

505/395-3056

## **ALPHA TWENTY-ONE PRODUCTION COMPANY**

POST OFFICE BOX 1206 JAL, NEW MEXICO 88252

June 12, 1984

Ca40 8253

Oil Conservation Division P.O. Box 2088 Santa Fe, NM 87501

ATTN: Mr. Joe Ramey

RE: Justis "BC" Federal Com No. 2 Sec. 25, T-11-S, R-37-E, Lea County, New Mexico

Gentlemen:

Enclosed for your review and approval, please find our Application for Classification as a Hardship Gas Well on the above referenced well.

To support our request for the Hardship Classification, we can examine the volume of water this well produces. We installed pumping unit equipment to alleviate our problem with the average production of 10 BWPD. Taking into consideration the low bottom hole pressure of the well and the amount of water entering the wellbore during a shut-in, it would be likely that this build-up of water could kill the well. In the event that the well was killed, the water build-up would log the formation causing serious damage due to the lithology of the formation, thus causing premature abandonment of scale precipitation causes our downhole equipment to corrode and eventually have to be replaced. The average cost for us to get the well producing normally after a shut-in would be approximately \$1500.00 including the cost of repairing the amount of gas reserves lost due to premature abandonment would be 476 MMCF if premature abandonment was allowed to happen.

To prevent this waste and protect our correlative rights, we would, therefore, request administrative approval to produce this well at it's present rate or at least the minimum rate of 250 MCF per day and given the circumstances and problems we have had with this well, that our Application for Classification as a Hardship Gas Well be approved.

Application for Hardship Gas Well Classification June 12, 1984 Justis "BC" Federal Com No. 2 -Page 2-

Also find for your review and records the following supportive information:

- 1) Ownership map
- 2) Wellbore sketch
- 3) Production history of well
- 4) C-102
- 5) Copy of letter to offset operators
- 6) Certified statement

If you desire any further information, please contact me.

Sincerely,

Michael U. Michael D. Oney,

Drilling Superintendent

MDO/tic Enclosures

cc: Oil Conservation Division P.O. Box 1980 Hobbs, NM 88240 ATTN: Mr. Jerry Sexton El Paso Natural Gas Company P.O. Box 1492 El Paso, TX 79978 ATTN: Mr. Harvey Rodman Offset Operators: Apollo Oil Company P.O. Box 1737 Hobbs, NM 88240

> Arco Oil & Gas Company P.O. Box 1710 Hobbs, NM 88240

Cities Services Oil & Gas Corp. P.O. Box 1919 Midland, TX 79702

Conoco, Inc. P.O. Box 460 Hobbs, NM 88240

GulfOil Corporation P.O. Box 670 Hobbs, NM 88240

Exxon Corporation P.O. Box 1600 Midland, TX 79701

Alpha Twenty-One Production Company 2100 First National Bank Building Midland, TX 79701 ATTN: Mr. Tom Phipps

Hartman, Doyle 508 C & K Petroleum Building Midland, TX 79701

Mobil Producing Tex & NM Inc. 9 Greenway Plaza, Suite 2700 Houston, TX 77046

Sun Exploration & Production Co. P.O. Box 1861 Midland, TX 79702

Texaco, Inc. P.O. Box 728 Hobbs, NM 88240

Union Texas Petroleum Corp. 1300 Wilco Building Midland, TX 79701

U-F Petroleum Inc. One Marienfeld Place, Suite 580 Midland, TX 79701

|        |   | APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL   |  |  |  |  |  |  |
|--------|---|---|--|--|--|--|--|--|
| Opera  | ator A  | lpha Twenty-One Production Company Contact Party Michael D. Oney  |  |  |  |  |  |  |
| Addre  | ess <u>P</u>  | 0. Box 1206 Jal, New Mexico 88252 Phone No. 505-395-3056  |  |  |  |  |  |  |
| Lease  | Just  | is BC Federal Com Wello. 2 UT H sec. 11 TWP 25 South RGE 37 East  |  |  |  |  |  |  |
| Pool   | Name  | Justis Glorieta Minimum Rate Requested 250 MCFPD  |  |  |  |  |  |  |
| Trans  | spol.   | Mame El Paso Natural Gas Company Purchaser (if different)   |  |  |  |  |  |  |
| Are y  | Are you seeking emergency "hardship" classification for this well? <u>X</u> yes no  |   |  |  |  |  |  |  |
|        |   | must provide the following information to support his contention that the subject ifies as a hardship gas well.   |  |  |  |  |  |  |
| v<br>F | 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)   |   |  |  |  |  |  |  |
|        |   | ent that you as applicant have done all you reasonably and economically can do to mate or prevent the problem(s) leading to this application.   |  |  |  |  |  |  |
|        | a) 1  | Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.  |  |  |  |  |  |  |
|        |   | Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:  |  |  |  |  |  |  |
|        |   | <ul> <li>the use of "smallbore" tubing; ii) other de-watering devices, such as plunger<br/>lift, rod pumping units, etc.</li> </ul>   |  |  |  |  |  |  |
|        |   | nt historical data which demonstrates conditions that can lead to waste. Such data d 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.  |  |  |  |  |  |  |
|        |   | 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   |  |  |  |  |  |  |
|        |   | ilure to obtain a hardship gas well classification would result in premature onment, 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  |  |  |  |  |  |  |
|        |   | 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). |  |  |  |  |  |  |
|        | 5) Attach a plat and/or map showing the proration unit dedicated to the well and the<br>ownership of all offsetting acreage.  |   |  |  |  |  |  |  |
|        | Submit any other appropriate data which will support the need for a hardship classification.  |   |  |  |  |  |  |  |
|        | If the well is in a prorated pool, please show its current under- or over-produced status.  |   |  |  |  |  |  |  |
|        | Attach a signed statement certifying that all information submitted with this<br>application is true and correct to the best of your knowledge; that one copy of the<br>application has been submitted to the appropriate Division district office (give the<br>name) and that notice of the application has been given to the transporter/purchaser and<br>all offset operators. |   |  |  |  |  |  |  |

EXHIBIT "B"

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CASE NO. 8077

ORDER NO. R-7453

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1) Definition of Underground Waste.

"Underground Waste as those words are generally understood in the oil and gas business, and in any event to embrace the inefficient, excessive, or improper use or dissipation of the reservoir energy, including gas energy and water drive, of any pool, and the locating, spacing, drilling, equipping, operating, or producing, of any well or wells in a manner to reduce or tend to reduce the total quantity of crude petroleum oil or natural gas ultimately recovered from any pool, and the use of inefficient underground storage of natural gas."

- 2) The only acceptable basis for obtaining a "hardship" classification is prevention of waste with the burden of proof solely on the applicant. The applicant must not only prove waste will occur without the "hardship" classification, but also that he has acted in a responsible and prudent manner to minimize or eliminate the problem <u>prior</u> to requesting this special consideration. If the subject well is classified as a "hardship" well, it will be permitted to produce at a specified minimum sustainable rate without being subject to shut-in by the purchaser due to low demand. The Division can "escind approval at any time without notice and require the operator to show cause why the classification should not be permanently rescinded if abuse of this special classification becomes apparent.
- 3) The minimum rate will be the minimum sustainable rate at which the well will flow. If data from historical production is insufficient to support this rate (in the opinion of the Director), or if an offset operator or purchaser objects to the requested rate, a minimum flow ("log off") test may be required. The operator may, if he desires, conduct the minimum flow test, and submit this information with his application.
- 4) If a minimum flow test is to be run, either at the operator's option or at the request of the Division, the offset operators, any protesting party, the purchaser and OCD will be notified of the date of the test and given the opportunity to witness, if they so desire.
- 5) Any interested party may review the data submitted at either the Santa Fe office or the appropriate OCD District Office.
- 6) The Director can approve uncontested applications administratively if, in his opinion, sufficient justification is furnished. Notice shall be given of <u>intent to approve</u> by attaching such notice to the regular examiner's hearing docket. Within 20 days following the date of such hearing, the affected parties will be permitted to file an objection. If no objection has been filed, the application may be approved.
- 7) Should a protest be filed in writing, the applicant will be permitted to either withdraw the application, or request it to be set for hearing.
- 8) An emergency approval, on a temporary basis for a period not to exceed 90 days, may be granted by the District Supervisor, pending filing of formal application and final action of the OCD Director. This temporary approval may be granted only if the District Supervisor is convinced waste will occur without immediate relief. If granted, the District Supervisor will notify the purchaser.
- After a well receives a "hardship" classification, it will be retained for a period of one year unless rescinded sooner by the Division. The applicant will be required to certify annually that conditions have not changed substantially in order to continue to retain this classification.
- 10) Nothing here withstanding, the Division may, on its own motion, require any and all operators to show cause why approval(s) should not be rescinded if abuse is suspected or market conditions substantially change in the State of New Mexico.
- 11) A well classified as a "hardship well" will continue to accumulate over and under production (prorated pools). Should allowables exceed the hardship allowable assigned, the well will be permitted to produce at the higher rate, if capable of doing so, and would be treated as any other non-hardship well. Any cumulative overproduction accrued either before or after being classified "hardship" must, however, be balanced before the well can be allowed to produce at the higher rate.

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|  | The Post fields   | 3  |  | Residen Tidewater<br>Batty Sue<br>To Kasa   | 6<br>1: 3015<br>1: 3015 | 5  |
| °*   | 12 1345 - Carrosworth   | . 5  | Colofficient Colofficient<br>Colofficient Colofficient<br>Colofficient Barrier   |   | magise wasel?  | u S<br>Tomi i Marcui   |
| 4  |   | 4 10 100 4 10 1000   | 1976 Store State<br>1976 Clyde N Cooper, S   | Riggs<br>G.N. Guerrit   | <ul> <li>C.S., MI</li> <li>Evelyn Lineberg.</li> </ul>   | and a graph of the first of the second secon |

# WELL CATION AND ACREAGE DEDICATION

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AT

Superseder C-11d Etternive 1-1-55

|                         |                 | All dants           | ances must be f | trom the              | outer boundaries of | the Section     |                 |     |
|-------------------------|-----------------|---------------------|-----------------|-----------------------|---------------------|-----------------|-----------------|-----|
| Alpha 21 Production Co. |                 |                     |                 | Justis BC Federal Com |                     |                 | Well 1.5        |     |
| H                       | Section<br>11   | Township<br>25      | South           | 5                     | 37 East             | County Leð      |                 |     |
|                         | ration of Well: | Horth               | line mid        | 990                   | (a.                 | e in mithe East | line.           |     |
| 3152.S                  |                 | Formation<br>Drieta |                 | Pool<br>Jus           | stis Glorieta       | 1               | Dedicated Alice | 320 |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

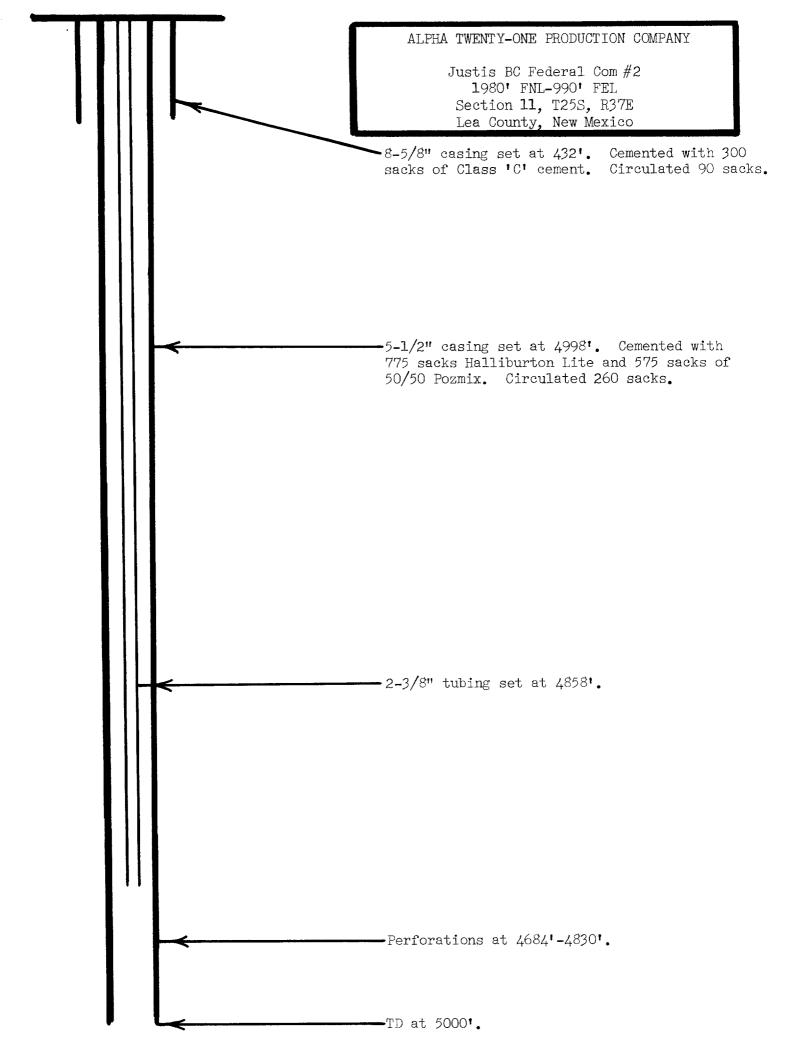
- 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling.etc?

X Yes No If answer is "yes?" type of consolidation <u>Communitization</u>

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)\_\_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

| 1   |                      | CERTIFICATION   |
|---|----------------------|---|
|   |                      | I hereby certify that the information con-<br>tained herein is true and complete to the<br>best of my knowledge and belief  |
| NE/4 +  |                      | fommy Phipps  |
| Alpha Twenty-One Production Co<br>100% W. I. (Gas Rights)<br>United States of America             |                      | Executive Vice President  |
| 12 <sup>1</sup> <sub>2</sub> % R. I.  |                      | Alpha Twenty-One Production C   |
|   |                      | rebruary 18, 1981   |
|   |                      | is as a first of a start transfer a<br>shift of this distributes of the transfer a<br>notes of actual surveys mode by me or<br>under my supervision and that the same<br>is true and correct to the best of my s<br>showledge and belief  |
| <u>SE/4</u><br>El Paso Natural Gas Company<br>100% W. I. (Gas Rights)<br>United States of America |                      |   |
| 12 <sup>1</sup> <sub>2</sub> % R. I.  | *                    | (comparison) (c |
|   | Justis Federal No. 1 | 1   |
|   | 2000                 | станицааны и стал. 1923<br>РАТНІСК А ПОЧЕНО (1938)<br>Напаст С. С. ч. (1919)  |





# **ALPHA TWENTY-ONE PRODUCTION COMPANY**

POST OFFICE BOX 1206 JAL, NEW MEXICO 88252

505/395-3056

June 21, 1984

I, Michael D. Oney, certify that all foregoing information submitted with the Application for Classification as Hardship Gas Well on the Justis "BC" Federal Com No. 2, Section 25, T-11-S, R-37-E, Lea County, New Mexico is true and correct to the best of my knowledge and further attest that one copy of the Application has been submitted to the appropriate Division district office (Oil Conservation Division, P.O. Box 1980, Hobbs, NM 88240), and that notice of this application has been given to the transporter/purchaser (El Paso Natural Gas Company, P.O. Box 1492, El Paso, Texas 79978), and that notice of this application has been given to all offset operators.

Michael D. Oney, Drilling Superintendent



### ALPHA TWENTY-ONE PRODUCTION COMPANY

POSITOFFICE BOX 1206 3AL INEW MEXICO 68252

June 12, 1984

505/395-3056

Apollo Oil Company P.O. Box 1737 Hobbs, NM 88240

RE: Justis "BC" Federal Com No. 1, Sec. 25, T-11-S, R-37-E, Lea County, New Mexico

Gentlemen:

As an offset operator, please be informed that we are applying for a Hardship Gas Well Classification for the above referenced well.

Enclosed for your review and records, please fine one copy each of the Application for Classification as a Hardship Gas Well and an ownership map showing the proration unit dedication and ownership of all offsetting acreage.

If you have any questions concerning this application, please direct them to the Oil Conservation Division of New Mexico in Santa Fe, New Mexico

Sincerely, Michael D. Oney,

Drilling Superintendent MDO/tic

Enclosures

cc: Arco Oil & Gas Company P.O. Box 1710 Hobbs, NM 88240 Cities Services Oil & Gas Corp. P.O. Box 1919 Midland, tX 79702 Conoco, Inc. P.O. Box 460

Hobbs, NM 88240

Exxon Corporation P.O. Box 1600 Midland, TX 79701

Gulf Oil corporation P.O. Box 670 Hobbs, NM 88240

Doyle Hartman 508 C & K Petroleum Building Midland, TX 79701 Mobil Producing Tex & NM Inc. 9 Greenway Plaza, Suite 2700 Houston, TX 77046

Sun Exploration & Production Co. P.O. Box 1861 Midland, TX 79702

Texaco, Inc. P.O. Box 728 Hobbs, NM 88240

Union Texas Petroleum Corp. 1300 Wilco Building Midland, TX 79701

U-F Petroleum Inc. One Marienfeld Place, Suite 580 Midland, TX 79701

Alpha Twenty-One Production Company 2100 First National Bank Building Midland, TX 79701 ATIN: Mr. Tom Phipps

#### ALPHA TWENTY-ONE PRODUCTION COMPANY Tabulation of Production Justis BC Federal Com #2 NM 4355 Justis Glorieta Lea County, New Mexico

| 1001 -              | Gas<br>MCF | Annual<br>Cumulative | Total<br><u>Cumulative</u> | Oil<br>Bbls | Annual<br>Cumulative | Total<br>Cumulative |
|---------------------|------------|----------------------|----------------------------|-------------|----------------------|---------------------|
| <u>1981</u><br>1st. |            |                      |                            |             |                      |                     |
| 8-28-81-            |            |                      |                            |             |                      |                     |
| 9-1-81              | 1,746      | 1,746                | 1,746                      |             |                      |                     |
| October             | 16,512     | 18,258               | 18,258                     |             |                      |                     |
| November            | 13,956     | 32,214               | 32,214                     |             |                      |                     |
| December            | 11,154     | 43,368               | 43,368                     |             |                      |                     |
| 1982                |            |                      |                            |             |                      |                     |
| January             | 9,999      | 9,999                | 53,367                     |             |                      |                     |
| February            | 1,375      | 11,374               | 54,742                     |             |                      |                     |
| March               | 9,288      | 20,662               | 64,030                     |             |                      |                     |
| April               | 11,043     | 31,705               | 75,073                     |             |                      |                     |
| Мау                 | 9,436      | 41,141               | 84,509                     |             |                      |                     |
| June                | 7,410      | 48,551               | 91,919                     |             |                      |                     |
| July                | 8,847      | 57,398               | 100,766                    |             |                      |                     |
| August              | 8,443      | 65,841               | 109,209                    |             |                      |                     |
| September           | 8,005      | 73,846               | 117,214                    |             |                      |                     |
| October             | 8,128      | 81,974               | 125,342                    | . 65        | 65                   | 65                  |
| November            | 7,331      | 89,305               | 132,673                    | 70          | 135                  | 135                 |
| December            | 7,654      | 96,959               | 140,327                    | 24          | 159                  | 159                 |
| <u>1983</u>         |            |                      | 1/( 000                    |             | / <del>-</del>       | <u> </u>            |
| January             | 5,975      | 5,975                | 146,302                    | 45          | 45                   | 204                 |
| February            | 7,131      | 13,106               | , 153,433                  | 19          | 64                   | 223                 |
| March               | 7,160      | 20,266               | 160,593                    | 10          | 74                   | 233                 |
| April               | 6,552      | 26,818               | 167,145                    | 23          | 97                   | 256                 |
| May                 | 6,217      | 33,035               | 173,362                    | 17          | 114                  | 273                 |
| June                | 5,908      | 38,943               | 179,270                    | 16          | 130                  | 289                 |
| July                | 5,485      | 44,428               | 184,755                    | 14          | 144                  | 303                 |
| August              | 5,230      | 49,658               | 189,985                    | 15          | 159                  | 318                 |
| September           | 4,570      | 54,228               | 194,555                    | 17          | 176                  | 335                 |
| October             | 6,657      | 60,885               | 201,212                    | 22          | 198                  | 357                 |
| November            | 11,711     | 72,596               | 212,923                    | 102         | 300                  | 459                 |
| December            | 10,494     | 83,090               | 223,417                    | 70          | 370                  | 529                 |
| <u>1984</u>         | 10 500     |                      | 000 050                    | 0.7         |                      | <b>-</b>            |
| January             | 10,533     | 10,533               | 233,950                    | 27          | 27                   | 556                 |
| February<br>Marah   | 8,663      | 19,196               | 242,613                    | 31          | 58                   | 618                 |
| March               | 8,923      | 28,119               | 25 <b>1,</b> 536           | 27          | 85                   | 699                 |
| April               | 8,162      | 36,281               | 259,698                    | 26          | 111                  | 810                 |