

PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79702

Telephone (915) 683-1861

December 17, 1985

Re: Application for Classification
as Hardship Gas Well
Madera Comm. No. 1 Well
C - Sec. 11, T24S, R34E
Lea County, New Mexico

Southland Royalty Company
21 Desta Drive
Midland, Texas 79705

DEPARTMENT OF ENERGY
Oil Conservation Division
<i>Penroc</i> Madera Comm. No. 1
CASE NO. <u>8759</u>

Gentlemen:

According to our records you are an offset operator to the captioned well operated by Penroc Oil Corporation. The proration unit assigned to this well is the North one-half of Section 11 as outlined on the attached plat. The plat shows acreage ownership and wells.

Please be advised that Penroc has filed application with the New Mexico Oil Conservation Division for the Madera Comm. No. 1 well to be granted a Hardship Gas Well Classification. A copy of said application is attached. This would allow the well not to be completely shut-in by the gas purchaser during periods of low gas demand. It has become quite difficult to keep this well producing even with compressor assistance. It has suffered formation damage because of previous shut-in periods.

Date of Hearing is January 9, 1986.

If you have any questions do not hesitate to let us hear from you.

Very truly yours,

PENROC OIL CORPORATION

Sterling J. Talley
Sterling J. Talley
President

SJT:msr

Attachments