PENROC Oil Corporation

P. O. DRAWER 831 . MIDLAND, TEXAS . 79701

Telephone (915) 683-1861

January 16, 1976

Re: Request to Produce JCW-State well from Morrow Gas Zone with Dry Canyon perforations Co-mingled below packer.

New Mexico Oil Conservation Commission P. O. Drawer DD Artesia, New Mexico 88210

Attention Mr. W. A. Gressett

Gentlemen:

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D. C. C. ARTESIA, OFFICE

The Penroc Oil Corporation JCW-State No. 1 well was drilled at a location in SW/4 SE/4 Section 2, T2OS, R28E, Eddy County, New Mexico and was completed as a marginal, low-pressure gas well from the Lower Morrow on November 15, 1975. It is currently shut-in.

As you instructed, Commission Form C-103 is being forwarded to show all perforations, treatments and results that were conducted during completion attempts of this well. It can be noted that two Pennsylvanian zones were perforated being in the Lower Morrow and the Canyon Lime. The Morrow yielded a limited amount of gas with a slight amount of condensate and the Canyon swabbed dry with no showing of oil, gas or water.

Because of a misunderstanding of instructions, tubing was run into the JCW-State with a packer set above the Canyon perforations instead of above the Morrow perfs. This condition was shown and reported on Commission Form C-105.

Excessive mechanical and new equipment failures and malfunctions resulted in an extremely costly completion of this well. Twentythree days time was spent to reach the point where a low-yield well re-