

DOC# 2584
EXHIBIT# 7
CASE# 8218, 19, 20, 21

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELLS

Dinero Operating Company
Dublin Ranch Morrow Wells
Eddy County, New Mexico

ITEM NO. 5

5. Minimum sustainable producing rate as determined by well production history:

BIG CHIEF COMM NO. 1 WELL 115 MSCF/DAY (300)
The production curve for this well shows that when the well produced less than 3000 MCF/MONTH or 100 MCF/DAY, it took more than two months for the well to recover its full production capability.

BIG CHIEF COMM. NO. 4 115 MSCF/DAY (225)
This well, along with the Big Chief Comm. No. 1 Well, require a compressor to overcome El Paso's high line pressure. This rate maintains the minimum economic justification for this well.

LITTLE SQUAW COMM. NO. 1 500 ~~M~~MSCF/DAY
This well is the last of our successful Morrow completions. Lowering the rate less than 500 MSCF/DAY would jeopardize successful drainage of this zone.

DINERO STATE COMM. NO. 1 MAX. RATE
This well produces about 40-50 MCF/DAY and is barely economical to operate as it is. Any cutback would render this well uneconomical.