

RECEIVED

MAY 11 1984

OIL CONSERVATION DIVISION

DINERO P. O. DRAWER 10505 MIDLAND, TEXAS 79702

May 9, 1984

State of New Mexico Energy and Minerals Department Oil Conservation Commission Post Office Box 2088 Santa Fe, New Mexico 87501

Cuse 8220

Gentlemen:

Dinero Operating Company respectfully submits an application for Hardship Gas Well Status for the following wells in the Dublin Ranch (Morrow) Field in Eddy County, New Mexico:

- 1. Big Chief Comm. No. 1 Well
- 2. Big Chief Comm. No. 4 Well
- 3. Little Squaw Comm. No. 1 Well
- 4. Dinero State Comm. No. 1 Well

We are also asking for emergency Hardship Gas Well Status until we receive final approval of our application.

Thank you for your consideration in this matter.

Sincerely Yours,

DINERO OPERATING COMPANY

5. M. Beigue Petroleum Engineer

JMB/ln

Enclosures

cc: Oil Conservation Commission Artesia, New Mexico El Paso Natural Gas Company All offset operators

OPERATOR DINERO OPERATING COMPANY	CONTACT MITCH BEIQUE
ADDRESS P. O. DRAWER 10505, MIDLAND, TEXAS	79702 PHONE NO (915) 684-5544
LEASE BIG CHIEF COMM. WELL NO 1	UT F SEC. 22 TWP -22-S RGE -28-E
POOL NAME DUBLIN RANCH MORROW MINI	MUM RATE REQUESTED 115 MSCF/DAY
TRANSPORTER & PURCHASER EL PASO NATURAL	_ GAS COMPANY
ARE YOU SEEKING EMERGENCY "HARDSHIP" CLASSIF	ICATION FOR THIS WELL? X YES NO

STATE OF TEXAS §
COUNTY OF MIDLAND §

VERIFICATION

I, J. M. BEIQUE, certify that all the information submitted with this application is true and correct to the best of my knowledge; that one copy has been submitted to the Artesia district office and that notice of the application has been sent to the purchaser, EL PASO NATURAL GAS COMPANY, and that notice of this application has been sent to each offset operator.

J. M. Beique, Engineer for DINERO OPERATING COMPANY

Subscribed and Sworn to before me, a Notary Public in and for Midland County, Texas, this $\underline{70}$ day of $\underline{1984}$.

19m Lavonda Norman, Notary/Public

My Commission Expires:

STATE OF TEXAS §
COUNTY OF MIDLAND §

VERIFICATION

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J. M./Beique, Engineer for DINERO OPERATING COMPANY

Subscribed and Sworn to before me, a Notary Public in and for Midland County, Texas, this 940 day of 1984.

Norman, Notary I

My Commission Expires:

OPERATOR DINERO OPERATING COMPANY	CONTACT MITCH BEIQUE
ADDRESS P. O. DRAWER 10505, MIDLAND, TX. 79702	PHONE NO (915) 684-5544
LEASE LITTLE SQUAW COMM. WELL NO 1 UT	F SEC. 27 TWP-22-S RGE-28-E
POOL NAME DUBLIN RANCH MORROW MINIMUM	RATE REQUESTED 500 MMSCF/DAY
TRANSPORTER & PURCHASER EL PASO NATURAL GAS	COMPANY
ARE YOU SEEKING EMERGENCY "HARDSHIP" CLASSIFICA	TION FOR THIS WELL? X YES NO

STATE OF TEXAS §
COUNTY OF MIDLAND §

VERIFICATION

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M Viern

J. M. Beique, Engineer for DINERO OPERATING COMPANY

Subscribed and Sworn to before me, a Notary Public in and for Midland County, Texas, this $\underline{96}$, day of $\underline{1984}$, 1984.

Norman, Notary Public

My Commission Expires:

1-28-88

OPERATOR DINERO OPERATING COMPANY	CONTACT MITCH BEIQUE
ADDRESS P. O. DRAWER 10505, MIDLAND, TX.	79702 PHONE NO (915) 684-5544
LEASE DINERO STATE COMM. WELL NO 1	UT_C_SEC.16_TWP_22-S_RGE_28-E
POOL NAME DUBLIN RANCH MORROW M	INIMUM RATE REQUESTED 60 MCF/DAY
TRANSPORTER & PURCHASER EL PASO NATURAL	GAS COMPANY
ARE YOU SEEKING EMERGENCY "HARDSHIP" CLASS	SIFICATION FOR THIS WELL? X YES NO

STATE OF TEXAS §
COUNTY OF MIDLAND §

VERIFICATION

I, J. M. BEIQUE, certify that all the information submitted with this application is true and correct to the best of my knowledge; that one copy has been submitted to the Artesia district office and that notice of the application has been sent to the purchaser, EL PASO NATURAL GAS COMPANY, and that notice of this application has been sent to each offset operator.

J. M. Beique, Engineer for DINERO OPERATING COMPANY

Subscribed and Sworn to before me, a Notary Public in and for Midland County, Texas, this <u>fib</u> day of <u>Mary</u>, 1984.

orman, Notary

My Commission Expires:

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APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELLS Dinero Operating Company Dublin Ranch Morrow Wells, Eddy County, New Mexico

ITEM NO. I

1. In July of 1980, El Paso Natural Gas Company (Pipeline Company) shut in our Big Chief Comm. No. 3 Well due to the Market demand of the July 4th. weekend. This well had consistently been flowing over one million standard cubic foot of gas per day from the Morrow formation prior to this period. Subsequent to the five day shut in period, the well produced no significant amount of gas relative to its past history, and a great deal of time and money was spent in an attempt to return production to normal. All of this work was to no avail, and the well was eventually plugged in the Morrow formation and recompleted in the Atoka formation.

The Big Chief Comm. No. 2 Well was originally completed in the Morrow in late 1978. It tested for 2.6 million SCFPD. It was necessary to shut this well in following the acid treatment and subsequent cleanup due to an incomplete pipeline connection. When the line was finally completed over 30 days later, the well could sustain a rate of only 300 MSCFPD. This well was later plugged back in the Morrow formation and recompleted in the Atoka formation.

The estimated loss of production from just these two wells because they had been shut in is over 1500 MMSCF.

We believe that the Morrow production was lost due to the quality of sandstone and associated bentonitie clay material present in the Morrow and Atoka formation in this area. Studies of the Pennsylvanian sandstones in this area indicate an average composition of 85% fine grained quartz, 10% total clay minerals, and 5% other minerals. It is the 10% clay content that exposes these wells to the danger of lost production. This clay is composed of 95% chlorite and 5% illite. Chlorite is a very water sensitive mineral, and it occupies some of the pore space in the sandstone matrix. It has a high irreducible water saturation, and fluid retention of the chlorite during drilling, completion, or as in this case, temporary shut in periods, can lower the relative gas permeability.

These wells produce very little water, but as in the case of the Big Chief Comm No. 3 Well, enough water entered the wellbore to cover the perforations. A swabbing unit was placed on the well and 6 days were spent trying to swab back the well. All the water was recovered from the wellbore, but the damage had been done.

Therefore, we ask that the following wells be classified as HARDSHIP GAS WELLS, so that we will avoid the possibility of losing another Morrow gas well to formation damage.

BIG CHIEF COMM. NO. 1 WELL, BIG CHIEF COMM. NO. 4 WELL, LITTLE SQUAW COMM. NO. 1 WELL, and DINERO STATE COMM. NO. 1 WELL.

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

ITEM NO. 2

2. Attached are the well histories showing the attempts to rectify production problems in the Morrow zones of the Big Chief No. 2 and Big Chief No. 3 wells. Since the wells which we are applying for hardship gas well status have not as yet been damaged by being shut-in, we are using these two wells to justify our case for the remaining four Morrow wells in this field.

Attached are well hisitories of the Big Chief Comm No. 2 Well and the Big Chief Comm. No. 3 Well. Also attached are wellbore sketches of the Big Chief Comm. No. 1 Well, Big Chief Comm. No. 4 Well, Little Squaw No. 1 Well, and the Dinero State Comm. No. 1 Well. January 15, 1979 Rigged D.A. & S. Well Service. Prep to run Gamma Correlation Log. January 15, 1979 Rigged up Schlumberger and ran Gamma Ray Corr. Log from plug back total depth of 12,655-10,800. Unloaded 404 jts. of tub. on rack, ran 100 jts. of tub. in hole open ended. January 17, 1979 Ran 401 jts. of tub. in hole open ended. Displaced fresh water with 275 bbls of 2% KCL waer. Pulled 2" tub. Perf. Lower Morrow formation: 12,455-464' 9 shots, 12,360-68' 8 shots, 12,346-56' 10 shots. January 18, 1979 Ran Tub. with disc. and Otis Packer set @ 12,288'. Dropped bar @ 3:45 p.m. well kicked off, was flowing @ 300,000 cf/day. Shut well in last night. Will flow today and check with swab for fluid and give it acid wash. January 19, 1979 SITP 2250, flowed well to pit and ran swab to bottom of tubing. No fluid in hole. Well stabilized on 3/4" choke @ 20 PSI , rate 500 MCF/day. Acidized Morrow form. with 3000 gal. MS acid & 5000 SCS of Nitro. Break down press. 9100. Treated @ 6700 PSI @ 5 bbls/min. ISIP 5000 15 min SIP 4300. Flowed well to pit, rate increased to 1.5 MMCF/Day. Still making water. January 20, 1979 Flowed and cleaned up. January 21, 1979 Flowed and cleaned up. January 22, 1979 NIB Will run Otis Plug in Packer set @12,288'. Prep to perf. upper Morrow Zones. January 23, 1979 SITP 3400 PSI, flowed to pit and ran Otis Blanking Plug and set in packer @ 12,280. Released on-off tool and pulled tubing out of hole. Perf. upper Morrow formation from 12,232-42 12,170-75 12,160-64' total of 19 shots.

COMPLETION HISTORY ON BIG CHIEF #2

January 24, 1979

Ran Otis Perma Latch Packer and on-off tool in hole with 387 jts. of 2" tub. Bottom of Packer 12,255'. Spotted 200 gal of 7½% MS acid over perfs. Pulled 8 jts. of tub. and set Packer @ 12,021'. Acidized formation with 200 gal. acid. Break down press. 4900. Pumped into pay @ 4800 @ 2/bbls min. ISIP 3800, 5 min SIP 2200. Swabbed load and acid water to pit for 2 hours, fluid level 7200. Well kicked off and flowed gas and water to pit. Stabilized on 3/4" choke @ 100 psi, rate 1.6 MMCF/day.

January 25, 1979

SITP 3000#, flowed well to pit. unloaded water and stabilized @ 200 psi on 3/4" choke, rate 3 MMCF/day. Flowed well on 7/16" choke @ 550 psi, rate 2.6 MMCF/day. Rigged up Otis and attempted to pull blanking plug out of bottom of packer but have not.

January 26, 1979

Otis cont fishing for blanking plug, retreived plug @ 10:30 PM. Flowed well to pit on 3/8" choke, flowed water and gas. No rate.

January 27, 1979

Waiting on Tie in.

January 28, 1979

Waiting on Tie in.

January 29, 1979

Waiting on Tie in.

January 30, 1979

Waiting on gas line connection (El Paso Nat. Gas.)

January 31, 1979

Waiting on Gas Line Connection.

February 1, 1979

Waiting on Gas Line Connection.

COMPLETION HISTORY ON THE BIG CHIEF #2

February 2 thru March 24, 1979 Waiting on ElPaso Gas Line connection. March 24, 1979 Tied in well to ElPaso Line @ 12:00 noon 3500# Shut In press. @ time well was turned on. Flowing 1.871 MMCF. March 26, 1979 Tied in & flowing. March 27, 1979 Flowing to ElPaso Line, will have rate later today. Unloading water and waiting on well to stabilize to start 4 point test. March 28, 1979 Flowing into ElPaso line. Start 4 pt. test if well is stabilized. March 29, 1979 Open up and flow on larger choke and attempt to unload water. March 30, 1979 Flow TP 600#, 950 MCF. Crew lay to blow down well. Lease operator will attempt to unload water. April 1, 1979 Flowing no report April 2, 1979 Flowing no report. April 3, 1979 Closed in for pressure buildup and attempting to unload water. April 4, 1979 TP 450#, Gas 320 MCF. Opened well to atomsphere & blow down for 2 hours & rec. an est. 3 bbl of water. Closed well in for press. build up. April 5, 1979 Closed in 24 hrs. press. built up to 1300# in 24 hrs. Lease operator left closed for cont. press build up.

April 6, 1979 Left well closed for 48 hrs. Built up to 1500#. Opened well to pit and blow down, recovering 0 water. well will probably have to be swabbed off. April 7, 1979 Shut In. April 8, 1979 Shut In. April 9, 1979 Shut In. April 10, 1979 West Texas Consulting Service ran BHP. Surface press 1777# BHP @ 12,300' 2299#, no fluid. April 11, 1979 SI BHP 2229# surface tub. press. 1777# Western Co. making up recommendation for treatment. April 12, 1979 Prep. to acidize well. April 13, 1979 Re-treat upper zone 6000 gal. 7¹₂% Gelled acid 9000 Cu. ft. Nit. 72 balls Av. treat press. 8500# , 8.4 BPM. Good ball action - ISDP 4800# FST 10 min. 4250# flow to pit, well died, rig up to swabb. Shut Down. April 14, 1979 Swabbing load back, released unit, well not coming back. April 15, 1979 Attempting to flow well back. April 16, 1979 T.P. 2060# flow to pit, unload very little water. Stabilized on $\frac{1}{2}$ choke, 160# TP, Rate 850 MCF. April 17, 1979 Shut In.

April 18, 1979 Shut In, tie back into ElPaso line this AM. April 19, 1979 TP 2210#, open well to sales line, press came down to 500#, open to April 20, 1979 On line, flowing 583 MCF. April 21, 1979 Flowing. Apríl 22, 1979 509 MCF 6 bbls. of fluid, TP 500#. April 23, 1979 501 MCF 6 bbls. of fluid, TP 450#. April 24, 1979 On Line. April 25, 1979 Flow to line, est. 371 MCF. April 26, 1979 Flowing to sales line. April 27, 1979 Flowing 401 MCF. April 28, 1979 Flowing into line. April 29, 1979 Flowing into line. May 1, 1979 Flowing ElPaso to run 4 pt. test as soon as possible start 24 hrs. Shut

.

May 2, 1979 Starting 4 pt. test @ 9:30 am.

May 3 1979

Run 4 pt. test by ElPaso .

COMPLETION HISTORY BIG CHIEF NO. 3

June 1980 Produced and sold 34,000 MSCF gas, approx. 1130 MCF/day. July 4, 1980 ElPaso Pipeline called to inform us Bug Chief #3 had to be shut in. July 5, 1980 Shut In. July 6, 1980 Shut In. July 7, 1980 Shut In. July 8, 1980 Shut In. July 9, 1980 Shut In. July 10, 1980 Well back on line. July 11, 1980 No Production. July 12, 1980 No Production. July 13, 1980 No Production. July 14, 1980 No Production.

July 15, 1980 No Production. July 16, 1980 No Production. July 17, 1980 RU Mack Chase Swab Unit. Ru blow down line and started swabbing. July 18, 1980 Bled well down. Run swab to 11,500'. Fluid level approx. 9000'. Swabbed dry, then made one swab run every hour. Shut Down. July 19, 1980 Bled well down, ran swabb, swabbed well dry and shut down. July 20, 1980 Shut Down. July 21, 1980 Bled well down. Started swabbing. July 22, 1980 Bled well down, swabbed well dry, shut down. July 23, 1980 Bled well down, swabbed well dry. Acidized with 3500 gallons 7.5% MS acid. with corrosion inhibitor and clay stabilizers. Maximum pressure 7000 psig. Min. pressure 3400 psig. Avg. pressure 5000 psig. Average rate 3.0 BPM. ISIP 2200# 15 min. SIP 500##. 134 bbls. of load to recover. Good ball action indicated. Start swabbing, recovered, 30 bbls load. 104 bbls to recover. July 24, 1980 Swabbing initial fluid level 7700'. Recovered 66 bbls. some gas. Final fluid level 11,800'. Rec. 66 bbls. 38 bbls to recover. July 25, 1980

450 psig on tubing. Bled well down. Swabbed dry.

COMPLETION HISTORY ON THE BIG CHIEF #3

July 26, 1980

Tubing pressure 750 psig. Bled well down. Initial fluid level at 6000'. Swabbed dry. July 28, 1980 Bled well down. Swabbed dry. Total load recovered/ Put on line at 300#. Tubing pressure up to 900# 2 hours later, decreasing to 350# . Zero sales that night. July 29, 1980 Tubing pressure 400 psig. Bled well down in 10 min. Initial fluid level at 6000'. Fluid level stayed around 7500' all day. July 30, 1980 Tubing pressure 1400 psig. Bled well down. Initial fluid level at 6000' Swabbed all day with fluid level around 7500'. Shut Down. July 31, 1980 Swab all day. Shut Down. August 1, 1980 Swab all day. Shut Down. August 2, 1980 Bled well down, swabbed well dry. put well on line, Shut Down. August 3, 1980 Well on line. August 4, 1980 Tub. pressure 400 psi. Bled well down. Initial fluid level 6000'. Swabbed well dry. Shut down. Rig down. August 5, 1980 Tubing pressure 1500 psig. Bled well down. Made two swab runs. Shut Down. August 6, 1980 Tub. press. 400 psi. Bled well down. Swabbed well dry. Rig Down, Cleaned location. Put well back on line.

OPERATOR DINERO OPER	
LEASE <u>BIG CHIEF</u>	WELL NO J FIELD WILDCAT - MORROW Township RANGO & 1980 FWL SEC 22 BLK 22-5 SURVEY 28-E
LOCATION 1980 FNL	STATE NEWMEXICO
COUNTY EDDY	. 8
ELEVATION DF	<u>GL 2095</u> TD <u>12733</u> PBTD COMPL /978 (Da
CURRENT COMPLETION INT	, , , , , , , , , ,
	AVAILABLE DATA
1.3 ³ /8" 340'	LOGS. DUAL LATERAL, COMPENSATED NEUTRON,
	CORE: SIDEWALK - DELAWARE
<u> </u>	DST: PVT:
	BHP:
	13 3/8"-54 # Sot @ 340' - 375 5x. Class C Cement
-	10314"-40,5# Set@ 2560'-750 Sx. Cement
-	
	5/12" - 17-20# Set@ 12,733' -14505X. Cement
	Perfs: 12150-59 7 shots 12551-56 4 shots 12216-26 8 shots 12652-64 12 shots
	12270-74 4 shots 12670-71 4 shots
	12322-36 14 shots 12507-14 7 shots
	Acio: 12150-59 1500 9615. 71/290
-	12216-26 Frac. F10. 20.000 9ab. 12270-74 2000 9al. 1070
	12322-36 2000 dal. 10%
	Packer Set @ 12106.
23/8 Tubing @ 23/8 Tubing @ 23/8 Tubing @	
, <u> </u>	
	······································
(14 shots)	
·	
	(FUTURE WELL WORK)
(/3hot3)	
, (4 3 hots)	
	OPERATOR: DINERO OPERATING COMPANY
	LEASE NAME. BIG CHIEF WELL NO
	IP: AOF 1.310 MMCFPO
	CURRENT STATUS: FLOWING GAS-SOLL TO EL PASO NOTURAL GAS COMPANY

•

		WELL NO 4 FIELD DUOLIN RANCH - MORROW
		<u>660 FSL</u> <u>SEC /5, T-22-5, R-28-E</u>
COUNTY 50	•	STATE NEW MEXICO
ELEVATION		GL 3/0/ TD -/2,720' PBTD /2,425' COMPL (Da
CURRENT COMP	LETION INT	
		AVAILABLE DATA
	13 38"	LOGS. GAMMA Ray - SONIC - DUAL LATEROLOG
	13 38 Set at 437	SAMPLE LOGS. CORE: NONE
		DST: PVT:
		BHP:
		437 Depth of 1378" Casing - 48#-set with 550 sx
		437 Depth of 1378" Casing - 48#-set with 550 sx of Class C. 270 c.c. 103/4 lset at 2,660-40.5# - set with 415 sx. Lite,
		200 class C. 75/8" Set at 11.197' - 29-33#- Set with 1600 Malb.
	1034"set	Lita Boo Class &
	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	4/2" - Set at 12,720' - 11.6#-Set with 250 Sacks Class H.
		PERFS: 12,000-008-8 Shots 12,406-10-4 Shots
		12.706-10 4 Shots 12.408-18 - 10 Shots 12.706-10 4 Shots
		12,248-54 6 Shots 1 Shotper Ft. 54-114"
		12,260-64 4 Shorts holes.
		Ac10: 12,000-12,418'-32,000 gal gelled the
		2,900 #U Sand 
	75/8" Set at	
-	L>11,197'	
-	Packerand	
	238" Tubing at 11,713'	
	-	
	PERFS: 12000-08-85hots	
	12000-01-001010	(FUTURE WELL WORK)
~~~		
	12126-44-18shets	
	12206-10-45hots 12186 Perma	> This Packer is a OTIS W.B. Perma Packer.
	Pocker 12248-54-6shots	
	12260-44-45hors	
	• • • • • • • • • • • • • • • • • • • •	OPERATOR: DINERD OPERATING COMPANY
	12406-10-45hots 12408-18-10 shots 12,425' PBTO	LEASE NAME. BIG CHIKE WELL NO 4
		IP: AOF 2.505 MMCF/DAY
	- T.D.	CURRENT STATUS: FlowING Gas-SOLD TO EL PASO NATURAL GAS COMPANY

•

inero meratina Co. OPERATOR FIELD DUBLIN RANCH MORLOW WELL NO #/ LEASE Little Sallaw (m_{0} R-28-E SEC 27. T-22-5 1980 FWL 1980 FNL 6 LOCATION New Mexice STATE COUNTY Aug. 15 COMPL TD: 12,745 PBTD GL 3074 DF ELEVATION CURRENT COMPLETION INTERVAL 12,198-12490 AVAILABLE DATA LOGS. Density & Sonic (Schlumberger) 11 13 3/8 SAMPLE LOGS. 39' CORE: SIDEWALL Delawage DST: PVT: BHP: MORROW FORMATION -54* 13 3/8" 39'- 300 5xs. Closs "(" cement 6 12# 4at @ R 5/811-37521- 1450 JXS coment 1/2" -211# 7451 1450 SXS COMENT 507 @ 12 12213 shots. Vercs: 12198 ± 0 T 2222 shots <u>to</u> 12490 12483 to hots Vu" 85%" shot per FT holes 2191 Acid: 3752' 20 shots - 500 GAL 7/2% Acid PACKER 307 W 12094 23/8 TUD @ 12,094 + PACKER +12,198-213 ii shots +12,222-232 10 shots (FUTURE WELL WORK) K-12,483-490 7 shots Dinero Operatina Co OPERATOR: LEASE NAME. Little Square Comm WELL NO MMCFPD AOF 5.360 IP: 51/2" Clas-Solo . CURRENT STATUS: Flouing 70 Г. О. NATURAL COMPANY 12,745

OPERATOR ublin Kanch-Mbeau FIELD (MM WELL NO tate nppr LEASE <u>K-28-E</u> T-22-5 1980FWL SEC /6 -660 FNL & LOCATION MEXICO STATE FW COUNTY Nov.s compi a 3082.6 PBTD TD . <u>12 690</u>' 2450 DF ELEVATION CURRENT COMPLETION INTERVAL AVAILABLE DATA Ray, (Neutron Gamma LOGS. purity Ray Later 104 SAMPLE LOGS. Gamma 16" 500 CORE: NO 450' DST: PVI: BHP: 450'-550 sx2% CC arc. $(\bigcirc$ CL (`, <u>D 3/4</u>1 HALD. Lt. 200 SX (L C ±17 a 75/8"--39 @ 10,7271 -350 26.40 #ct. 350 472 5X- \mathfrak{W} 103/4 at 39 HOLES 12,1281 0,29PORFS: to12595' 128' - 9000 gals ACID: Z - 12,128' - 19,000 9AS + 19,300 # SANG FRAC PACKER: 11,555 75/8 at *ک* ۱۹۶۵۲ Tubing and Acker 11,555 R 1800 900 PERFS: + 11.951-54-F 11,961-62-F 11,976-78-200 +12096-39', +12090-91 (FUTURE WELL WORK) 2100 £12106-107 =12126-128 39 Shots 2200 Plug Back To +2,450 4444 447 (n)Operation VPD OPERATOR: $\boldsymbol{\alpha}$ 444 444 444 4 1/2 set at \leq tate X DRP O Comm WELL NO LEASE NAME! \ . _/a,677' IP: 12,690' CURRENT STATUS: Flowing Eas-Sold to El Paso NATURAL T.O. Gas COMPANY

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

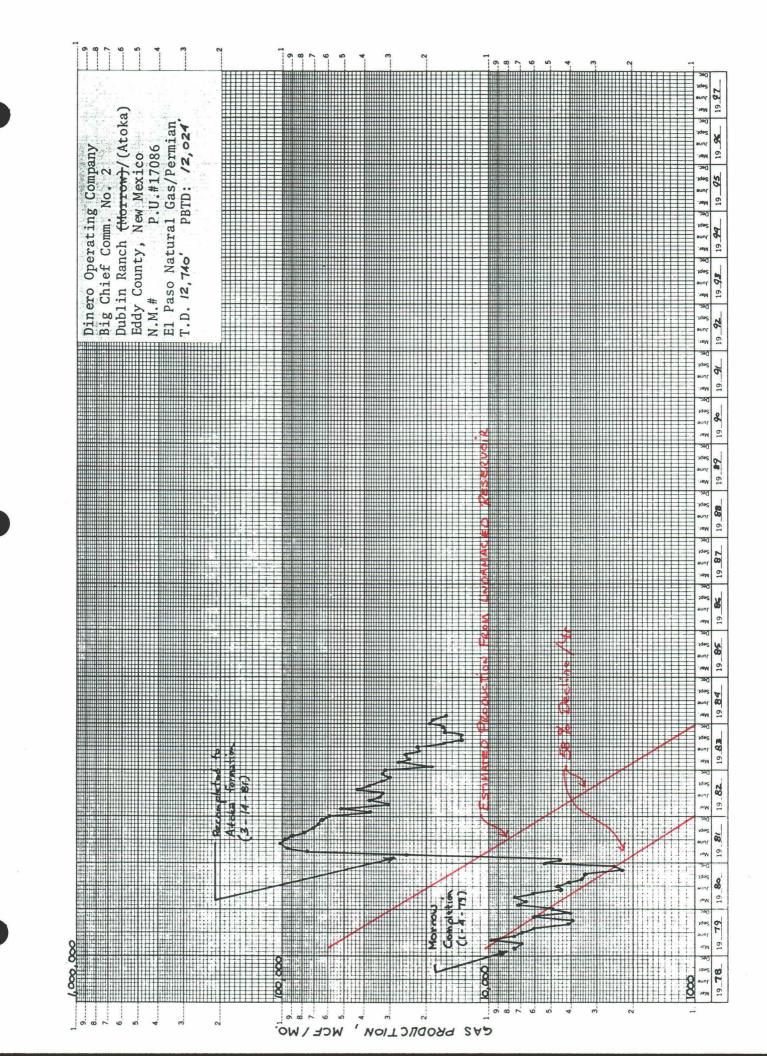
ITEM NO. 3

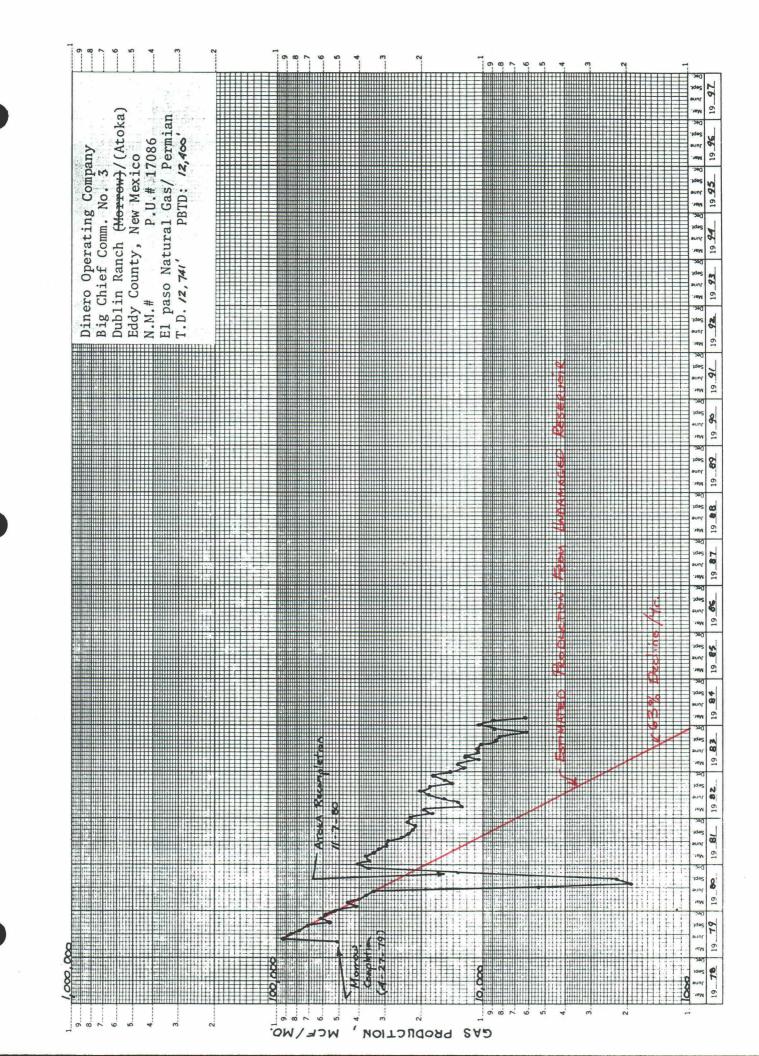
3. Assuming that the Big Chief Comm. No. 2 would have produced at 75 percent of its maximum flowing rate of 2.6 MMCFPD, prior to being shut in for lack of a pipe line connection, it would have produced a total of 1.18 BCF more gas than the actual production from that zone. This represents not only a loss of energy reserves, but also a loss of over four million dollars in gross revenue from this one well.

The waste of production from the Big Chief Comm. No. 3 Well is not as dramatic, but still considerable. If production had not been so drastically curtailed in the Morrow zone due to damage occuring while the well was shut in, an additional 416 million cubic feet of gas could have been produced.

The production curves for these wells are also attached, showing the Morrow production and the basis for estimating lost reserves.

The completion history of these two example wells shows that no amount of swabbing or acidizing will return the original rate of production once the damage is done. The wells will not return to normal produciton if for any reason the formation has been damaged because of encroaching water.



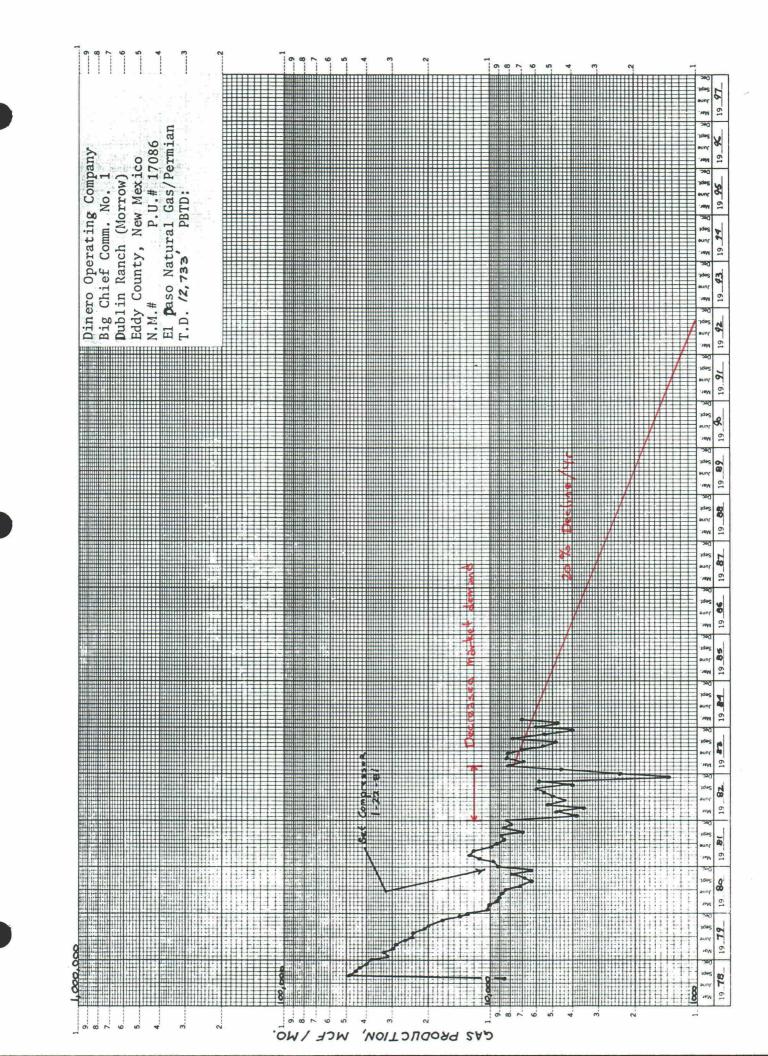


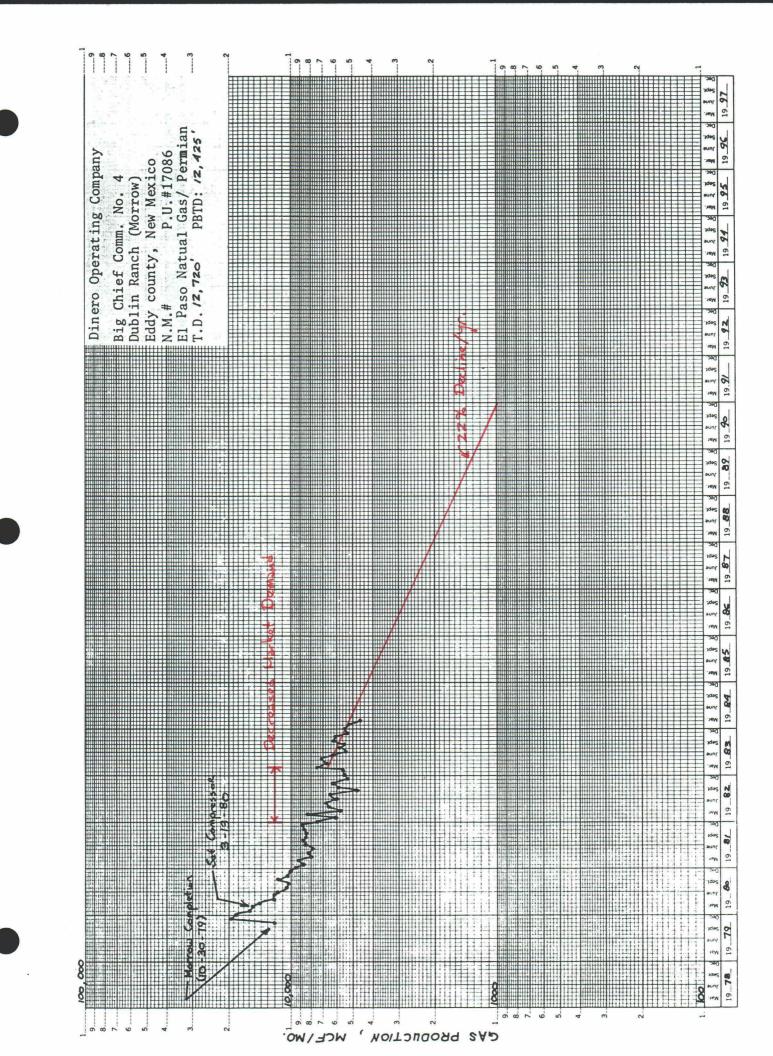
APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELLS Dinero Operating Company Dublin Ranch Morrow Wells Eddy County, New Mexico

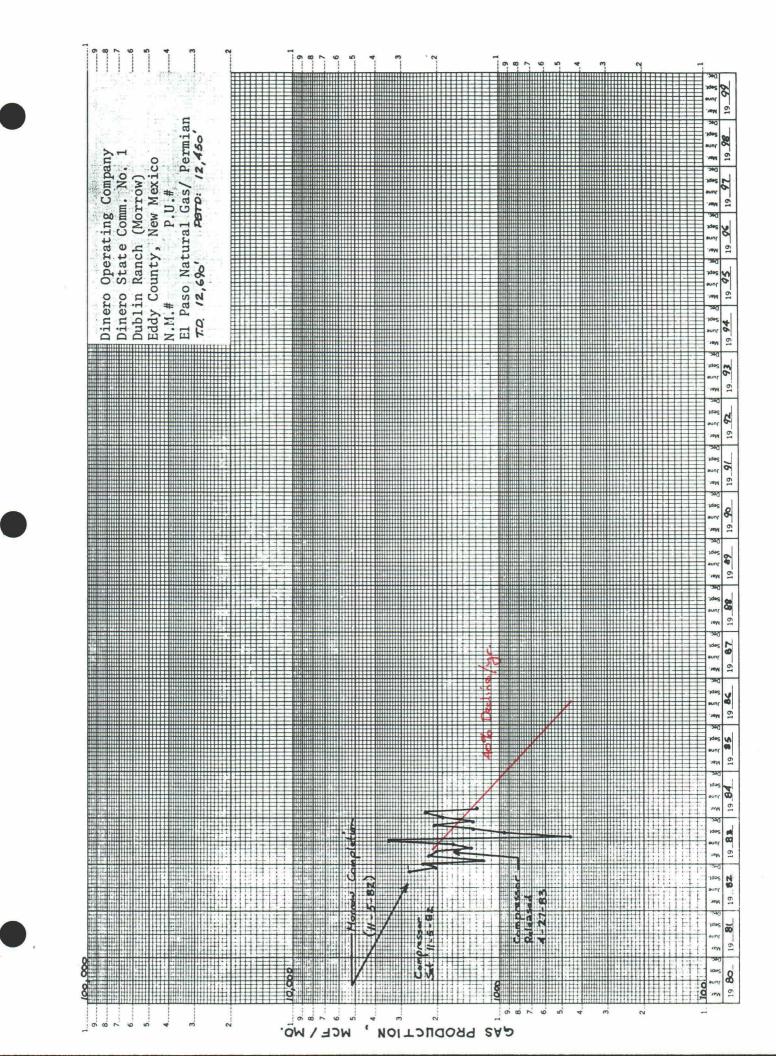
ITEM NO. 4

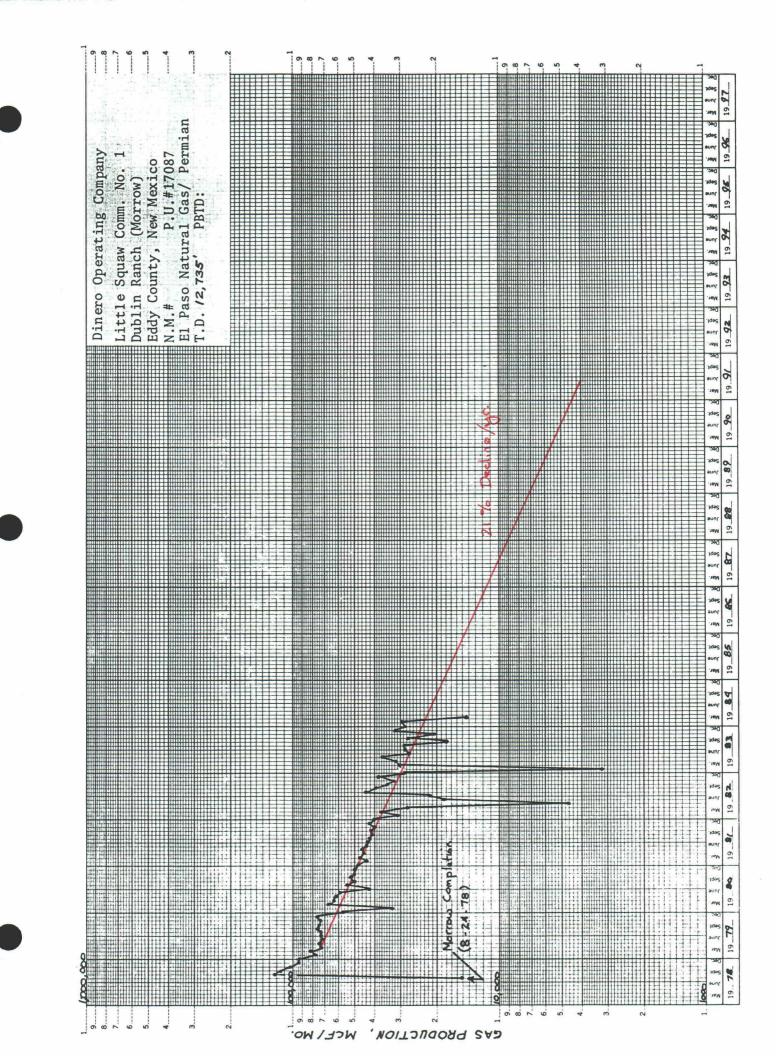
4. Failure to obtain a HARDSHIP GAS WELL status for the Morrow wells in question would lead to premature abandonment and loss of reserves as follows:

BIG CHIEF COMM. NO. 1	304 MMCF
BIG CHIEF COMM NO. 4	225 MMCF
LITTLE SQUAW COMM. NO. 1	1065 MMCF
DINERO STATE COMM. NO. 1	21 MMCF









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 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 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 minimun economic justification for this well.

LITTLE SQUAW COMM. NO. 1 500 MMSCF/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.

WEL. LOCATION AND ACREAGE DEDICATION FLAT

All distances must be from the outer boundaries of the Section.

j + totten			L.utten		Wolf No.
J. C. Barnes	. Oil Company		Big Chief C	omm.	One
that Letter	Section 22	Township 22-S	Plange	County	
A turil l'octure Loc		22-5	28-E	Eddy	/ County, New Mexico
1980	freet from the NC	orth line and	1980	tent term the	West
Fround Level Flev.	Producing For	ومراجع الكرير والمعاربين والفنية المتبعين الشروانية والبا	Pool		Dedicated Acreage:
3095*		Morrow	Undesignat	ed	320 Artes
1. Outline the	e acreuge dedica	ted to the subject w	ell by colored penc	il or hachure	marks on the plat below.
	an one lease is nd royalty).	dedicated to the wel	l, outline each and	identify the o	ownership thereof (both as to working
dated by c	ommunitization, u	nitization, force-pool	ng. etc?		nterests of all owners been consoli-
X Yes	[]No Ifai	newer is "yes," type o	of consolidation	Ommunii (12a	
	is "no," list the [necessary.)	owners and tract desc	riptions which have	e actually bee	en consolidated. (Use reverse side of
					ed (by communitization, unitization, s, has been approved by the Commis-
ſ	1 1			T	CERTIFICATION
	980'		Rick	i. E	I hereby certify that the information con- tained herein is true and complete to the best of my knowledge and belief.
		Schneder			North Lissee Remsland
J	C BARNES :				President
- 7	80')		. S .	Date January 24, 1979
	1	24			
					I hernby certify that the well location shown on this plat was plotted from field nates of actual surveys made by me or under my supervision, and that the some is true and carrect to the best of my knowledge and belief.
)	† 				March 9, 1978 Dute Surveyed Orig. signed by-W. D. Watson,
	1		1		Registered Professional Engineer and/or Land Surveyor
	Pecos	Irrigation C	o.		3959
	·				Certificate No.
6 330 660 1	90 1320 1660 198	0 2310 2640 200	0001 0001 0	60 9 0	

NEW M. ..CO OIL CONSERVATION COMMISSION (WELL LOCATION AND ACREAGE DEDICATION PLAT

		All distance	s must be fro	m the oute	er boundaries of	the Section		
itor				Lease				Well No.
the second s	nes Oil Com	pany		<u>Bi</u>	g Chief			4
Jnit Letter Se	ction	Township		Range		County		
<u>N</u>	15	22	<u>S</u>		28E	Ec	ldy	
Actual Footage Locatic	n of Well;							
	eet from the We		line and	660	lect	from the	South	líne
Ground Level Elev.	Producing For M	orrow	1	1,001	Dublin R	anch	L L	edicated Acreage: 320
3101							I	Acres
interest and i	one lease is royalty).	dedicated to	the well,	outline	each and iden	ntify the	ownership the	reof (both as to working
dated by com XX Yes	munitization, u]No Ifan	nitization, fo swer is "ye:	s;" type of	g. etc? consolic	Intion	Comm.		all owners been consoli-
this form if n	no, list the (owners and t	ract descri	iptions w	enich have ac	tually be	en consolidat	ed. (Use reverse side of
No allowable	will be assigne							unitization, unitization, pproved by the Commis-
EXXON	AMOCO	RI	CHARDSON	· · · ·	BASS	<u> </u>		CERTIFICATION
	J22	25	_ <u>R</u> 28E_		FEDERAL O.	<u>ң</u> <u>G.</u>	tained here best of my Name Field Position J. C. Company	BARNES OIL COMPANY
							May Date	25, 1979
EXXON		RIGATION	AMC		RICHARDSON BASS	V-	I hereby the shown of C notes M	PROFESSION AND THE MAIL Provision
OPERATOR	: J. C. BA	RNES OIL	COMPANY	i			under by s	pervision, and that the some
	ł					l	is true an	t collect 29th best offing
	PECOS IRF	RIGATION	GRIFFET EASTLANI		FEDERAL 0 069142	<u>). & G</u>	knowleave	HENCO STOR
1980	of	44		i i				Watson. Jr.
	660		FEDERAL		2 2 4		Registered Pi and/or Land	rolessional Engineer Surveyor
	H!	GRANDI	LUEKAL				Certificate N	Walt
	1220 1010 101					·····		050

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102 Supersedes C-128

Effective 14-65

		All distances must be f	·····		NO BECTION.		<u> </u>	
under J. C. Barnes ()11 Commany		1 minn 1.5++1	e Squav			Well No.	`
	ection	Township	Hange		County		<u>_</u>	<u> </u>
F	27	22-S	2	8-E	Eddy	County,	New Mexico	
turil Footage Locati 1080		Wast	1000		_			
Mound Level Elev.	feet from the Producing For	West line and	1980	lent	from the	North	line Dedicated Acres	
3074 '	Mor		T.	gnated			320	Acres
L. Outline the	· · · · · · · · · · · · · · · · · · ·	ted to the subject w		-	hachure n	narks on th		
interest and 3. If more than	royalty). one lease of d	dedicated to the wel lifferent ownership is unitization, force-pool	dedicated to th			·		-
[X] Yes [] If answer is this form if r No ullowable	No If a "no," list the heccessary.) will be assign	nswer is "yes," type o owners and tract deso ed to the well until al)or until a non-standar	of consolidatio criptions which	have act	nally bee	n consolidi d (by com	munitization,	unitization,
							CERTIFICATI	ON
			r Í					
	,0861		UNION J.C. BARN 			tained he best of m Russ Name Pr Position J, C	certify that the in rein is true and y knowledge end cct from esident . Barnes 0	complete to the bellet. <u>mallend</u>
- 19BO UNION & J C BARNES) N &	i			tained he best of m Russ Name Pr Position	rein is true and y knowledge end cce ghen esident	complete to the
UNION &) N &	i			tained he best of m Russa Name Pr Position J. C Company Date Date I hemby shown on notes of under my is true	rein is true and y knowledge end cce ghen esident	complete to the belief. <u>mailend</u> <u>iii Company</u> <u>24,197</u> e well location otted from field made by me or d that the same
UNION &) N &	i			tained he best of m Russa Name Pr Position J. C Company Date Date Date Shown on notes of under my is true of knowledg Date Surve Orig. S	rein is true and y knowledge end est gran esident . Barnes O Muany certify that th this plat was pl actual surveys supervision, an ond correct to the e and belief. (arch 9, 19 yed igned by H	complete to the bellef. <u>mill Company</u> <u>D4, 197</u> e well location atted from field made by me or d that the same the best of my <u>078</u> V. D. Watso
UNION &) N & ARNES 27	i	Ε.Β.		tained he best of m Recea Name Pr Position J. C Company Date Date Date Shown on notes of under my is true of knowledg Date Survey Orig. S Hegistered	rein is true and y knowledge end est gran esident . Barnes O Muany certify that th this plat was pl actual surveys supervision, an ond correct to the e and belief. (arch 9, 19 yed igned by H	complete to the bellef. <u>mill Company</u> <u>D4, 197</u> e well location atted from field made by me or d that the same the best of my <u>078</u> V. D. Watso

NEW MEXICO OIL CONSERVATION COMMISSION WELL CATION AND ACREAGE DEDICATION AT

	··	Ail dustances r	1.ease		Weil
otor Dinero	Operatin	2 Co.		State Comm.	1
Letter 1	• 1:5-1	T' whist.ip	Fampe	- 4ri* y	······································
С	16	22 South	n 28 East	E	ddy
I Foctage Locati			1000		
660	teet from the NO Producing For			et from the WCSL	lir.e
3082.6	Froducing For	Morrow	Wid Dublin Ranch	h Morrow	Definitient Annengen 320
Outline the	acreage dedica	ted to the sub	ject well by colored pencil	or hachure marks on t	he plat below.
l If more than interest and		dedicated to 1	the well, outline each and id	entify the ownership t	hereof (both as to workin
dated by con	nmunitization, u	mitization, forc	• –		f all owners been consol
[X] Yes	<u>No</u> Itai	nswer is "ves,"	type of consolidation <u>Com</u>		
If answer is	"no," list the	owners and tra	ct descriptions which have e	actually been consolid	ated (Use reverse side
this form if n		· - · · -			
No allowable	will be assign	ed to the well i	intil all interests have been	consolidated (by con	munitization, unitizatio
	g, or otherwise)	or until a non-	standard unit, eliminating su	ich interests, has been	approved by the Commi
sion.					
	1		ł		CERTIFICATION
		DINERO OP	ERATING COMPANY		
		,	1	I hereby	certify that the information of
196	30'- <u>-</u>	DINERO ST.	ATE COMM. NO: 1		erein is frue and complete to t
	1		1	best of r	ny knowledge and belief
-	1				(III Cles
Southland	Royalty	16	Amoco		
160 acres-	1		160 acres-50% W.I		CLURE
	ed acreage		in dedicated acer L-7012 '	age FIELD S	UPT.
LG-0018	l		L-7012	COLLEG	
	i				OPERATING COMPANY
		\$. <u>.</u>		1***	
	1		j J	June 15	, 1981
	<u>_</u>				
	1	DINERO OP	ERATING COMPANY		, certify that the well locat
	1				v certity that the well locat
			8	1	•
	4 4 1		1	shown o	n this plat was plotted from fi
	+ + 1 .		STANEER &	shown o nates s under m	n this plat was plotted from fi actual surveys mode by me
	 . 			shown o nates s under m	n this plat was plotted from fi I actual surveys made by me v supervision, and that the so
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	 		Quitale Or	shown o nates si under m is true knowled	n this plat was plotted from fi actual surveys made by me r supervision, and that the so and correct to the best of ge and belief
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	· · · · · ·		GTATE OF GTATE OF GTATE OF GTATE	shown o notes of under m is true knowled	n this plat was plotted from fin actual surveys made by me y supervision, and that the so and correct to the best of ge and belief June 5 & 6, 198
	+ + + + + + +		GTATE OF GTATE OF GTATE OF GTATE	shown o notes of under m is true knowled	n this plat was plotted from fi actual surveys made by me r supervision, and that the so and correct to the best of ge and belief arti
		STATE	GTATE OF	shown o notes of under m is true knowled	n this play was plotted from fi actual surveys made by me is supervision, and that the so and correct to the best of ge and belief June 5 & 6, 198 thir leasts null instrument

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Form C-102 Supersedes C-128 Effective 1-1-65 DINERO OPERATING COMPANY, DUBLIN RANCH MORROW WELLS, EDDY COUNTY, NEW MEXICO, OFFSET OPERATORS AND PURCHASER: OFFSET OPERATORS: 1. Bass Enterprises Production Company First City National Bank Tower 201 Main Street Ft. Worth, Texas 76102 2. Amoco Production Company & Amoco Production Company P. O. Drawer A P. O. Box 3092 Levelland, Texas 79336 Houston, Texas 77001 3. Santa Fe Minerals 731 W. Wadley Midland, Texas 79701 4. Exxon Company, U.S.A. P. O. Box 1547 Houston, Texas 77001 5. Union Oil Company of California P. O. Box 671 Midland, Texas 79702 6. HCW Exploration Company 601 N. Loraine Midland, Texas 79701

TRANSPORTER & PURCHASER:

1. El Paso Natural Gas Company P. O. Box 1492 El Paso, Texas 79978