

2) Continued -

As the wellbore sketch illustrates, the 9-5/8" casing was cemented with 3900 sacks and the 7-3/4" liner with 650 sacks. The 9-5/8" casing was tested at 5,000 psi for 1½ hours and the 7-3/4" liner at 3,000 psi for one hour after cementing. All tests indicated good cement jobs with good seal. The Wolfcamp perforations, 11,479 - 11,513 ft., are isolated between a bridge plug at 11,994 ft. and a packer on the bottom of the 2-7/8" tubing at 11,318 ft.

We believe the most prudent way to avoid losing the hole and prevent waste is to continue producing the well at a rate which will prevent pressure buildup on formations outside the 9-5/8" casing.

3) There have been no extended shut-in periods or need to swab for the reasons cited above.

Since the well cannot be shut-in and the gas cannot be flared, our only options are to continue sales under a hardship classification or kill the well with water or drilling mud.

Because of the risk of waste of reserves through permanent damage of the formation by kill fluids and the mechanical risk of losing the hole if an attempt is made to re-cement the top of the 7-3/4" liner, we respectfully request a hardship classification which will allow us to continue producing the well.

4) Failure to obtain a hardship classification might result in premature abandonment of the hole and loss of reserves amounting to 476,000 Mcf gas and 6,700 barrels of condensate.