

CERTIFICATE OF GENE

I, Gene Lee, hereby certify that:

(1) I am the consulting petroleum engineer for the applicant, Corinne Grace.

(2) My duties include monitoring of the production characteristics and data of the City of Carlsbad Well No. 1 located in Unit Letter O of Section 25, Township 22 South, Range 26 East, Eddy County, New Mexico.

(3) I have reviewed the subject well's current production data and the prior applications for extension of Hardship Status for the subject well. It is my opinion that the condition of the well remains unchanged since Order R-8064 was issued by the Oil Conservation Division on September 19, 1985, because:

- (a) Due to the well's low flowing tubing pressure, a minimum flow rate is necessary to continuously remove fluid from the wellbore;
- (b) Division Case File No. 8593 contains well flow test results conducted in October, 1985, which are still supported by the wells' current production capabilities;
- (c) The well's condition in the past year has continued to deteriorate. In October, 1990, due to the well loading severely, the well was again acidized as shown on the attached Sundry Notice which is attached as Exhibit 1. After the well was acidized, production has continued to decline.