

DOC# 2584
EXHIBIT# 5
CASE# 8218,19,20,21

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.

ILLEGIBLE

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. # 2741 PBID # 2765

1000,000



1000,000

10,000

PRODUCTION (BOE) FROM 1978 TO 1997

1000,000

Year	Production (BOE)
1978	10,000
1979	15,000
1980	20,000
1981	25,000
1982	30,000
1983	35,000
1984	40,000
1985	45,000
1986	50,000
1987	55,000
1988	60,000
1989	65,000
1990	70,000
1991	75,000
1992	80,000
1993	85,000
1994	90,000
1995	95,000
1996	100,000
1997	105,000