

STATE OF MISSISSIPPI

COUNTY OF RANKIN

Exhibit No. 1

Petition By Durango

Item No. 9

Date 7-31-18

Testimony Of Herlihy

Received By MR

STATE OIL & GAS
BOARD OF ALABAMA
FILED

AFFIDAVIT IN SUPPORT

JUL 11 2018

OF

DOCKET NO. 7-31-18-07

LEGAL DIVISION

This day personally appeared before me, the undersigned authority, John D. Herlihy, Member-Manager of Petitioner, DURANGO OPERATING, LLC, who, after being duly sworn, did depose and state as follows:

1. That John D. Herlihy is qualified as an expert witness before the State Oil and Gas Board of Alabama,

2. That the petitioner is the operator of the A.T.I.C. 34-16 #2 well, Permit No. 5195, located in Section 34, Township 2 North, Range 8 East, Foshee Field, Escambia County, Alabama.

3. That the above described well is temporarily abandoned due to non-commercial oil production rates. Petitioner requests that the Board approve the temporarily abandoned status of this well for a period of one (1) year in accordance with Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code because this well may be utilized in petitioner's operations in Alabama for the following reasons and therefore should not be plugged.

4. That the petitioner believes that the A.T.I.C. 34-16 #2 well could be utilized as a salt water disposal well to dispose of salt water produced in Foshee Field, should disposal capacity of the disposal well in Foshee become unavailable.

5. That the petitioner has plugged other wells in Foshee, West Foshee, Osaka and Pollard Fields that had no future utility in a timely manner.

6. That to the affiants' knowledge, the subject well, wellbore and well location is not a threat to the environment or to any potable water supply. That additional information relating to the above-described well, as requested by Oil and Gas Board staff, is set forth in Attachment A to this affidavit.

7. That in the expert opinion of the affiants, the granting of this petition will prevent waste and protect the coequal and correlative rights of all owners in the drilling units assigned to the above-referenced wells.

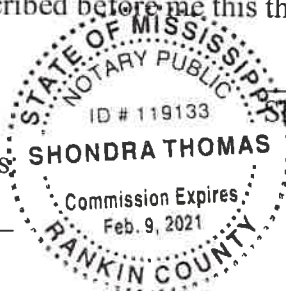
Further Affiants sayeth not.

John D. Herlihy

Sworn and subscribed before me this the 10th day of July 2018.

My Commission Expires

February 9, 2021



Shondra Thomas
Shondra Thomas—Notary Public



State Oil and Gas Board of Alabama

TA/SI Request Questionnaire

(Rev. 08/12)

Please provide the following information when requesting that a well be placed in a temporarily abandoned or shut-in status. Fill out all the pertinent information completely and accurately.

In addition, attach a wellbore schematic (include such data as casing and tubing sizes and depths, packer depth, depth of perforations, cement squeeze record, cement tops on casing strings, bridge plug or plug records, etc.).

Permit No.: 5195 Date: 06/29/18

Well name and number: A. T. I. C. 34-16 #2

Operator: Durango Operating, LLC

Well Location: Section 34, Township 2 North, Range 8 East

County: Escambia Unit assigned to well: Foshee Unit

Field (or wildcat): Foshee

Which status are you requesting—temporarily abandoned or shut-in? Temporarily Abandoned

Was the well ever productive? Yes ☒ No ☐

If no, state the date operations ceased and explain why?

If yes, which pool(s) did it produce from? Pilot C

What was the date of *first* production? May 1987

What was date of *last* production? January 2015

What was the average *daily* production rate the *last* month of production (include gas, oil or condensate, and water production)? 1 BOPD, 0 MCF/D, 1,660 BWPD

What was the *cumulative* production (include gas, oil or condensate, and water production)? 617,922 BO, 22,111 MCF and 7,073,606 BW

What was the date the well was shut in? January 2015

What was the reason the well was shut in? Un-economical Production Rates (1 BOPD & 1,660 BWPD)

What is the current downhole condition of the wellbore (e.g. mechanical integrity)?
5 1/2" 17.0# casing with good mechanical integrity

Is there any *tubing pressure* at the wellhead? Yes ☐ No ☒ If yes, how much?
Zero pressure on tubing, checked June 2018

Is there pressure on any of the *casing strings* at the wellhead? Yes ☐ No ☒
If yes, explain why? (Provide a recent pressure reading of the pressure on all strings of casing and the date of the reading.) Zero pressure on casing, checked June 2018

Has the well been pressure tested for mechanical integrity? Yes ☒ No ☐
If yes, what are the *date* and *results* of the test? Tested to 1,000 psi 11/5/04, held solid.

Does the wellstream contain H_2S (hydrogen sulfide)? Yes ☐ No ☒
If yes, list safety measures for securing the well (e.g. chain lock wellhead valves, backpressure valve in tubing, locked gate to location with fence, etc.). Include monitoring frequency of field personnel (visits, how often). _____

If requesting *temporarily abandoned status*, explain the *future utility* of the well and the date when the well is scheduled to be utilized. Salt Water Disposal Well--As required

If requesting *shut-in status*, explain why the well must remain shut in and the date when production is expected to commence. _____

Describe the work necessary to re-activate the well: Set CIBP above Pilot sands, run cement bond log and block squeeze as required to achieve acceptable bond log. Perforate well for salt water disposal and run tubing and packer. Test tubing and packer prior to injection. Construct salt water disposal facility.

Does the operator own or control 100% of the rights to drill and produce with respect to oil and gas underlying the lands comprising the unit assigned to the well? (For a Class II injection well or gas storage well, does the operator own or control 100% of the interest having rights to conduct such operations on and under the lands on which the well is located?) Yes ☒ No ☐

Other Pertinent Comments: _____

Company representative who answered these questions and affirms that the information provided is true and accurate:

Name: John D. Herlihy

Title or position: Member-Manager

Signature:  Date: June 29, 2018

A. T. I. C. 34-16 #2--Permit # 5195
FOSHEE FIELD
ESCAMBIA COUNTY, ALABAMA
PRESENT SETTINGS

