

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator PENROC OIL CORPORATION Contact Party S. J. TALLEY
Address P.O. DRAWER 831, MIDLAND, TEXAS 79702 Phone No. 915-683-1861
Lease MADERA COM Well No. 1 UT C Sec. 11 TWP 24S RGE 34E
Pool Name ANTELOPE RIDGE MORROW Minimum Rate Requested 200 MCFPD
Transporter Name EL PASO NATURAL GAS CO. Purchaser (if different) —

Are you seeking emergency "hardship" classification for this well? yes X no

Applicant must provide the following information to support his contention that the subject well qualifies as a hardship gas well.

- 1) Provide a statement of the problem that leads the applicant to believe that "underground waste" will occur if the subject well is shut-in or is curtailed below its ability to produce. (The definition of underground waste is shown on the reverse side of this form)
- 2) Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
 - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
 - b) Mechanical condition of the well (provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
 - i) the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
- 3) Present historical data which demonstrates conditions that can lead to waste. Such data should include:
 - a) Permanent loss of productivity after shut-in periods (i.e., formation damage).
 - b) Frequency of swabbing required after the well is shut-in or curtailed.
 - c) Length of time swabbing is required to return well to production after being shut-in.
 - d) Actual cost figures showing inability to continue operations without special relief
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, calculate the quantity of gas reserves which would be lost
- 5) Show the minimum sustainable producing rate of the subject well. This rate can be determined by:
 - a) Minimum flow or "log off" test; and/or
 - b) Documentation of well production history (producing rates and pressures, as well as gas/water ratio, both before and after shut-in periods due to the well dying, and other appropriate production data).
- 6) Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- 7) Submit any other appropriate data which will support the need for a hardship classification.
- 8) If the well is in a prorated pool, please show its current ~~under~~ ~~or~~ ~~production~~ status.
- 9) Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge ~~and~~ that one copy of the application has been submitted to the appropriate Division ~~division~~ ~~office~~ ~~giving~~ the 1 (name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

BEFORE EXAMINATION
OIL CONSERVATION DIVISION
CASE NO: 8759