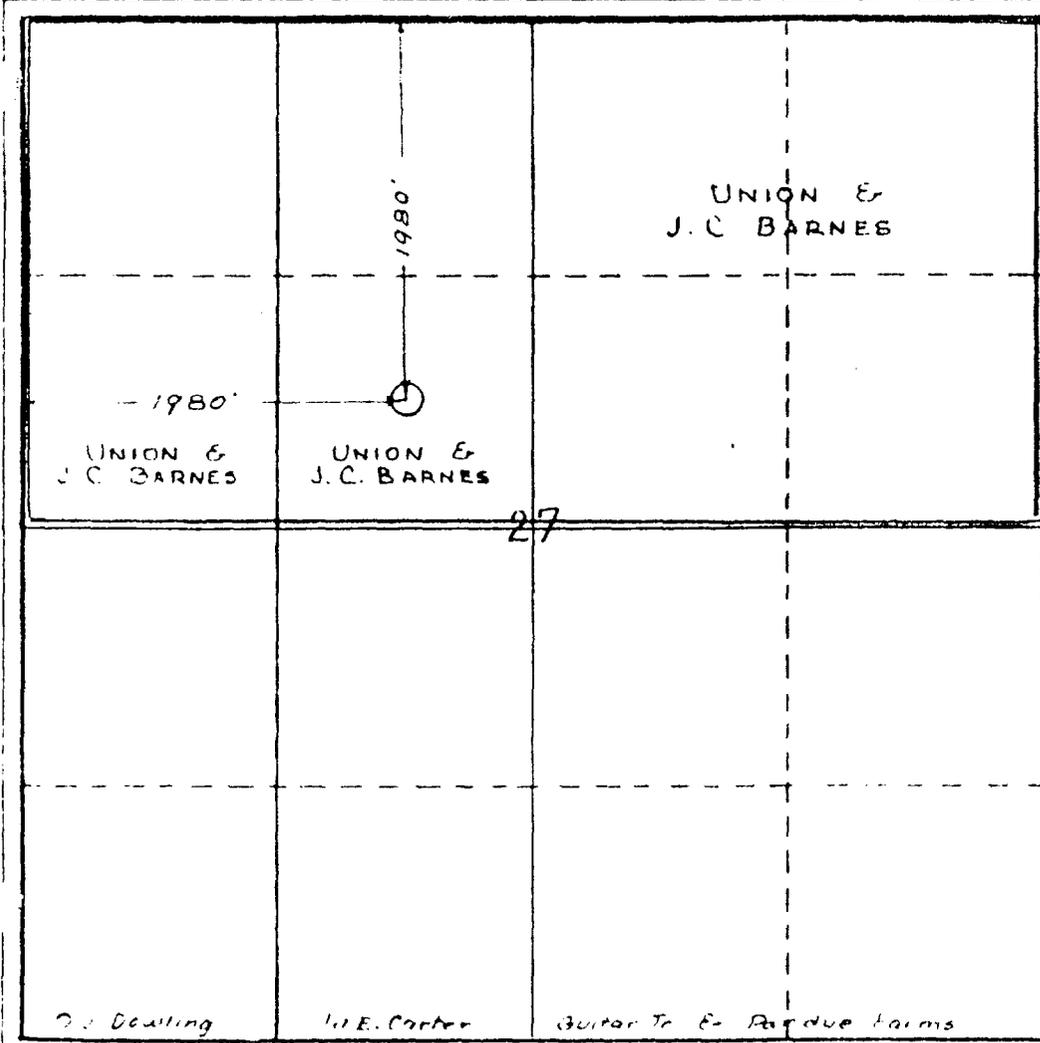
Actual Footage Location of Well:
 1980 feet from the **West** line and 1980 feet from the **North** line
 Ground Level Elev. **3074'** Producing Formation **Morrow** Pool **Undesignated** Dedicated Acreage: **320** Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Russell Hamstead
Name

President

Position
J. C. Barnes Oil Company

Company
Date *January 24, 1979*

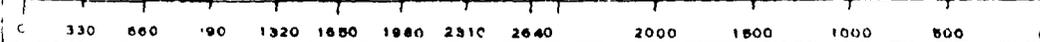
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

March 9, 1978

Date Surveyed
Orig. signed by **W. D. Watson,**
Registered Professional Engineer
and/or Land Surveyor

3959

Certificate No.



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator Dinero Operating Co.		Lease Dinero State Comm.		Well No. 1
Section Letter C	Block 16	Township 22 South	Range 28 East	County Eddy

Actual Footage Location of Well:
660 feet from the **north** line and **1980** feet from the **west** line

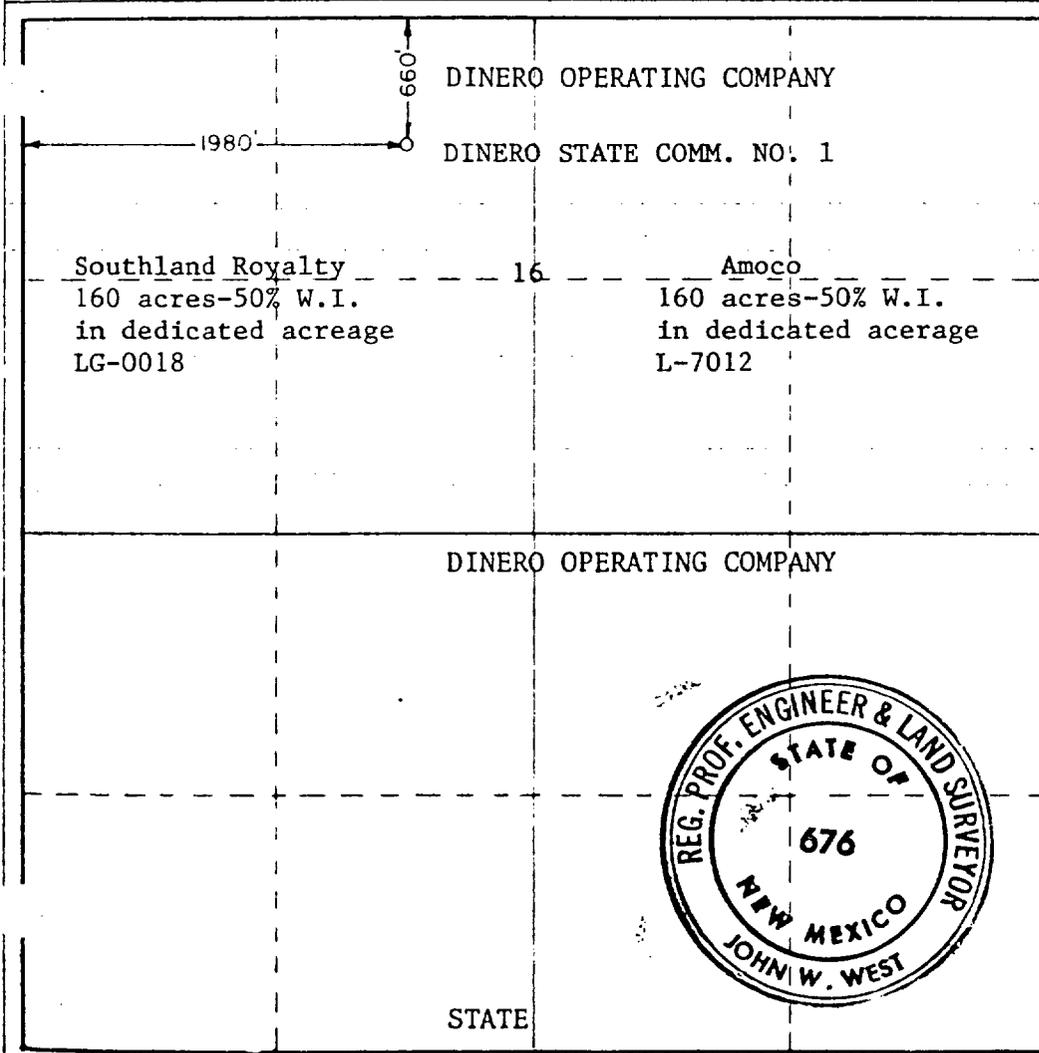
Surface Elev. 3082.6	Producing Formation Morrow	Pool Dublin Ranch Morrow	Dedicated Acreage 320
--------------------------------	--------------------------------------	------------------------------------	---------------------------------

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

L. C. McClure
 Name
L. C. McCLURE
 Position
FIELD SUPT.
 Company
DINERO OPERATING COMPANY
 Date
June 15, 1981

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date of surveys
June 5 & 6, 1981

Registered Professional Engineer and Land Surveyor
John W. West
 Certificate No. **JOHN W. WEST 676**

DINERO OPERATING COMPANY, DUBLIN RANCH MORROW WELLS,
EDDY COUNTY, NEW MEXICO, OFFSET OPERATORS AND PURCHASER:

OFFSET OPERATORS:

1. Bass Enterprises Production Company
First City National Bank Tower
201 Main Street
Ft. Worth, Texas 76102
2. Amoco Production Company & Amoco Production Company
P. O. Drawer A P. O. Box 3092
Levelland, Texas 79336 Houston, Texas 77001
3. Santa Fe Minerals
731 W. Wadley
Midland, Texas 79701
4. Exxon Company, U.S.A.
P. O. Box 1547
Houston, Texas 77001
5. Union Oil Company of California
P. O. Box 671
Midland, Texas 79702
6. HCW Exploration Company
601 N. Loraine
Midland, Texas 79701

TRANSPORTER & PURCHASER:

1. El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978