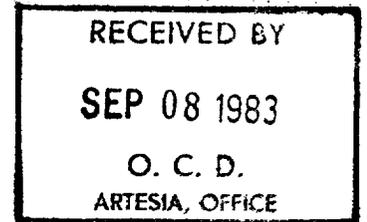




P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-541-2600

September 2, 1983



Penroc Oil Corporation  
P. O. Drawer 831  
Midland, Texas 79702

Re: Madera Com No. 1 (61-491)  
Sec. 11, T24S-R34E  
Lea County, New Mexico

Angell Ranch Com No. 1 (61-751)  
Sec. 33, T19S-R28E  
Eddy County, New Mexico

Since receipt of your letters dated August 24 and October 22, 1982, the referenced wells have been produced in such a manner that they are not completely shut-in during periods of low demand for gas.

In order to avoid occasional shut-in of the wells, your Company must furnish the undersigned an order or an administrative directive from the New Mexico Oil Conservation Division within 60 days which will grant an exception to the provisions of the ratable take rule. An exception to the Division's annual gas well shut-in pressure test (Rule 402) will not be sufficient.

In absence of a directive by the state, we must return your wells to normal scheduling, which is prompted by the present supply and market situation confronting El Paso Natural Gas Company. Within recent months we have been receiving numerous requests from operators to continuously produce their "hardship" wells, and this has added a significant volume of non-swing gas to our system. Because of this, it has become extremely difficult to remain in compliance under the ratable take laws governing the state of New Mexico.

If you have any questions concerning this matter, please advise me.

Yours very truly,

Paul W. Burchell  
Staff Engineer

/je

cc: New Mexico Oil Conservation Division (Santa Fe, Hobbs, Artesia, NM)  
W. G. Beadle  
J. D. Minnick