

Hardship Gas Well Classification

June 20, 1986

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4. If failure to obtain a hardship gas well classification would result in premature abandonment, calculate the quantity of gas reserves that would be lost.

Calculated gas reserves on the Box Canyon Unit #2 are 250 MMcf. The well has produced about 900 MMcf along with water since 1980. Its decline curve through 1985 indicated that an additional 250 MMcf can be produced.

5. Show minimum sustainable producing rate of the subject well.

The minimum sustainable producing rate is about 200 Mcf/D. The well has produced 100 to 125 BWPD since 1980 while the peak gas rate decreased from 1500 to 400 Mcf/D. So, the minimum sustainable rate is less than 400 Mcf/D. On April 25 and 26 of 1986, the well could not sustain production at rates of 85 and 91 Mcf/D. From June 13 to 16 of 1986, the well flowed at rates of 107 to 123 Mcf/D with water production of 80 to 90 BWPD. When water production returns to 100-125 BWPD, the flow rate must rise to 130 to 170 Mcf/D to lift the additional water. A minimum sustainable rate of 200 Mcf/D would give a little room for further decline in well productivity.

6. Attach plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.

Page 5 is such a map. Owners of offsetting acreage are shown on page 6.

7. Submit any other appropriate data which will support the need for a hardship classification.

No additional data.

8. If the well is in a prorated pool, please show its current under- or over-produced status.

The Box Canyon Unit #2 is not in a prorated pool.

9. Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office and that notice of the application has been given to the transporter/purchaser and all offset operators.

Page 7 is the required statement.