NERGY AND MINERALS DEPARTMENT

RECEIVED

#### APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

APR 2 6 1985

perator Hondo Orilling Company	Contact Party Margaret Longanecker
ddress Drawer 2516, Midland, Texas 79702	Phone No. 915-682-9401 , 684-6381
ease FINANC ALSCOTT Well No. 2 UT	0 Sec. 30 TWP 18.5 RGZ 29.6
COL Name MORTH TURKEY TRACT MORROW	Minimum Rate Requested 322 incf/day
ransporter Name EL PASO NATURAL GAS CA.	Purchaser (if different)
re you seeking emergency "hardship" classifica	ation for this well? yes no
eplicant must provide the following information of the qualifies as a hardship gas well.	on to support his contention that the subject

- 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)
- Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - the use of "smallbore" tubing;
       other de-watering devices, such as plunger lift, rod pumping units, etc.

Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
- c) 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

If failure to obtain a hardship gas well classification would result in premature abandonment, calculate the quantity of gas reserves which would be lost

Show the minimum sustainable producing rate of the subject well. This rate can be determined by:

- a) Minimum flow or "log off" rest; and/or
- b) Documentation of well production history (producing rates and pressures, as well as gas/water ratio, both percise and after shut-in periods due to the well dying, and other appropriate production data).

Attach a plat and/or map showing the proration unit dedicated to the well and the 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 application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

HONDO DRILLING COMPANY

CASE NO. 8611 - ALSCOTT \$2

7/2/25 RYAMTHED MEADING

#### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

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."

- 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 prior 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 rescand approval at any time without notice and require the operator to show cause why the classification should not be permanently rescanded if abuse of this special classification becomes apparent.
  - 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.
- () 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 late of the test and given the opportunity to witness, if they so desire.
- S) Any interested party may review the data submitted at either the Samta Fe office or the appropriate OCD District Office.
- The Director can approve uncontested applications administratively if, in his opinion, sufficient justification is furnished. Notice shall be given of intent to approve by attaching such notice to the regular examiner's hearing docket. Within 10 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.
- ') 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.
  - An emergency approval, on a temporary basis for a period not to exceed 90 days, may be granted by the District Supervisor, pending filling 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 sconer 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.
- 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.
- I) A well classified as a "hardskip 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer DD Artesia, NM 88210

Re: Application for Classification

as Hardship Gas Well

Lease: FEDERAL ALSCOTT, SEC 30, T-18-5, R-29-E

well No.: 2

Pool Name: NONTH TURKEY TRACT MERKEL

#### Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

In purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 322 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger

Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 29, 1985

# Hondo Drilling Company Federal Alscott #2 Sec. 30, F-18-S, R-29-E, NMPM Eddy County, New Mexico

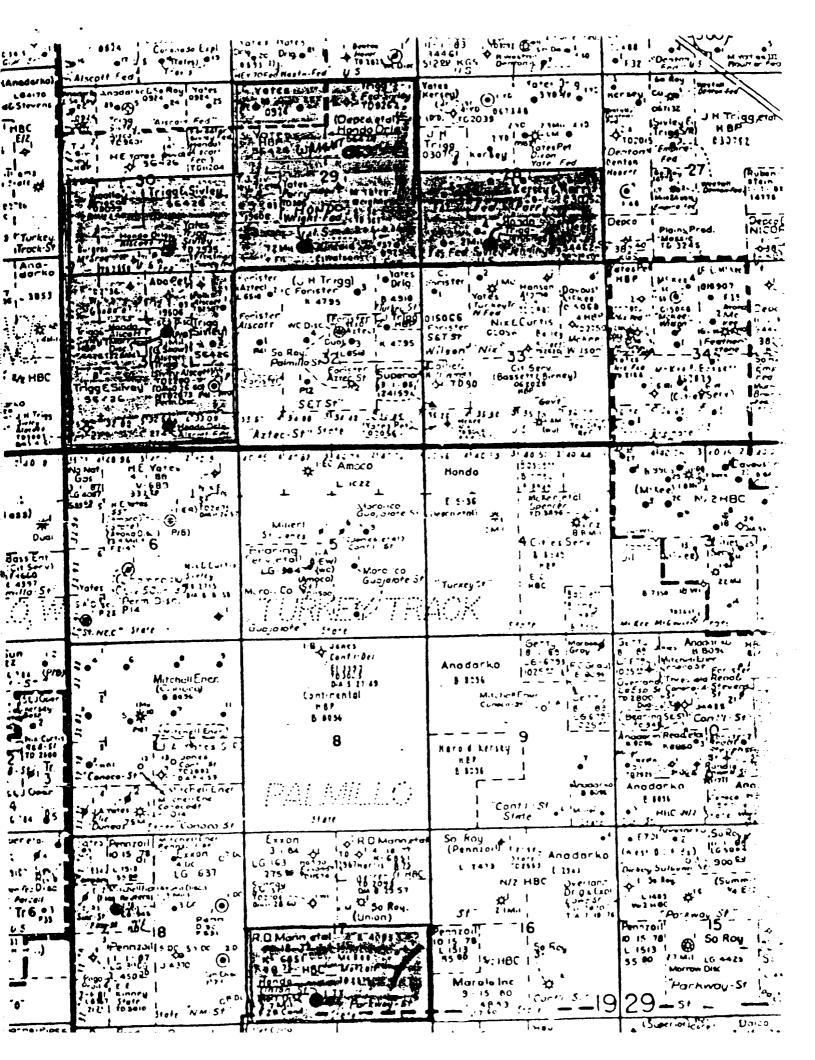
Sales Month	Total MLF	Average/Day MCF
August, 84	10,312	333
September	9,377	328
October	9,741	314
November	10,471	349
December	16,291	332
January, 85	8,550	276
Total for Six Months	59,202	322 average/day

#### NOTE:

El Paso Natural Gas Co. shut this well in and with high line pressures it has killed this well. The well produces too much water after being shut-in.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401 Lease Federal Alscott Well Number 2 Location Lots 3 & 4 (W/2 SW/4), E/2 SW/4, SE/4, Section 30, T-18-S, R-29-E, N.M.P.M., County Eddy , New Mexico. 304.58 acres, more or less-U.S.Lease #NM-0924 3,461' Ground 13 3/8" Casing 394 ' 8 5/8" Casing 3,018' 10,819' Packer 2 3/8" Tubing 10,828' Top shot 10,888' Bottom shot 10,946,18' one shot per foot 5 1/2" Casing Set 11,336'





MIDLAND, TEXAS 79702-2516 • [915] 682-9401 POST OFFICE DRAWER 2516 •

Oil Conservation Division Drawer 3D -Artesia, NM 88210

> Re: Lease: FEDERAL ALSCOTT well & Location: 2, SEC. 30, T-18-5, R-29-E POOL: NORTH TURKEY TRACT MORROW County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the  $18^{+h}$  day of APRIL 1985 to the following parties:

- 1. Trigg Jennings Box 520 Roswell, NM 88201
- 2. Read & Stevens, Inc. Box 1513 Roswell, NM 88201
- 3. Yates Petroleum 207 S. 4th. Street Artesia, NM 88210
- 4. T. J. Sivley P. 0. Drawer 2516 Midland Texas 79702
- 5. C. Forister P. O. Box 161 Artesia, NM 88210

6. El Paso Natural Gas Co. Box 1492 El Paso, Tx 79978

Consulting Petroleum ENgineer

HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification as Hardship Gas Well Lease: FEDERAL ALSCOTT

Well & Location: 2, SEC. 30, T-18-5, R-29-E

POOL: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

#### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Brilling Company. The proration unit assigned to this well includes the  $\frac{SCO/4}{SEO/4}$   $\frac{SEO/4}{SEO/4}$   $\frac{SEO/4}{SEO/4}$ 

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>FEVERAL AUSCETT NO.</u> Well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

very truly yours,

Lamar Eschberger, Consulfing Petroleum Engineer

HONDO DRILLING COMPANY

LE/aer

# John Shockley-Swabbing Service, Inc.

P. O. BOX 1857 EUNICE, NEW MEXICO 88231



JOHN SHOCKLEY, PRESIDENT

Lease & Well No.

11-30-84

RECEIVED INVOICE Nº 3446

DEC 6 1984

Ans'd. Date December 5, 1984

Contract No.

AFE No.

Req. or Purchase Order No.

#7813

Hondo Drilling Co. P.O. Drawer 2516

Midland, Texas 79702

Attention: George Bullard

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	75 Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	<u>e</u>	9.75	19.50

586.88 4¼% NM Tax 24.94 611.82

Job Complete
Thank You

TERMS: NET DUE IN 30 DAYS.



410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . (915) 682-9401

February 14, 1985

4Mr. Merning Balled about

Mr. Bill G. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Shut-in of Union TX State, Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Example from shured Diversion Divers

(MORROW WELL)

Hondo Drilling Alscott Fed CASE NO. 8611 - ALSCOTT #2 7/2/85 EXAMINER MEARING EXHIBIT NO. 3A Gas McF. Mon + h ly 46 6693 MONTHS BY MONTHS X 3 LOG CYCLES X S LOG CYCLES A STANDARD OF THE STANDARD OF 19 84 19 85 19 86 19 82 19 23

HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516

MIDLAND, TEXAS 79702

(915) 682-9401

#### FEDERAL ALSCOTT #2

U.S. Lease #NM-0924 - Lots 3 & 4 (W/2 SW/4), E/2 SW/4, SE/4, Section 30, T-18-S, R-29-E, N.M.P.M., Eddy County, New Mexico, 304.58 acres, more or less

		Gas	WI	Cost of	Profit or
	Month	Production	Income	Operations	Loss
	January 1984	2,656	\$ 5,571.61	\$ 2,196.88	\$ 3,374.73
	February	11,157	26,678.58	2,168.87	24,509.71
	March	11,453	24,147.23	5,231.96	18,915.27
	April	8,385	20,969.05	4,309.81	16,659.24
	May	11,201	23,774.39	4,138.13	19,636.26
	June	7,346	15,644.11	2,590.46	13,053.65
	July	5,804	15,596.95	4,604.74	10,992.21
	August	10,312	22,119.24	4,050.80	18,068.44
SHUTIN COMMER	*September	9,837	21,173.79	3,098.47	18,075.32
	October	9,741	24,197.17	3,971.31	20,225.86
٨	November	10,471	(6,297.59)	10,406.32	(16,703.91)
	December	10,291	25,031.18	2,561.45	22,469.73
	January 1985	8,550	18,561.92	1,971.29	16,590.63
	February	8,361	18,151.61	3,711.17	14,440.44
	March	5,124	13,385.57	3,335.95	10,049.62
	April	3,345	7,182.65	3,481.34	3,701.31
	May	4,366	9,375.03	3,462.95	5,912.08

1-15.

Hondo Drilling Company

Orawer 2516, Midland, Texas

CAST NAME NORTH TOURS

**的**对一种自然基础。

Operator

Address

A Comment of the comment

Lease FEDERAL ALSCOTT

to reference
*** ••

Transporter Name EL PASO MATURAL GAS CO.

Are you seeking emergency "hardship" classification for this well? \_\_ X\_\_\_ \_ yes

applicant must provide the following information to support his contention that the subject well qualifies as a hardship gas well.

- Provide a statement of the problem that leads the applicant to believe that "underground wasts" 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
- 2) Occument that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - the use of "smallhore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
  - Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
    - c) 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
- If failure to obtain a hardship gas well classification would result in premature 4) abandonment, calculate the quantity of gas reserves which would be lost
- Show the minimum sustainable producing rate of the subject well. This rate can be 5) determined by:
  - a) Minimum flow or "log off" test: and/or
  - b) Documentation of well production history (producing rates and pressures, as well as gas/water ratio, both Defore and after shut-in periods due to the well dying, and other appropriate production data).
- Attach a plat and/or map showing the proration unit dedicated to the well and the 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 1) status.
- Attach a signed asset all the state of the s application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the same) and that notice of the application has been given to the transporter/purchaser and all offset operators.

HOUDO BELLENG COMPANY MALECOTT #3 7/2/85 ELECTION HEARING EXHIBIT NO. 1/B)

#### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

# ) 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."

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- 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 CCD will be notified of the date of the test and given the opportunity to witness, if they so desire.
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- The Director can approve uncontested applications administratively if, in his opinion, sufficient justification is furnished. Notice shall be given of intent to approve 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.
- 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.
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#### HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer DD Artesia, NM 88210

Re: Application for Classification

as Hardship Gas Well

Lease: FEDERAL ALSCOTT, SEC. 30, T-18-5 R-29-E

well No.: ♂

POOL Name: NONTH TURKEY TRACT MORNOW

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The purchaser/gatherer on this well is Ei Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numer-cus occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

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In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

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and and the topographic wife and

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of \_\_\_\_\_\_//\_\_MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

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Yours truly,

Lamar Eschberger

Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:5q Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 29, 1985

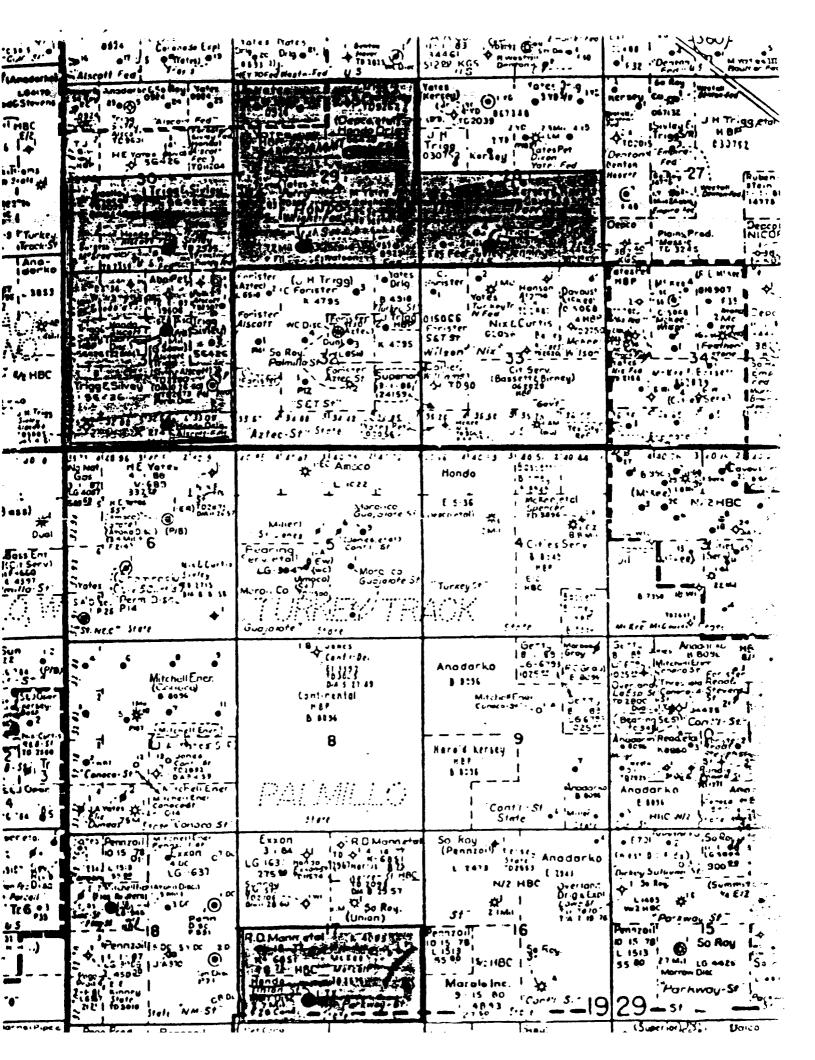
Hondo Drilling Company
Federal Alscott #3
Sec. 30, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

Sales Month	Fotal MCF	Average/Day MCF		
Joly, 3.	305	9.8		
August	337	10.9		
Represiden	323	17.6		
Dates:	356	11.5		
November	328	10.9		
Dr. embet	304	9.3		
Total for Six Months	1,953	10.6 Average/Day		





A	POST OFFICE	E DRAWER 2516	<ul> <li>MIDLAND TEXAS 79702 2516</li> <li>(915)682-9401</li> </ul>
DILLERIA	Lease	Federal (	Alscott - Morrow Well Number 3
Location Lot	3 (NW/4 SW/4	4), Lot 4 (SI	W/4 SW/4). Lot 5 (SE/4 SW/4). Lot 6 (SW/4 SE/4),
Lot / (SE/4 SE	S/4), NE/4 SV	N/4, NE/2 SE/	/4, Section 31, T-18-S, R-29-E, N.M.P.M.
County	Eddy	, New 1	Mexico. 276.4 acres, more or less - U.S.Lease #NM-093
	Ground	3 3981	1.1
		П	<del>[                                    </del>
	M. e		
13 37	d" Casing	410'	
		į	
		-	
			•
3.5	'3" Casing	3.015'	
5 ,	0.332115	3,013	1
	Packer	10,807	
	1011 - 11	10.0131	
2 3	7/8" Tubing	10,813'	U
•			xx Top shot 10,884' xx 33' two shots per foot
			xx Bottom shot 11,103' 33' two shots per foot
5 1/2	" Casing Set	11,299	





POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

Oil Conservation Division Drawer DD 88210 Artesia, NM

Re:Lease: FEDERAL ALSCOTT

Well & Location: 3, SEC. 30, T-18-5, R-29-E

and our years

Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, IVM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18% day of APRIL 1985 to the following parties:

- 1: H. E. Yates Box 0 Albuquerque, NM 87103
- 2. Northern Natural Gas Co. 3300 North A Bldg. 6, Suite 102 Midland, Texas 79701
- 3. Bass Enterprises Production Co. 201 Main Street First City Bank Tower Ft. Worth, Texas 76102
- 4. Sun Exploration and Production P. O. Box 1861 Midland, Texas 79702
- 5. Trigg Jennings Box 520 Roswell, vM 88201

- 6. C. Forister Box 161 Artesia, NM 88210
- 7. El Paso Natural Gas Co. Box 1492 El Paso, Texas 79978

Consulting Petroleum Engineer

HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: FEDEKHL ALSCOTT

Well & Location: 3, SEC 34, T-18-5, R-29-E

· Pool: NORTH TULKEY TRACT INCKROW

County: EDDY COUNTY, NM

#### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Orilling Company. The proration unit assigned to this well includes the  $\underline{SCO/Y}$ ,  $\underline{S/A}$ ,  $\underline{SE/Y}$ ,  $\underline{NE/A}$ ,  $\underline{SE/Y}$ ,  $\underline{$ 

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>FEDERAL ALSCOTT NO.</u> 3 well to be placed in the mardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

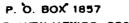
If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer HONDO DRILLING COMPANY

LE/aer

# John Shockley-Swabbing Service, Inc.



EUNICE, NEW MEXICO 88231



PHONE 394-3435 393-1066

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE Nº

3446

Hondo Drilling Co. P.O. Drawer 2516

P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984
Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7片 Hrs.	9	63.25	474.38
Swab Cups	6	9	15.50	93.00
OSR	2 .	e e	9.75	19.50

586.88 4% NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . (915) 682-9401

February 14, 1985

YMA. Mermine Balling about

Mr. Bill G. Lane

Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Shut-in of Union TX State, Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Mirray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Example from shuttend

Example from shuttend

Sulford from Sulford from

Qual Conserved from



**POST OFFICE DRAWER 2516** 

MIDLAND, TEXAS 79702

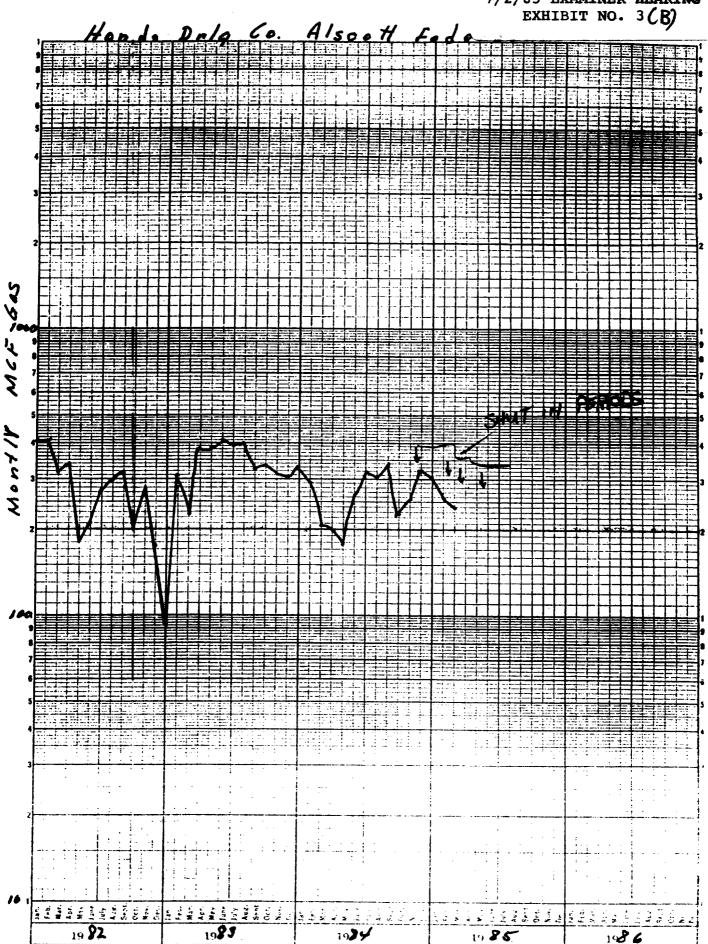
(915)682-9401

#### FEDERAL ALSCOTT #3

U.S. Lease #NM-0924 - Lot 3 (NW/4 SW/4), Lot 4 (SW/4 SW/4), Lot 5 (SE/4 SW/4), Lot 6 (SW/4 SE/4), Lot 7 (SE/4 SE/4), NE/4 SW/4, NE/2 SE/4, Section 31, T-18-S, R-29-E, N.M.P.M., Eddy County, New Mexico, 276.4 acres, more or less

Month	Gas Production		WI come	Cost of Operations		Profit or Loss	
January 1984	296	\$	581.77	\$	820.48	\$(	238.71)
February	206		412.49		696.12	(	283.63)
March	198		397.80		713.00	(	315.20)
April	178		358.82		668.52	(	309.70)
May	263		531.94		672.79	(	140.85)
June	320		649.39		729.85	(	80.46)
July	305		621.78		809.70	(	187.92)
August	337		688.83		733.14	(	44.31)
September	323		650.29		768.97	(	118.68)
October	356		718.64		768.61	(	49.97)
November	328		664.06		730.17	(	66.11)
December	304	( 2	,268.26)		1,290.34	(	3,558.60)
January 1985	260		528.08		989.28	(	461.20)
February	240		487.34		762.94	(	275.60)
March	302		615.32	:	1,156.96	(	541.64)
April	321		654.04		897.91	(	243.87)
May	326		664.23		802.25	(	138.02)

HONDO DRILLING COMPANY
CASE NO. 8611 - ALSCOTT #3
7/2/85 EXAMINER HEARING
EXHIBIT NO. 3 (R)



46 6693

STATE OF NEW MEX 'CO' ENERGY AND MINERALS DEPARTMENT

OLD COMBERVALIUM DIVISION P. O. Box 2088 Santa Fe, New Mexico 87501

APPLICATION	FOR	CLASSIFICATION	AS	HARDSHIP	GAS	WELL

APPLICATION FOR CLAS	SSIFICATION AS H	ARDSHIP GAS WELL	Case 8612
Operator Hondo Drilling Company .	Contact	Party Margaret	Longanecker
Address Drawer 2516, Midland, Texas 7970	. 12	Phone No. 915	-682-9401 , 684-6381
Lease FEDERAL ALSCOTT Well No. 3	UT _O_ Sec.	36 TWP 18-5	RGE 29-E
Pool Name NORTH TURKEY TRACT MORROW	) Minimum	Rate Requested	A meriday
Transporter Name EL PASO NATURAL 6AS	Co. Purchas	er (if different)	·
Are you seeking emergency "hardship" class	sification for	this well? X	yes no
Applicant must provide the following infewell qualifies as a hardship gas well.	ormation to supp	port his contention	on that the subject

- 1) Provide a statement of the problem that leads the applicant to believe that "underground wasts" 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)
- Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - i) the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
- 3) Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
  - c) 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
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, 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
  - b) 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).
- 6) Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- Submit any other appropriate data which will support the need for a hardship classification.
- 8) If the well is in a prorated pool, please show its current under- or over-produced status.
- 9) Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

#### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

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."

- 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 prior 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 rescind 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.
- The Director can approve uncontested applications administratively if, in his opinion, sufficient justification is furnished. Notice shall be given of intent to approve 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.
- 9) 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer DD Artesia, NM 88210

Re: Application for Classification

as Hardship Gas Well

Lease: FEDERAL ALSCOTT, SEC 36, T-18-5, R-29-E

Well No.: ♂

Pool Name: NORTH TURKEY TRACT MORROW

#### Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated cownhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of \_\_\_\_\_/ MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is \_\_\_\_/\_ MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

we were notified this date that El Paso Natural Gas intends to cut this well cff effective this date for an indefinate period of time. We feel we have cone everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to E1 Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger
Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

#### Hondo Drilling Company Federal Alscott #3 Sec. 3∰, T-18-S, R-29-E, NMPM Eddy County, New Mexico

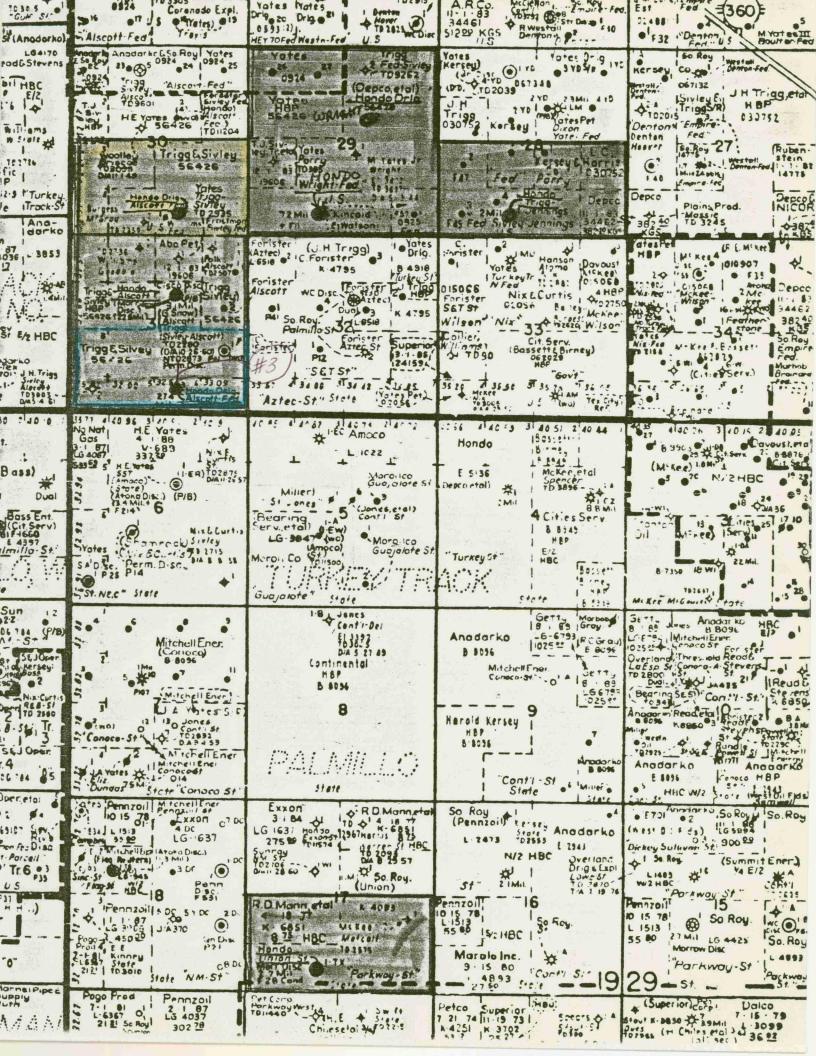
Sales Month	Total MCF	Average/Day MCF
July, 84	305	9.8
August	337	10.9
September	323	10.8
October	356	11.5
November	328	10.9
December	304	9.8
Total for Six Months	1,953	10.6 Average/Day



5 1'2" Casing Set

11,298'

HONDO DRILLING COMPANY POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401 Lease Federal Alscott - Morrow Well Number 3 Location Lot 3 (NW/4 SW/4), Lot 4 (SW/4 SW/4), Lot 5 (SE/4 SW/4), Lot 6 (SW/4 SE/4), Lot 7 (SE/4 3E/4), NE/4 SW/4, NE/2 SE/4, Section 31, T-18-S, R-29-E, N.M.P.M. Eddy , New Mexico. 276.4 acres, more or less - U.S.Lease #NM-0924 County 3,398' Ground 13 3/8" Casing 410' 8 5/8" Casing 3,015' 10,807' Packer 2 3/8" Tubing 10,813' Top shot 10,884' Bottom shot 11,108, 33' two shots per foot



# John Shockley-Swabbing Service, Inc.

P. O. BOX 1857 EUNICE, NEW MEXICO 88231



JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE Nº

3446

το: Hondo Crilling Co. P.O. Drawer 2516 DEC 6 1984

3113

P.O. Drawer 2516 Midland, Texas 79702 Attention: George Bullard

Ans'd....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Lease & Well No.

Wright #1 Swab Unit #14

Purchase Order No.

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7월 Hrs.	<u>@</u>	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2 .	@	9.75	19.50

586.88 4% NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division

Drawer DD

Artesia, NM 88210

Re:Lease: FEDERAL ALSCOTT
Well & Location: 3, SEC. 30, T-18-5, R-29-E
Pool: NORTH TURKEY TRACT MORROW
County: EDDY COUNTY, IV M

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the  $18^{-18}$  day of 1985 to the following parties:

- H. E. Yates
   Box O
   Albuquerque, NM 87103
- Northern Natural Gas Co. 3300 North A Bldg. 6, Suite 102 Midlanc, Texas 79701
- 3. Bass Erterprises Production Co. 201 Main Street First City Bank Tower Ft. Worth, Texas 76102
- Sun Exploration and Production
   P. O. Eox 1861
   Midland, Texas 79702
- Trigg Jennings Box 520 Roswell, NM 88201

- 6. C. Forister
  Box 161
  Artesia, NM 88210
- 7. El Paso Natural Gas Co. Box 1492 El Paso, Texas 79978

Lamar Eschberger

Consulting Petroleum Engineer
HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: FEDERAL ALSCOTT

Well & Location: 3 SEC. 36, T-18-5, R-29-E

Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

#### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the <u>SW/4</u>, <u>S/A SE/4</u>, <u>NE/A SE/4 SEC 31, A76.4 ACRES MORE OR CESS</u>.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>FEDERAL ALSCOTT NO. 3</u> well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very/truly yours,

Lamar Eschberger, Consulting Petroleum Engineer

HONDO DRILLING COMPANY

LE/aer



410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . [915] 682-9401

February 14, 1985

Mr. Marning - 15.

Mr. Bill G. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Shut-in of Union TX State,

Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Exempt from shered bele in to sent from Sent for Minimum of the Sent for Minimum of Market of M ENERGY AND MINERALS DEPARTMENT

## APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Case 86/4

Operator Hondo Drilling Company	Contact Party Margaret Longanecker
Address Drawer 2516, Midland, Texas 79702	Phone No. 915-682-9401, 684-6381
Lease FEDERAL ALSCOTT Well No. 3 UT	O Sec. 34 TWP 18-5 RGE 29-E
Pool Name NORTH TURKEY TRACT MORROW	Minimum Rate Requested
Transporter Name EL PASO NATURAL GAS CO.	Purchaser (if different)
Are you seeking emergency "hardship" classifica	tion for this well? X yes no
Applicant must provide the following information well qualifies as a hardship gas well.	on to support his contention that the subject

- 1) 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)
- Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - i) the use of "smallbore" tubing;
       ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
- 3) Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
  - c) 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
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, 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
  - b) 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).
- 6) Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- 7) Submit any other appropriate data which will support the need for a hardship classification.
- 8) 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 application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

#### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

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."

- 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 prior 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 rescand approval at any time without notice and require the operator to show cause why the classification should not be permanently rescanded if abuse of this special classification becomes apparent.
- 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.
- 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 parry 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 intent to approve 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.
- 9) 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer ()D Artesia NM 88210

Re: Application for Classification

as Hardship Gas Well

Lease: FEDERAL ALSCOTT, SEC 36, T-18-5, R-29-E

Well No.: 3

Pool Name: NORTH TURKEY TRACT MORROW

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Pas) Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of \_\_\_\_// MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is \_\_\_\_\_\_MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate camage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to E1 Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

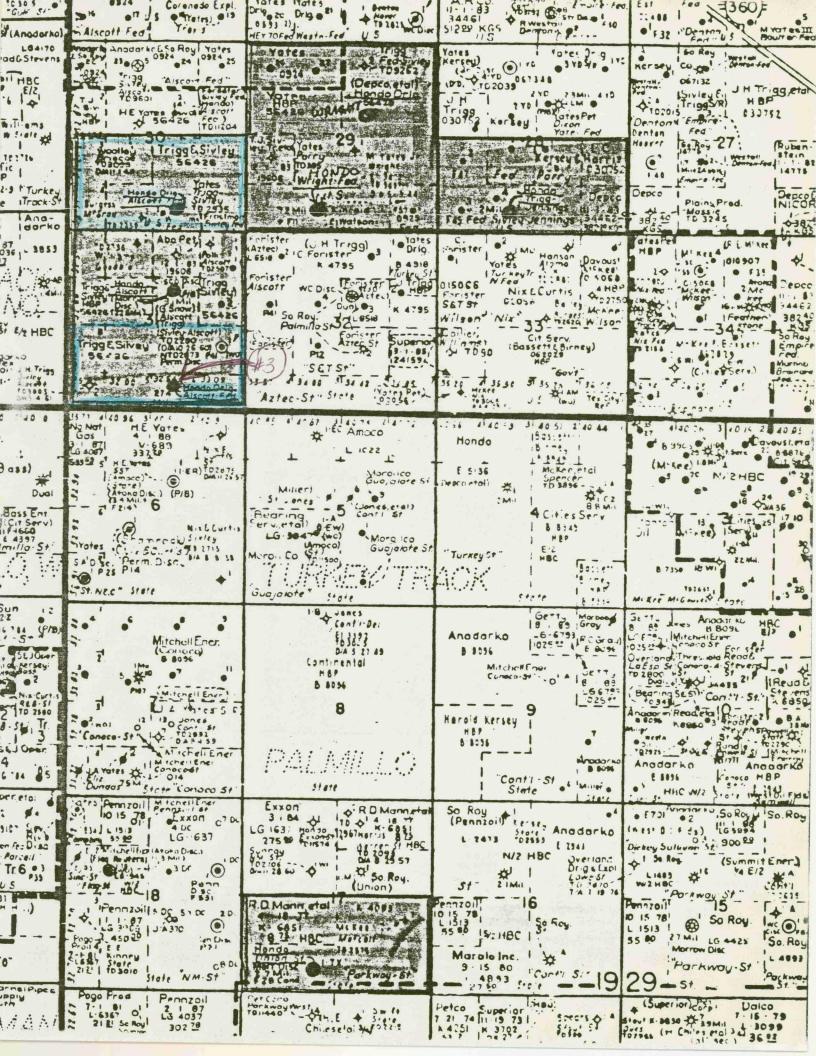
March 29, 1985

Hondo Drilling Company Federal Alscott #3 Sec. 3∅, T-18-S, R-29-E, NMPM Eddy County, New Mexico

Sales Month	Total MCF	Average/Day MCF
July 84	305	9.8
August	337	10.9
September	323	10.8
October	356	11.5
November	328	10.9
December	304	9.8
Total for Six Months	1,953	10.6 Average/Day



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401 Lease Federal Alscott - Morrow Well Number 3 Location Lot 3 (NW/4 SW/4), Lot 4 (SW/4 SW/4), Lot 5 (SE/4 SW/4), Lot 6 (SW/4 SE/4), Lot 7 (SE/4 SE/4), NE/4 SW/4, NE/2 SE/4, Section 31, T-18-S, R-29-E, N.M.P.M. County Eddy , New Mexico. 276.4 acres, more or less - U.S.Lease #NM-0924 Ground 3,398' 13 3/8" Casing 410' 8 5/8" Casing 3,015' 10,807' Packer 2 3/8" Tubing 10,813' Top shot 10,884' Bottom shot 11,108' 33' two shots per foot 5 1/2" Casing Set 11,298'





POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division

Drawer [D

Artesia, NM 88210

Re:Lease: FEDERAL ALSCOTT
Well & Location: 3, SEC. 36, T-18-5, R-29-E
Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18% day of APRIL 1985 to the following parties:

- H. E. Yates
   Box 0
   Albuquerque, NM 87103
- Northerr Natural Gas Co. 3300 North A Bldg. 6, Suite 102 Midland, Texas 79701
- 3. Bass Enterprises Production Co. 201 Mair Street First City Bank Tower Ft. Worth, Texas 76102
- 4. Sun Exploration and Production P. O. Box 1861 Midland, Texas 79702
- Trigg Jennings
   Box 520
   Roswell, NM 88201

- 6. C. Forister
  Box 161
  Artesia, NM 88210
- 7. El Paso Natural Gas Co. Box 1492 El Paso, Texas 79978

Lamar Eschberger

Consulting Petroleum ENgineer

HONDO DRILLING COMPANY



MIDLAND, TEXAS 79702-2516 • [915] 682-9401 POST OFFICE DRAWER 2516

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: FEDERAL ALSCOTT

Well & Location: 3 SEC 36, T-18-5, R-29-E

POOL: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

#### Gentleman:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the SW/4, S/2 SE/4, NE/2 SE/4 SEC 31, 276.4 ACRES MORE OR CESS.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>FEDERAC ALSCOTT NO. 3</u> well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completaly shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

ting Petroleum Engineer

HONDO DRILLING COMPANY

LE/aer

# John Shockley-Swabbing Service, Inc.

P. O. BOX 1857

EUNICE, NEW MEXICO 88231



PHONE 394-3435 393-1086

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE Nº

3446

Hondo Drilling Co. P.O. Drawer 2516

DEC 6 1984 Ans'd.

Date December 5, 1984

Midland, Texas 79702 Attention: George Bullard

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7岁 Hrs.	e e	63.25	474.38
Swab Cups	6	e	15.50	93.00
OSR	2 .	@	9.75	19.50

586.88 4% NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . (915) 682-9401

Mr. Bill G Lane Earlies about the fundaments of sure wells of the sure wells

Mr. Bill G. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Shut-in of Union TX State, Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Exempt from shuttend wello in to start of Suntanion Dimerion Jung Suntanion M Que and Apollon M ENERGY AND MINERALS DEPARTMENT

s well Case 86/1

#### APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator _	Hondo Drilling	Company	Contact	Party	Margaret	Longanecker	
Address	Drawer 2516, Mi	dland, Texas 79702	.=	P!	none No. 915-	-682-9401 , 684	-638
Lease <i>FEDI</i>	FRAL ALSCOTT	Well No. 3	UT O Sec.	34	TWP <u>18-5</u>	RGE	-E
Pcol Name	NORTH TURKEY	TRALT MORROW	Minimum	Rate Re	equested	11 mcf/do	2 <b>Y</b>
Transporte	r Name EL PASO	NATURAL GAS (0	Purchas	er (if	different)		
Are you se	eking emergency	"hardship" classi	fication for	this we	ell? <u>X</u>	_ yes	. no
	must provide the	e following inform up gas well.	mation to supp	port hi	s contentio	n that the su	bject

- 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)
- 2) Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
  - Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
    - c) 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
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, 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
  - b) 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 ownership of all offsetting acreage.
- 7) 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 application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

#### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

- ) 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 petro…eum 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 prior 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 rescand approval at any time without notice and require the operator to show cause why the classification should not be permanently rescanded 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 intent to approve 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.
- 9) 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer ()D
Artesia NM 88210

Re: Application for Classification

as Hardship Gas Well

Lease: FEDERAL ALSCOTT, SEC 30, T-18-5, R-29-E

Well No.: ♂

Pool Name: NORTH TURKEY TRACT MORROW

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a nonflowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have no: been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of \_\_\_\_\_//\_MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is \_\_\_\_/\_\_MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequertly raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosu:e



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

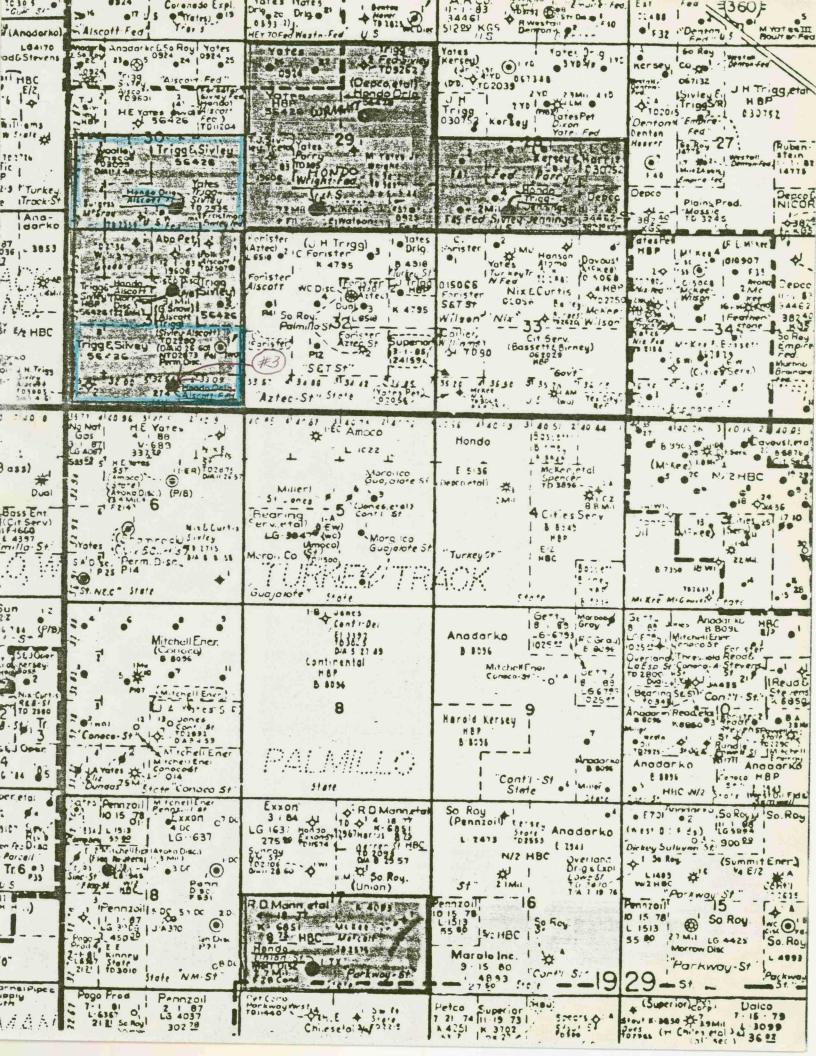
March 29, 1985

Hondo Drilling Company Federal Alscott #3 ... Sec. 3**∅**, T-18-S, R-29-E, NMPM Eddy County, New Mexico

Sales Month	Total MCF	Average/Day MCF
July 84	305	9.8
Augus t	337	10.9
September	323	10.8
Octorer	356	11.5
November	328	10.9
December	304	9.8
Total for Six Months	1,953	10.6 Average/Day



POST OFFICE DRAWER 2516 MIDLAND, TEXAS 79702-2516 • {915} 682-9401 Lease Federal Alscott - Morrow Well Number 3 Location Lot 3 (NW/4 SW/4), Lot 4 (SW/4 SW/4), Lot 5 (SE/4 SW/4), Lot 6 (SW/4 SE/4), Lot 7 (SE/4 SE/4), NE/4 SW/4, NE/2 SE/4, Section 31, T-18-S, R-29-E, N.M.P.M. County Eddy , New Mexico. 276.4 acres, more or less - U.S.Lease #NM-0924 Ground 3,398' 13 3/8" Casing 410' 8 5/8" Casing 3,015' 10,807' Packer 2 3/8" Tubing 10,813' Top shot 10,884' Bottom shot 11,108' 33' two shots per foot 5 1/2" Casing Set 11,298'





MIDLAND, TEXAS 79702-2516 • POST OFFICE DRAWER 2516 (915) 682-9401

Oil Conservation Division

Drawer (D

Artesia. NM 88210

Re: Lease: FEDERAL ALSCOTT

Well & Location: 3, SEC. 31, T-18-5, R-29-E

Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18% day of APRIL 1985 to the following parties:

- 1. H. E. Yates Box 0 Albuquerque, NM 87103
- 2. Northern Natural Gas Co. 3300 North A Bldg. 6 Suite 102 Midland Texas 79701
- 3. Bass Enterprises Production Co. 201 Main Street First City Bank Tower Ft. Worth, Texas 76102
- 4. Sun Exp..oration and Production P. O. Box 1861 Midland Texas 79702
- 5. Trigg Jennings Box 520 Roswell NM 88201

- 6. C. Forister Box 161 Artesia, NM 88210
- 7. El Paso Natural Gas Co. Box 1492 El Paso, Texas 79978

Consulting Petroleum ENgineer

HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: FEDERAL ALSCOTT

Well & Location: 3 SEC 30, T-18-5 R-29-E

POOL: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

#### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the SW/4, S/2, SE/4, NE/2, SE/4, S

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>FEDERAL ALSCOTT NO. 3</u> well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

very truly yours

Lamar Eschberger, Consulting Petroleum Engineer

HONDO DRILLING COMPANY

LE/aer

# John Shockley-Swabbing Service, Inc.

P. O. BOX 1857 EUNICE, NEW MEXICO 88231



JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE Nº

3446

Hondo Drilling Co. P.O. Drawer 2516 Midland, Texas 79702 Attention: George Bullard

DEC 6 1984

Ans'd.

Date December 5, 1984

Contract No.

AFE No.

Req. or

Wright #1 Swab Unit #14

Purchase Order No.

11-30-84

Lease & Well No.

TO:

#7813

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7岁 Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2 .	9	9.75	19.50

586.88 4% NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . [915] 682-9401

ship by funder wells

Mr. Bill J. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Shut-in of Union TX State. Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Example from showing the war Juny Sentanin Divinion Did Conservation Divinion

RECEIVED

APR 2 6 1985

# APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

perator Hondo Drilling Company	Contact Party Margaret Longanecker Ansid
dress Orawer 2516, Midland, Texas 79702	Phone No. 915-682-9401, 684-6381
TRICG JENNINGS Well No. / UT	N Sec. 28 TWP 18-5 RGZ 29-E
OI Name NORTH TURKEY TRACT MORROW	Minimum Rate Requested
ransporter Name <u>EL PASO NATURAL GAS CO.</u>	Purchaser (if different)
re you seeking emergency "hardship" classifica	tion for this well? X yes no
oplicant must provide the following informational policies as a hardship gas well.	on to support his contention that the subject

- 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)
- pocument that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
- a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
- b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
  - the use of 'smallbore' tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.

Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
- c) 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

If failure to obtain a hardship gas well classification would result in premature abandonment, calculate the quantity of gas reserves which would be lost

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
- b) 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).

Attach a plat and/or map showing the proration unit dedicated to the well and the 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 application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

HONDO DRILLING COMPANY
CASE NO. 8611 - TRIGG #1
7/2/85 EXAMINER HEARING

#### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

pefinition 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."

- The only acceptable basis for obtaining a "hardship" classification is prevention of waste with the burder 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 prior 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 shur-in by the purchaser due to low demand. The Division can rescand approval at any time without notice and require the operator to show cause why the classification should not be permanently rescanded if abuse of this special classification becomes apparent.
  - 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.
  - 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.

Any interested party may review the data submitted at either the Santa Fe office or the appropriate OCD District Office.

The Director can approve uncontested applications administratively if, in his opinion, sufficient justification is furnished. Notice shall be given of intent to approve 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.

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.

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 CCD 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 resc:nded 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.

- ) 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.
- ) 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer DC Artesia, NM 88210

Re: Application for Classification as Hardship Gas Well Lease: TRIGG JENNINGS

Well No.: 1, SEC. 28, T-18-5, R-29-E Pool Name: NORTH TURKEY TRACT MORROW

#### Gentlemer:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural (as Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a nonflowing rell this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping unit: would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restrict: the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of  $\frac{285}{200}\,\mathrm{MCF}$  per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

We were notified this date that El Paso Natural Gas intends to cut this well of effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

Al. of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all office operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger

Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

# Hondo Drilling Company Trigg Jennings #1 Sec. 28, T-18-S, R-29-E, NMPM Eddy County, New Mexico

Sales Month	Total <u>MCF</u>	Average/Day MCF
August, 84	10,009	322.9
September	9,406	313.5
October	9,082	293.0
November	8,029	267.6
December	8,673	279.8
January, 85	7,200	232.3
Total for Six Months	52,399	284.9 Average/Day

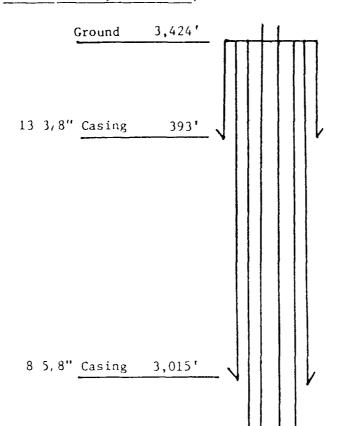
#### Note

Shutiing in and El Paso's high line pressure has killed this well.

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Lease <u>Trigg Jennings Federal Com.</u> Well Number <u>1</u>
U S.Lease #29-030752, 30-034462, 71-067348, and 71-067348A
Location S/2 of Section 28, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less

County \_\_\_\_\_ Eddy \_\_\_\_, New Mexico.

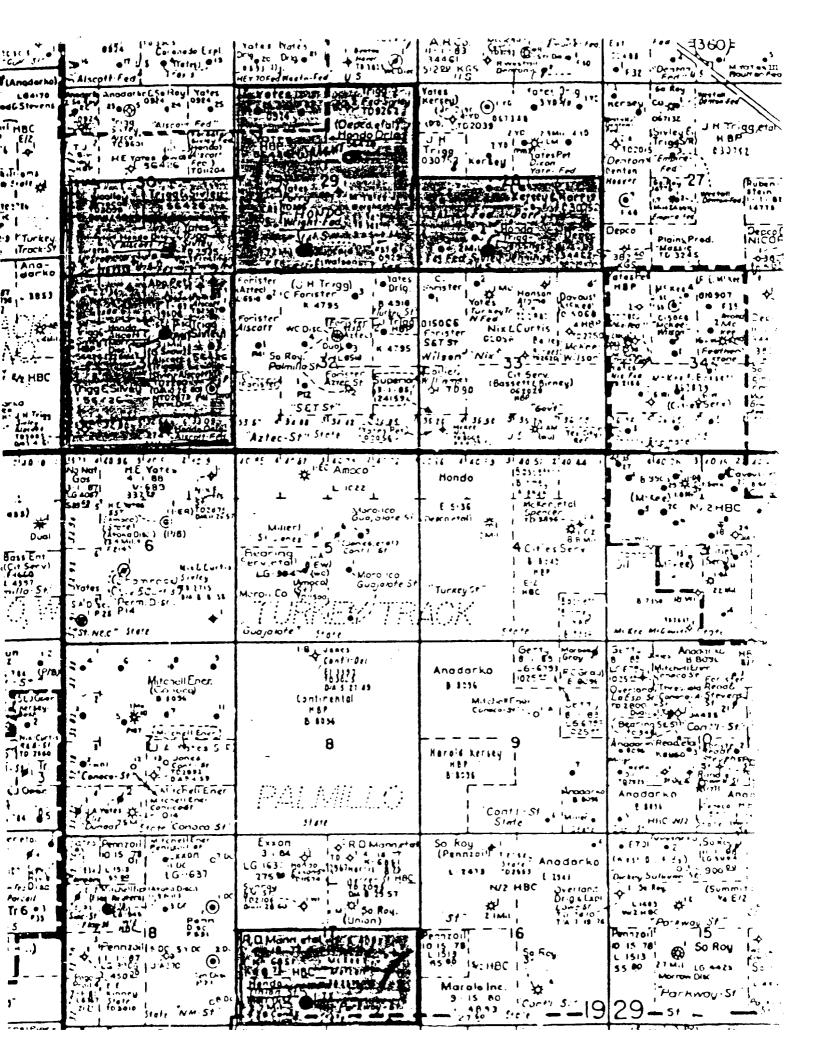


Packer 11,129'

2 3/8" Tubing 11,136'

5 1/?" Casing Set 11,319'

Top shot 11,194' 23' two shots per foo:
xx Bottom shot 11,225'





POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Corservation Division

Drawer DD

Artesia, NM 88210

Re:Lease: TRIGG JENNINGS

Well & Location: 1, SEC 28, 7-18-5, R-29-E

Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the  $18^{+h}$  day of APRIL 1985 to the following parties:

- J. H. Trigg Box 52() Roswell, NM 88201
- Yates Drilling
   207 S. 4th.
   Artesia, NM 88210
- Depco
   1000 Pεtroleum Bldg.
   110 16th. Street
   Denver, CO 80802
- 4. Yates Fetroleum207 S. 4th.Artesia, NM 88210
- 5. Cities Service P. O. Box 1919 Midland, Texas 79702

- 6. C. Forrister
  Box 161
  Artesia, NM 88210
- 7. El Paso Natural Gas Co. Box 1492 El Paso, TX 79978

. Lamar Eschberger

Consulting Petroleum ENgineer

. HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND TEXAS 79702 2516 • [915] 682 9401

April 12, 1985

Pe: Application for Classification
a: Hardship Gas well
tease: \$A 766 | \$Ferred V6 \$)
well & Location: \$I, \$EE. \$20, \$7.15 \$ \$\text{A} \$27.6
Pool: Mexical Funks & \$TANCE MICHAELE
County: \$EDDY COUNTY | \$VIO

Horototic to the firm of the alarm a diagonal affact acceptance to the pastioner: while population of month observed to the while includes the <u>South Herminal Concepts 28, 330 Media (MCA) (MCA)</u>

Fire the structure that the letter file becomes in with the New Meet of Discontinuous Discontinuous for the payer of the marginal Das well discontinuous long. This would allow the well not to be completely state in during period, of low gas demand. It is difficult to seed that well producing normally with the frequent purchaser shutting. In har alread, suffered formation damage because of previous shuttin periods

If you have any directions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer Howel Califor Company

EF/30



# John Shockley-Swabbing Service, Inc.

P. O. BOX 1857 EUNICE, NEW MEXICO 88231



NHOL	SHOCKL	.ΕY,	PRESICENT
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RECEIVED

INVOICE Νº

3446

Hondo Drilling Co. P.O. Drawer 2516

DEC 6 1984

Ans'd.

Date December 5, 1984

Midland, Texas 79702 Attention: George Bullard

Contract No.

AFE No.

Req. or

Lease & Well No.

Wright #1 Swab Unit #14

Purchase Order No.

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg.. First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7월 Hrs.	æ	63.25	474.38
Swab Cups	6	9	15.50	93.00
OSR	2	æ	9.75	19.50

586.88 418 NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.

TO THE OWNER OF THE OWNER OWNER

410 NORTH LORAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

Ealled short well jure die

Mr. Bill G. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Shut-in of Union TX State, Alscott #1, Alscott #2,

Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Example from short for private of surface of the su

HONDO DRILLING COMPANY CASE NO. 8611 - TRIGG #1 7/2/85 EXAMINER HEARING EXHIBIT NO. 3(C) 6693 1001 A STANDARD S 19 83 19 82



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

# TRIGG-JENNI WGS FEDERAL COM. #1

U.S. Lease #29-030752, #30-034462, #71-067348, and #71-067348A - S/2 of Section 28, T-18-S, R-29-E, N.M.P.M., Eddy County, New Mexico - 320 acres, more or less

	Gas	WI	Cost of	Profit
Month	Production	Income	Operations	or Loss
January 1984	10,077	\$ 10,043.34	\$ 2,306.93	\$ 7,736.41
February	9,387	9,461.43	2,572.31	6,889.12
March	10,469	12,190.60	2,614.39	9,576.21
April	9,126	9,260.21	2,661.00	6,599.21
May	10,173	10,357.15	2,382.09	7,975.06
June	8,227	8,403.81	2,470.22	5,933.59
July	6,662	6,836.52	2,310.05	4,526.47
August	10,009	10,298.38	2,292.94	8,005.44
September	9,406	9,686.52	2,203.33	7,483.19
October	9,082	10,966.12	2,778.24	8,187.88
November	8,029	8,315.04	1,725.56	6,589.48
December	8,673	(8,759.30)	7,220.54	(15,979.84)
January 1985	7,200	7,597.83	2,322.22	5,275.61
February	6,052	6,386.41	2,379.30	4,007.11
March	6,283	6,670.72	2,389.57	4,281.15
April	5,337	5,666.34	2,661.76	3,004.58
May	6,798	7,217.50	2,881.19	4,336.31

STAGE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION P. O. Box 2088 7 Santa Fe, New Mexico 87501 Adopted 3-2-84 Side 1

Case 86/\$

### APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator [	Hondo Drilling C	Company	·		Con	tact	Part	Y	largare	Longanec	<er< th=""><th>_</th></er<>	_
Address	Drawer 2516, Mi	dland, Texas	79702			•	_	Phone	No. 91	5-682-9401	, 684-63	'8/ -
Lease <u>TR</u>	PIGG JENNINGS	Well No.		UT	<u> </u>	Sec.	28	TWP	18-	RGE	29-E	_
Pcol Name	NORTH TURKEY	TRACT MON	ROW		Mini	.mum f	Rate	Reque	sted 🚈	205	me forte	<u>_</u>
Transport	er Name <u>EL Pitso</u>	NATURAL C	FAS CO.		Pur	chase	er (i	f dif	ferent	)		
Are you se	eeking emergency	"hardship"	classi	fica	tion	for t	this	well?	X	yes _	no	<b>3</b>
Applicant well qual:	must provide the ifies as a hardsh	e following ip gas wel	inform 1.	natio	n to	supp	ort 1	his co	ntent	ion that	the subje	ect

- 1) 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)
- Document that you is applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - i) the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
- 3) Present historical data which demonstrates conditions that can lead to waste. Such data should include:
  - a) Permanent loss of productivity after shut-in periods (i.e., formation damage).
  - b) Frequency of :wabbing required after the well is shut-in or curtailed.
  - c) 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
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, 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
  - b) 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).
- 6) Attach a plat and/cr map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- Submit any other appropriate data which will support the need for a hardship classification.
- 8) If the well is in a prorated pool, please show its current under- or over-produced status.
- 9) Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

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 builden 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 prior 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 rescind 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 ("loc 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 options 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 intent to approve 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.
- 9) 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 is 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer DD Artesia, NM 88210

Re: Application for Classification as Hardship Gas Well

Lease: TRIGG JENNINGS

Well No.: 1, SEC. 28, T-18-5, R-29-E Pool Name: NORTH TURKEY TRACT MORROW

#### Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a nonflowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Erclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated cownhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-ir. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

Ir cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our laiest swabbing invoice for an area well. At the rate at which

El Pasc Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 285 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger

Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

## Hondo Drilling Company Trigg Jennings #l Sec. 28, T-18-S, R-29-E, NMPM Eddy County, New Mexico

Sales Month	Total <u>MCF</u>	Average/Day <u>MCF</u>
August, 84	10,009	322.9
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November	8,029	267.6
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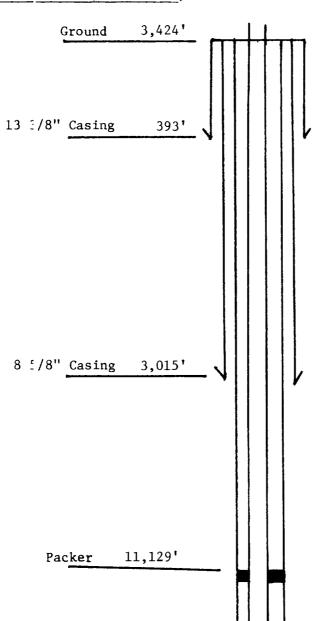
### Note:

Shutting in and El Paso's high line pressure has killed this well.

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

Lease Trigg Jennings Federal Com. Well Number U.S.Lease  $\frac{429-030752}{29-030752}$ ,  $\frac{30-034462}{29-030752}$ , and  $\frac{71-067348}{29-030752}$ Location S/2 of Section 28, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less

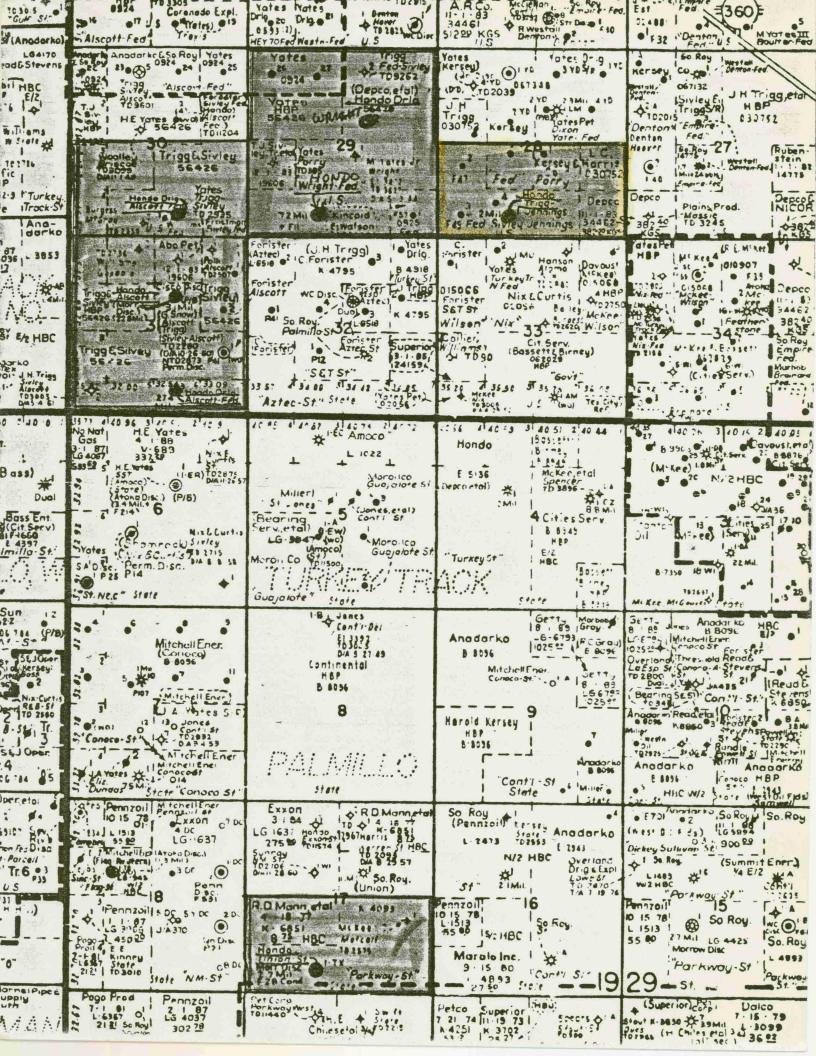
County Eddy , New Mexico.



2 3/8" Tubing 11,136'

5 1,2" Casing Set 11,319'

Top shot 11,194' 23' two shots per foot Bottom shot 11,225'





POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

Oil Conservation Division Drawer DD Artesia, NM 88210

Re:Lease: TRIGG JENNINGS

Well & Location: 1, SEC 28, T-18-5, R-29-E Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have seen sent on this the  $18^{+h}$  day of APRIL 1985 to the following parties:

- 1. J. H. Trigg Box 520 Roswell, NM 88201
- 2. Yates Drilling 207 S. 4th. Artesia, NM 88210
- 3. Depco 1000 Petroleum Bldg. 110 16th. Street Denver, CO 80802
- 4. Yates Petroleum 207 S. 4th. Artesia, NM 88210
- 5. Cities Service P. O. Box 1919 Midland, Texas 79702

- 6. C. Forrister Box 161 Artesia, NM 88210
- 7. El Paso Natural Gas Co. Box 1492 El Paso, TX 79978

Lamar Eschberger

Consulting Petroleum ENgineer

- HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: TRIGG JENNINGS

Well & Location: 1, SEC. 28, T-18-5, R-29-E

POOL: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the <u>south wate of Section 28, 330 ACRES More OR LESS</u>.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>TRICG JENNINGS</u> <u>NO.</u> | well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours

Lamar Eschberger, Consulting Petroleum Engineer

HONDO DRILLING COMPANY

LE/aer

# John Shockley-Swabbing Service, Inc.

P. O. BOX 1857 EUNICE, NEW MEXICO 88231



393-1068

JOHN SHOCKLEY, PRESIDENT

RECEIVED

No INVOICE

3446

Hondo Frilling Co. P.O. Drawer 2516 Midland, Texas 79702 Attention: George Bullard DEC 6 1984

Ans'd.....

December 5, 1984 Date

Contract No.

AFE No.

Req. or

Wright #1 Swab Unit #14 Purchase Order No.

11-30-84 #7819

Lease & Well No.

TO:

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	e	63.25	474.38
Swab Cups	6	e e	15.50	93.00
OSR	2	<u>e</u>	9.75	19.50

586.88 418 NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.

410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . (915) 682-9401

between 115

YAM. Manning 2-15.

Mr. Bill G. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Shut-in of Union TX State,

Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Exempt from shuttend wells in to sent from Suntaining Dimerion Jung Suntaining M Qid Consularing M

P. O. Box 2083 Santa Fe, New Mexico 87501

Side 1

Case 8614

### APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

perator	Hondo Dri	lling Company		·		Cos	itact	Part	.у	Margaret	Longaned	ker:	
ddress _	Drawer 2	516, Midland,	Texas	<b>79</b> 702			•	_	Phone	No. 915	-682-940	1,68	4-6381
ease <u>TR</u>	IGG JENNI	NGS Well	No.		UT	<u> </u>	Sec.	28	TWP	18-5	RG	ε <u>-2</u>	9-E
col Name	NORTH TO	RKEY TRACT	MOR	ROW		Min	imum 1	Rate	Reque	sted _	285	mcf	lday
ransport	er Name EL	PASO NATUI	RAL 6	AS CO.		Pu	chase	er (i	f dif	(ferent)			
re you se	eeking emer	gency "hard	ship"	classi	fica	tion	for 1	this	well?	X	yes		no
pplicant ell qual:	must provi ifies as a	de the foll hardship ga	owing swell	inform	atio	on to	supp	ort	his c	ontenti	on that	the	subjec
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- 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)
  - Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
    - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
    - b) Mechanical concition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
      - i) the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod rumping units, etc.
  - Present historical data which demonstrates conditions that can lead to waste. Such data should include:
    - Permanent loss of productivity after shut-in periods (i.e., formation damage).
    - 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
- If failure to obtain a hardship gas well classification would result in premature abandonment, calculate the quantity of gas reserves which would be lost
- 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
  - b) 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).
- Attach a plat and/or map showing the proration unit dedicated to the well and the 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 application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

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."

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 prior 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 rescind 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.

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.

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.

Any interested party may review the data submitted at either the Santa Fe office or the appropriate OCD District Office.

The Director can approve uncontested applications administratively if, in his opinion, sufficient justification is furnished. Notice shall be given of intent to approve 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.

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.

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.

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- 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.
- 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer CD Artesia, NM 88210

Re: Application for Classification

as Hardship Gas Well Lease: TRIGG JENNINGS

Well No.: 1, SEC. 28, T-18-5, R-29-E Pool Name: NORTH TURKEY TRACT MORROW

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 405 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have no: been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 285 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger

Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 •

MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 29, 1985

### Hondo Drilling Company Trigg Jennings #1 Sec. 28, T-18-S, R-29-E, NMPM Eddy County, New Mexico

Sale: Month	Total <u>MCF</u>	Average/Day <u>MCF</u>
August, 84	10,009	322.9
September	9,406	313.5
October	9,082	293.0
November	8,029	267.6
December	8,673	279.8
January, 85	7,200	232.3
Total for Six Months	52,399	284.9 Average/Day

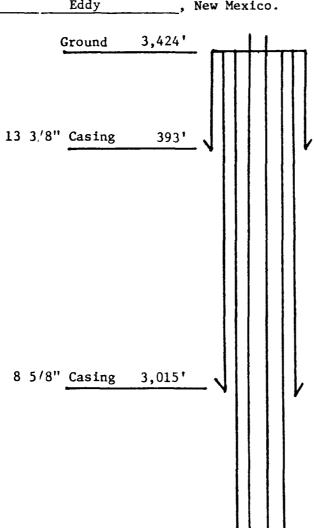
### Note:

Shutting in and El Paso's high line pressure has killed this well.

MIDLAND, TEXAS 79702-2516 • [915] 682-9401 POST OFFICE DRAWER 2516

Lease <u>Trigg Jennings Federal Com.</u> Well Number <u>1</u> U.S.Lease #29-030752, 30-034462, 71-067348, and 71-067348A Location S/2 of Section 28, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less

County \_\_\_\_\_, New Mexico.



11,129' Packer

2 3/8" Tubing 11,136'

5 1/2" Casing Set 11,319'

Top shot 11,194' - 23' two shots per foot Bottom shot 11,225'

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POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

Oil Conservation Division

Drawer 3D

Artesia, NM 88210

Re:Lease: TRIGG JENNINGS

Well & Location: 1, SEC 28, 7-18-5, R-29-E

Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM.

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the  $18^{th}$  day of APRIL 1985 to the following parties:

- J. H. Trigg
   Box 520
   Roswell NM 88201
- 2. Yates Drilling 207 S. 4th. Artesia NM 88210
- Depco
   1000 Petroleum Bldg.
   110 16th. Street
   Denver, CO 80802
- Yates P€troleum
   207 S. 4th.
   Artesia, NM 88210
- 5. Cities Service P. O. Bcx 1919 Midland, Texas 79702

- 6. C. Forrister

  Box 161

  Artesia, NM 88210
- 7. El Paso Natural Gas Co. Box 1492 El Paso, TX 79978

Lamar Eschberger

Consulting Petroleum ENgineer

. HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: TR'166 JENNINGS

Well & Location: 1, SEC. 28, T-18-5, R-29-E

POOL: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NIN

Gent emen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the <u>south while of section 28 33C ACRES MORE OR LESS</u>.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the TRICE TENNINGS NO. / well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

very/truly yours,

Lamar Eschberger, Consulting Petroleum Engineer

HONDO DRILLING COMPANY

LE/aer

# John Shockley-Swabbing Service, Inc.

P. O. BOX 1857 EUNICE, NEW MEXICO 88231 PHONE

393-1066

JOHN SHOCKLEY, PRESIDENT

	er 2516 Texas 79702	RECEIVED DEC 6 1984 Ans'd	INVOICE Nº 3446  Date December 5, 1984
Attention:	George Bullar	đ	Contract No.
-			AFE No. Req. or
ease & Well No.	Wright #1 S	wah Uni+ #14	Purchase Order No.

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	<b>e</b>	63.25	474.38
Swab Cups	6	6	15.50	93.00
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4% NM Tax 24.94
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Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . (915) 682-9401

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Mr. Bill G. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Shut-in of Union TX State, Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

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If there is any further information, please let me know.

Yours truly.

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

wells in to sent them. Jung Suntanion Dime Oil Consumation NM P. O. Box 2083
Santa Fe, New Mexico 87501

Side 1

Case 8611

### APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

perator _	Honde Drilling Company	•	Contact	Party _	Margaret	Longanecke	<u> </u>
ddress	Drawer 2516. Midland, Texas	<b>79</b> 702	•	Pho	ne No. 915-	-682-9401,	684-638
ease <u>TR</u>	IGG JENNINGS Well No.	<u>/</u> UT <u>/</u>	✓_ Sec.	28 TW	P 18-5	RGZ	29-E
col Name	NORTH TURKEY TRACT MON	PROCE!	linimum	Rate Req	uested	285 m	f/day
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re you se	eking emergency "hardship"	classificati	on for	this wel	1? <u>x</u>	yes	no
pplicant ell quali	must provide the following fies as a hardship gas wel	information	to supp	port his	contentio	n that ti	ne subjec

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POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer DD Artesia, NM 88210

Re: Application for Classification as Hardship Gas Well

Lease: TRIGG JENNINGS

Well No.: 1, SEC. 28, T-18-5, R-29-E Pool Name: NORTH TURKEY TRACT MORROW

#### Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of  $\frac{285}{}$  MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger

Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosume



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 29, 1985

### Hondo Drilling Company Trigg Jennings #1 Sec. 28, T-18-S, R-29-E, NMPM Eddy County, New Mexico

Sale; Month	Total MCF	Average/Day <u>MCF</u>
August, 84	10,009	322.9
Sept:mber	9,406	313.5
Octoper	9,082	293.0
November	8,029	267.6
December	8,673	279.8
January, 85	7,200	232.3
Total for Six Months	52,399	284.9 Average/Day

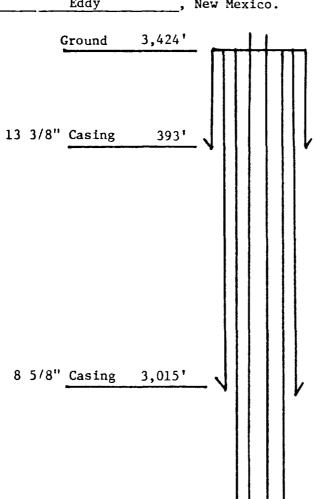
### Note:

Shut:ing in and El Paso's high line pressure has killed this well.

	_										
POST OFFICE DRAW	/EF	2510	3	•	MIDLAND	<b>TEXAS</b>	79702-25	16	•	(915) 682	-9401

Lease <u>Trigg Jennings Federal Com.</u> Well Number <u>1</u>
U.S.Lease #29-030752, 30-034462, 71-067348, and 71-067348A
Location S/2 of Section 28, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less

County Eddy , New Mexico.



Packer 11,129'

2 3/8" Tubing 11,136'

5 1/2" Casing Set 11,319'

Top shot 11,194'

Bottom shot 11,225'

Top shot 11,194'

Bottom shot 11,225'

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POST OFFICE DRAWER 2516 MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division Drawer DD

Artesia, NM 88210 Re:Lease: TRIGG JENNINGS

Well & Location: 1, SEC 28, T-18-5, R-29-E Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have seen sent on this the  $18^{+h}$  day of APRIL 1985 to the following parties:

- 1. J. H. Trigg Box 520 Roswell, NM 88201
- 2. Yates Drilling 207 S. 4th. Artesia, NM 88210
- 3. Depco 1000 Petroleum Bldg. 110 16th. Street Denver, CO 80802
- 4. Yates Petroleum 207 S. 4th. Artesia, NM 88210
- 5. Cities Service P. O. Box 1919 Midland, Texas 79702

- 6. C. Forrister Box 161 Artesia, NM 88210
- 7. El Paso Natural Gas Co. Box 1492 El Paso, TX 79978

Lamar Eschberger

Consulting Petroleum ENgineer · HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: TRIGG JENNINGS

Well & Location: 1, SEC. 28, T-18-5, R-29-E

Pool: NORTH TURKEY TRACT MURRICU

County: EDDY COUNTY, NM

### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Honds Drilling Company. The proration unit assigned to this well includes the <u>south while of section 28, FRC MCRES MORE OR LESS</u>.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the TRICE JENNINGS W. 1 well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Lamar Eschberger, Consulting Petroleum Engineer

HONDO DRILLING COMPANY

LE/aer

# John Shockley-Swabbing Service, Inc.

P. O. BOX 1857 EUNICE, NEW MEXICO 88231

PHONE 394-3435 393-1056

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE Nº

3446

Hondo Erilling Co.

P.O. Drawer 2516 Midland, Texas 79702 Attention: George Bullard DEC 6 1984
Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7월 Hrs.	@	63.25	474.38
Swab Cups	6	<b>e</b>	15.50	93.00
OSR	2	e e	9.75	19.50

586.88 4% NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



410 NORTH LORAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

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Mr. Bill G. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Shut-in of Union TX State. Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Exempt from shuttend wells in to sent them Jung Surfacion Dim Oil Conservation I'm

RECEIVED

APR 2 6 1985

### APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Oril ing Company	Contact Party Margaret L	onganecker Ans'd
AddressOrawer_2516, Midland, Texas 79702	Phone No. 915-	682-9401, 684-6381
Lease WRIGHT FEDERIAL Well No. / U	T N Sec. 29 TWP 18-5	RGZ <u>29-E</u>
Pool Name NORTH TURKEY TRACT MORROLU	Minimum Rate Requested	1000 Market
Transporter Name EL PASO NATURAL GAS (O.	Purchaser (if different)	
Are you seeking emergency "hardship" classific	cation for this well? X	Yesno
Applicant must provide the following informat well qualifies as a hardship gas well.	ion to support his contention	that the subject

- 1) 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)
- 2) Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
- 3) Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
  - .c) 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
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, 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
  - b) 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).
- 6) Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- 7) Submit any other appropriate data which will support the need for a hardship classification.
- 6) 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 application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

HONDO DRILLING COMPANY
CASE NO. 8611 - WRIGHT #1
7/2/85 EXAMINER HEARING

### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

1) Definition of Uncerground 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."

- 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 prior 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 rescind 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.
- The minimum rate will be the <u>minimum sustainable rate</u> 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 CCD 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 GCD District Office.
- 6) The Director can approve uncontested applications administratively if, in his opinion, sufficient justification is furnished. Notice shall be given of intent to approve by attaching such notice to the regular examiner's hearing docket. Within 10 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 nearing.
- 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.
- 9) 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer DD Artesia, NM 88210

Re: Application for Classification as Hardship Gas well Lease: 202/16HT FEDERMA

Well No.: 1, SEC. 29, T-18-5, R. 24-E
Pool Name: NORTH TURKEY TRACT MERRICU

#### Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The curchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Erclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated cownhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrus on of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which



El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full t.me.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of \_\_\_\_\_\_\_MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is \_\_\_\_\_\_\_MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well o'f effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger

Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 29, 1985

Hondo Drilling Company
Wright Federal #1
Sec. 29, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

Sales Month

Total MCF Average/Day MCF

This well was killed by El Paso's high line pressure and snut-ins. The well was recompleted in the middle zone 3-5-85 and produces 1000 MCF/day. El Paso has notified us that they are shutting this well in. See copy of Sundry Notice attached.

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HONDO DRILLING COMPANY				ght Feder	
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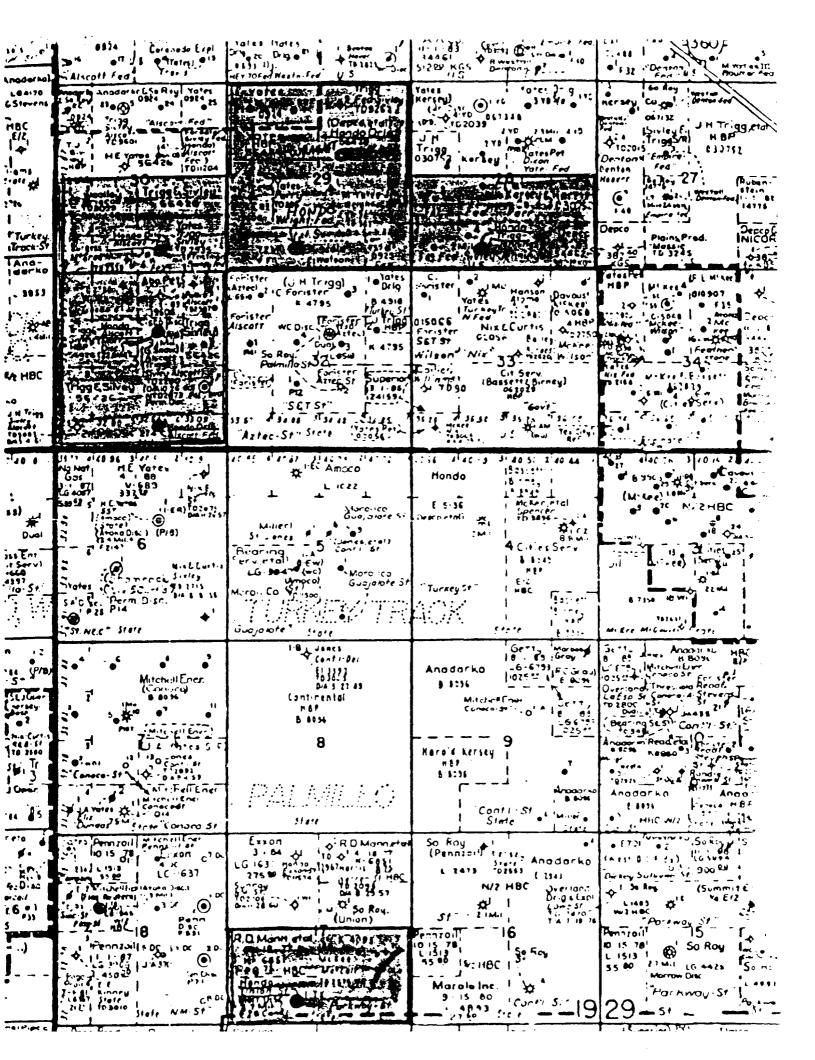
# HONDO DRILLING COMPANY

1	POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702 2516 • [915] 582 9401	
SILLING	Lease Wright Federal Com. Well Number 1	
Location U.S.	se #NM-19606 - NW/4 SW/4 and U.S.Lease #NM-0925 - NE/4 SE/4, S/2 SW/	4,
SE/4 Sec County	n 29, T-18-S, R-29-E, N.M.P.M 320 acres, more or less Eddy , New Mexico.	
	Ground 3,455'	
	oround 5,455	
13	Casing 383'	
3 5	Casing 3,584'	
	cker 10,865'	
2	'_Tubing 10,897'	
	xx Top shot 10,940' xx 10' four shots pe	r f
5 1 '	Top shot $10,940'$ xx  Bottom shot $10,950'$ Casing Set $11,390'$	

Hondo Drilling Co.
Wright Fed. #1
Eddy County, New Mexico
March 5, 1985

•			
		1 1	
			5 1/2" 17/20# Casing -(17# in middle) 2 3/8" O.D. EUE 8rd N-80 Production String
			2 3/8" U.D. EUE 8rd N-80 Production String
		_	
	6.00		Key Locator Collar w/R.A. Marker
			0.2/0H.O.D. FHE Oud N.CO. Tubing laint
	30.00		2 3/8" O.D. EUE 8rd N-80 Tubing Joint
		_	
	1.00		Guiberson FL On/Off Tool w/l.81 Profile
	6.00		5 1/2" 17/20# Guiberson Uni VI Packer
	2.00		Vanntage® Packer Actuated Vent Assembly 4 - 1" Dia. holes
		- 国门	
	30.00		2 3/8" O.D. EUE 8rd N-80 Tubing
		╼╶┢╼┪╎	
	2.00		Vanntage® Mechanical Tubing Release w/1.88 I.D. Latch
		├	
	30.00		2 3/8" O.D. EUE 8rd N-80 Tubing Joint
			Vanntage® Mechanical Firing Head w/4' Handling Sub
	5.50		
10940.00	3.30		Top Shot
		-   ·	
		\	4" O.D. Steel Carrier Gun with 4 JSF
	10.00		
10950.00	<del></del>	_ [ ]	Bottom Shot
			·







POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division Drawer DD Artesia, NM 88210

Re: Lease: WRIGHT FEDERAL

Well & Location: 1, SEC 29, T-18-5, R-29-E

POOL: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the  $18^{th}$  day of APRIL 1985 to the following parties:

- 1. Yates Erilling Co. 207 S. 4th. Artesia, NM 88210
- 2. J. H. Trigg Box 520 Roswell, NM 88201
- 3. Depco 1000 Pet. Bldg. 110 l6th. Street Denver, CO 80802
- 4. Yates Petroleum. 207 S. 4th. Artesia, NM 88210
- 5. C. Forister P. O. Eox 161 Artesia, NM 88210

6. El Paso Natural Gas Co. Box 1492 El Paso, TX 79978

Lamar Eschberger

Consulting Petroleum ENgineer

HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702 2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification as Hardship Gas Well Lease: LURIGHT FEDERAL

Well & Location: 1, SEC 24, T-18-5, R-29-E

POOL: NORTH TURKEY TRACT MORROW

County: EDRY COUNTY, NM

### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Crilling Company. The procation unit assigned to this well includes the <u>South Hauf Section 29 32c Acres more on colors.</u>

Please be advised that Hondo has filed application with the New Merico Gil Conservation Division for the <u>REMONNE ME / Well</u> to be placed in the Hardship Gas well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours.

Lamar Eschberger, Consulting Petroleum Engineer HONDO DRILLING COMPANY

LE/aer

# ILLEGIBLE

# John Shockley-Swabbing Service, Inc.

P. O. BOX 1857 EUNICE, NEW MEXICO 88231

PHONE

394.3414 393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

Nº INVOICE

3446

Hondo Drilling Co. P.O, Drawer 2516

DEC 6 1984

Ans'd.

Date December 5, 1984

Midland, Texas 79702 Attention: George Bullard

Contract No.

AFE No.

Req. or

Lease & Well No.

Wright #1 Swab Unit #14

Purchase Order No.

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7첫 Hrs.	9	63.25	474.38
Swab Cups	6	6	15.50	93.00
OSR	2	9	9.75	19.50

586.88 418 NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . (915) 682-9401

February 14, 1985

YMM. Mainine B5 about 1919. 18-85 about will

Mr. Bill G. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Shut-in of Union TX State, Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-Jennings wells

Dear Mr. Lane:

Enclosed as a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well. Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

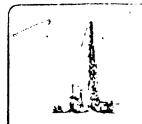
George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Example from shuttond bulls in the sent of the sent o



# MACK CHASE, INC.

P.O. DRAWER V • ARTESIA, NEW MEXICO 88210 NITE 505/746-3692 TELEPHONES 505/746-6500



DATE LEASE WELL NO. LOCATION

| PARTITION | PARTITION | PARTITION |
| WELL OWNER | CUSTOMER'S ORDER NO. | CONTRACTOR |
| CERRGE D. MULLIARD

BILL TO:

MAILING ADDRESS

CITY AND

HOUSE ERILLING COMMINS. B.O. DRABBER BELA SIGNOSSA DIG 7870: RECEIVED

MAR 1 4 1985

SUB TOTAL \$

120

Ans'd.

TO DATE OF THE PROPERTY OF THE	HOUR		RATE	AMOUNT
0-6-15 00-060001 7 JENER RUCK WZCEFFSTOS	₹.	ōō	60.80	170.00
30-0000004 EXTEN LARGE		ĢĢ	11.5	22.00
:				
	:		:	
ILLEGIBLE				!
	TOTALS	<b>-</b>	•	

PAYABLE IN 30 DAYS



# MACK CHASE, INC.

P.O. DRAWER V • ARTESIA, NEW MEXICO 88210 NITE 505/746-3692 TELEPHONES 505/746-6500



INVOICE

jag 80.	15024				POUT I
DATE	LEASE	WELL NO.		LOCATION	
007/12/35	NATONT HED	.+ <u>j</u>			
WELL OWNER		CUSTOMER	S'S ORDER NO.	CONTRACTOR	
				ofosof D. Pullian	

BILL TO:

MAILING ADDRESS

HIMDO IRULING COMPANY 9.0. 0509-5 7514 BIDLODG, FY 72761

CITY AND

RECEIVED

MAR 1 4 1985

Ans'd.

DATES	HOUF		RATE	AMOUNTS
1-4-85 10-00000105 EBL FFRRICK W/4 MEM	!	50	100.5	1171.00
3-5-55 10-00000103 FM - EFFRICK WAR MEW	ţħ.	ΨĊ	114.	u 1701.10
3-6-35 10-100 00130 DDL DEFRECH WAS MEN	2.	50		24.0.
ILLEGIBLE	TOTALS	: 	•	

PAYABLE IN 30 DAYS

SUB TOTAL \$ 2 544.00

TAX 0375 1 1.1.



# P.O. DRAWER V . ARTESIA, NEW MEXICO 88210

OFFICE 505 / 746-3692

TELEPHONES MAR 1 5 1985

Ans'd.

INVOICE NO.

91179

790E 1

DATE	LEASE	WELL NO.		LOCATION			
1.00/12/05	TRIGHT FEE	# £					
WE	LL OWNER	CUSTOME	R'S ORDER NO.	CONTRACTOR			
				TERRED BURNER			

BILL TO:

HOMEO DRILLING COMPANY

MAILING ADDRESS

CITY AND

9.0. 0804E8 2716 3075290 87 77701

DATE	DESCRIPTION	DAYS	RATE	AMOUNT
	SENDE HERR RELIES - WITH CENTER BOSE BONS - AT SERIES - 5 DOY MIN	1,00	115.00	415.00
	AN SERIES - 5 DOY MIN	1.00	17.90	10.70
	·			
	ILLEGIBLE			
		TOTALS -	•	
			SUB TOTAL \$	473.50

1880168

DAYADLE IN 30 DAYC

TAX

# BO MONK PIPE TESTING COMPANY, INC.

POST OFFICE BOX 1767 -:- PHONE (505) 393-3813
HOBBS, NEW MEXICO 88241 392-3936

RECEIVED

MAR 7 1985

	Hondo Drilling Co. Drawer 2516 Midland, Texas 79701	DATE MARCH 1985  INV. NO
		C. O. NO
<del>-</del>	LEASE: Wright Fed. Comm. WELL NO.: · 1	
	2 3/8" tubing tested 8000# above slips 2 3/8" tubing drifted Derrick man charge 2 3/8" test cups used Day rental on safety shield Round trip from Hobbs to location	10,860' @ .12       \$1,303.20         10,860' @ .01       108.60         10,860' @ .03       325.80         6 @ 24.25       145.50         1 @ 10.00       10.00         122 @ 1.25       152.50
		\$2,045.60 4½% N.M. Tax 86.94 \$2,132.54

BAD COUPLINGS: 1 leak HOLES: 1

THANK YOU

TERMS: NET 30 DAYS NO DISTOUNT ALLOWED. 1% per month interest charged on past due accounts. Annual rate of 18%.



Archie Tidwell - General Manager

Pushers
Clyde Dillon
Bill Porter

# SWEATT CONSTRUCTION CO.

GENERAL DIRT WORK

NO. 3-8506

Off

OIL FIELD ROADS - PITS - LOCATIONS

P.O. Box 827

ARTESIA YARD 746-3434

ARTESIA, NEW MEXICO 80210

RECEIVED MAR 1 4 1985

Ans'd.....

DATE March 11, 1985

Drawer 2516

Midland, Tx 79702

LOCATION Wright #1

WORK ORDER NO. \_\_Orderd by George Bullard\_

WORK PERFORMED: Backfill pit and smooth up

Date Description Rate Hrs. Amount

3/7/85 D6 Dozer 64.00 2½ 160.

3.75% NM tax 6.

Total 16.

Thank you ....

NO. 3-8505



Archie Tidwell - General Manager

Pushers Clyde Dillon

**BIII** Porter

# SWEATT CONSTRUCTION CO.

GENERAL DIRT WORK

OIL FIELD ROADS - PITS - LOCATIONS

P.O. Box 827

ARTESIA YARD 748-3434

ARTESIA, NEW MEXICO \$8210

RECEIVED

MAR 1 4 1985

DATE March 11, 1985

Ans'd.

SOLD TO: Hondo Drilling

Drawer 2516

Midland, Tx 79702

LOCATION \_\_\_\_\_Wright #1

WORK ORDER NO. Ordered by George Bullard

WORK PERFORMED: Dig pit. Fill cellar with pea gravel

Date	Description	Rate	Hns.	Amount
3/1/85	D65E Dozer	67.00	2 <b>\</b>	167.50
. ,	12 yd. dump truck	43.00	2	86.0
	6 yds. pea gravel @\$20.70			124.2
		Sub Tot	al	377.7
		3.75%	NM tax	14.
		Total		391.=
			,	

Thank you .....

\_\_\_ UG



ORIGINAL SALES INVOLCE

				·	10116 (313)	004-00	, , ,							
CUSTOMER NUMBER 578 3			DATE PAGE S 5/18/85 1			STORE NUMBER INVOICE NUMBER  001- 028664-01 ARTESIA N.M.					L.M.	RECEIVED		
TO: D	HONDO DRILLING COMPANY DRAWER 2516 MIDLAND, TX 79701					SHIP TO: WRIGHT FED COMM \$1			1AR 2 0 1985 Ans'd					
CUSTO	MER P.C	). NUMBER	ORDER				SHIP VIA			LEA	SE OR WELL I	NSTRUCTIONS		
2:0R	·	<del> </del>	J J OL	[VER	PZU   1	2 K L f								
701.08 37.11	(	MGR APP	TAX AREA RES	MPT 150N	F O.B. 넓/P		PAYMENT HET 30		-					
SOLD	10 mg	UNION SUPFLY	<del></del>	ITEM DE	ESCRIPTION	1		u	NIT L	IST PPICE	FACTOR	LINE NET AMOUNT		
1.000	EA	0370734	PIPE NI	PLE i	.74" X	2"	XH SMLS	3	4	2.5200	.4242	1.11		
i.000	EA	0140871	fs ELL 1	./4" 9	o DEG	200	0.0			5.3000	.3700	1.25		
1.000	EA	0700048	NEEDLE ( AGCO	VALVE	1/4"	≱H50	00-22		•	8.5000	.9000	7.60		
		1												



UNIÓN SUPPLY CO.
P.O. BOX 35
MIDLAND TEXAS 79702-0035
PHONE (915) 684-8841

CUSTOMER NUMBER DATE PAGE STORE NUMBER . INVOICE NUMBER 001- 028530-01 ARTESIA N.M. RECEIVED 3/07/85 1 678 SOLD SHIP TO: WRIGHT FED #1 HONDO DRILLING COMPANY MAR 1 2 1985 TO:

DRAWER 2516 MIDLAND,

CUSTOMER P.O. NUMBEP

OR LEASE-WELL LOCATION

SHIPVIA

Ans'd.

LEASE OR WELL INSTRUCTIONS

ΤX 79701

ORDERED BY

		GEORGE PZU				
YSCJOS	MGR, IPP	TAX AREA SEADON FOR	PAYMENTTER	MS		
CK		NMO1 W/P	NET 30 DA	YS		
DUANTITY TO THE SOLD ARICH	NION SUPPLY	ITEM DESCRIPTION		UNITCISTPRICE	FACTOR	LINE NET AMOUNT
6.000 EA	0073141	TUBING CPLG 2" EUE 8RD	N80 .	19.3100	.7700	89.20
1.000 EA	00728.1	THD COMPOUND BAKERSEAL	2 GAL ,	82.0000	.9000	73.80
1.000 RL	0324471	PAIL TAPE DUCT 2" X 60 YD \$	C-519	6.6500	.9000	5.9%
1.000 EA	0255431	WOODS GAUGE 4 1/2" ⊕W-	2 5000#	130.0000	.3900	<b>50.</b> 76
1.000 EA	0321101	BRUSH \$2 TUBING DOPE		4,0000	.7000	2.7
1.000 EA (	0055246	US GAUGE 1 1/2" P500 1	/8" CBM	13.0000	.3900	5.1
1.000 EA	0763351	WILLIAMS #1161 7/16" C WRENCH	OMB	8.7400	.6000	5.

เรียงไร 440 ดูดีนาศักราชิดีที่สุริย์ ดูก ครั้งรู้คำรัฐเรีย

RECEIVED BY

INVOICE NET SALES TAX INVOICE TOTAL 233.





# UNION SUPPLY CO. P.O. BOX 85 MIDLAND TEXAS 79702-0085 PHONE (915) 884-8841

ORIGINAL WE DO D

3/18/85 STORE NUMBER INVOICE NUMBER CUSTOMER NUMBER . . PAGE RECEIVED 001- 028963-01 ARTESIA N.M. 373 1. MAR 2 0 1935 28530 SOLD HONDO DRILLING COMPANY SHIP TO: RE: DRAWER 2516 TO: OR Ansid..... MIDLAND, LEASE-WELL LOCATION 79701 ΤX

CUSTOMER P.O. NUMBER NOR	ORDERED BY GEORGE	P/U	SHIPVIA	LEASE OR WELL INSTRUCTIONS

SOLD BY: MIKE	MGR APP	TAXAREA EXEMPT	FO.B. W/P	PAYMEN NET 30			
OUANTITY CHI OF OUR	NON SUPPLY	175	M DESCRIPTION	·	UNIT LIST PRICE	FACTOR	LINE NET AMOUN
6.000- EA	0093141	TUBING CPLG	2" EUE 8RI	) N80	19.3100	.7700	89.11.
		WE CREDIT Y ABOVE RETUR					
					•		 
:					•		<u> </u>

SUBJECT TO TERMS AND CONDITIONS PRINTED ON HEVE USE SIDE

RECEIVED BY X

INVOICE NET SALES TAX INVOICE TOTAL

(92.08)

RECEIVED

1 0 9 7 5 1 INVOICE NO

DATE

3/4/85

Ans'd.....QATE OF SERVICE

3/4/85

Payment Remittance: P.O. Box 100401 Houston, Texas 77212

All Other Correspondence: P.O. Box 4449 Houston, Texas 77210 713 492-8787

CUSTOMER P.O /AFE NO

COMPANY . HONDO DRILLING COMPANY

. WELL NAME WRIGHT FEDERAL #1

Γτο

HONDO ORILLING COMPANY DRAWER 2516 MIDLAN), TEXAS 79701

FIELD

EDDY COUNTY

STATE NEW MEXICO

REF. FSO \* 16153-C

TERMS: NET 30 DAYS - 1  $^{1}$   $^{2}$  % PER MONTH SERVICE CHARGE AFTER 60 DAYS

**DESCRIPTION** 

**AMOUNT** 

FIELD SERVICE ORDER # 16153-C

\$290.00

SUB TOTAL

41% NEW MEXICO STATE AND COUNTY TAX

AMOUNT DUE

\$290.00

12.33

\$302.33

DEVELOPERS OF THE WANNEYS (The OF ENGINEERED WELL COMPLETIONS ORIGINAL

P.O. Box 4449   Houston Texas 77210   713 492 8787	_ #	2/	FIELD SERV	ICE ORDE	R C
CEO	_ (d	1 Osia	No. 016	<b>15</b> 3	
Vann Val			,	been a	,
Charge To HONDO DEILLING Compan	<i>Y</i>	DATE(S) OF CUSTOMER		3/4/	(55)
Address BRHWEIS 25/6 City ////444 State TX Zip 79	701		N		} 
Nell No. LIPIGHT TETERAL +   Field County Eddy State	D. jil.	INVOICE NO		7 <i>751</i> 2 67 #	<b>†</b> 1 !! :
/ IMP	ORTANT				
The undersigned hereby agree that GEO Vann, Inc. (GEO) shall underta consideration of such undertaking, the undersigned customer hereby agrees that the FORTH ON THE REVERSE SIDE HEREOF AND ARE MADE A PART OF THIS Customer acknowledges and understands that the prices for the services, equipment of the fact that said Terms and Conditions apply to the furnishing certifies that he has full authority and agency to enter into this Contract on behalf of the forms and Conditions apply to the furnishing certifies that he has full authority and agency to enter into this Contract on behalf of the forms and Conditions apply to the furnishing certifies that he has full authority and agency to enter into this Contract on behalf of the forms of the fo	e same be subject, solely CONTRACT and which s opment, materials and g of such services, mate	r and entirely, to the shall constitute the e products furnished	a TERMS AND CO intire agreement bi I hereunder have	NDITIONS WE etween the custo been establish	HICH ARE SET omer and GEO. ed by GEO in
		QUANTITY	PRICE/EA.	CODE	TOTAL
SCRUICE (BAXES	<del></del>	1	2900	410	190.20
5 PULL UNWSUSTEN,	16CKF12	<del></del>		<del> </del>	<b></b>
THUL ONWSUSTEM,					
					<b>-</b>
			Sub	Total	147/2
			19 4 Min		1.3.
The services described above performed as directed by Mr. BRICING SUBJECT TO CORRECTI		IVOICING F	4	NT	1100
I certify that the above ordered services, equipment, materials and products have been received.	ву: _У	or Authorized Re	ullan	1	Date
Remarks NO MATERIALS USED					

MAR 2 2 1985

Ans'd.....

2,00 INVOICE NO

1 0 9 7 5 2

DATE

3/6/85

DATE OF SERVICE

3/5-6/85

Payment Remittance: P.O. Box 100401 Houston, Texas 77212 All Other Correspondence: P.O. Box 4449 Houston, Texas 77210 713 492-8787 CUSTOMER P.O./AFE NO.

COMPANY . HONDO DRILLING COMPANY

- WELL NAME WRIGHT FED. #1

To

L

HONDO DRILLING COMPANY DRAWER 2516 MIDLAND, TEXAS 79702 FIELD

COUNTY

EDDY

STATE

NEW MEXICO

REF FSO #

8104-A, 8627-B

TERM... NET 30 DAYS - 1 1/2 % PER MONTH SERVICE CHARGE AFTER 60 DAYS.

DESCRIPTION AMOUNT

FIELD SEF.VICE ORDER # 8104-A

\$5,950.40

FIELD SERVICE ORDER # 8627-B

2,047.00

SUB TOTAL OF "A" AND "B"

41% NEW MEXICO STATE AND COUNTY TAX

AMOUNT DUE

\$7,997.40

339.89

\$8,337.29

DEVELOPERS OF THE VANNSYSTEM OF ENGINEERED WELL COMPLETIONS ORIGINAL

GEO Vann, Inc.

HONDO [RILLING COMPANY

79701

DRAWER 2516

MIDLANE, TEXAS

RECEIVED

INVOICE NO 1 0 9 7 3 7

MAR 1 8 1985

DATE

3/5/85

3/5/85

Payment Remittance: P.O. Box 100401 Houston, Texas 77212

Гто

L

All Other Correspondence: P.O. Box 4449 Houston, Texas 77210 713 492-8787 CUSTOMER POJAFE NO

COMPANY . HONDO DRILLING COMPANY

WELL NAME WRIGHT FED. #1

FIELD

WILDCAT

COUNTY

EDDY

STATE

NEW MEXICO

REF. FSO .

16185-C

TERMS NET 30 DAYS - 1  $^{1}$ 2 % PER MONTH SERVICE CHARGE AFTER 60 DAYS

FIELD SERVICE ORDER # 16185-C \$5,500.35

SUB TOTAL \$5,500.35

4½% NEW MEXICO STATE AND COUNTY TAX 233.76

AMOUNT DUE \$5,734.11

P.O. Box 4449	Houston	Texas	77210	713 492-8787	
GEO			•		

Vann

ARTÉSIA #19 FIELD SERVICE ORDER C

No. 016185

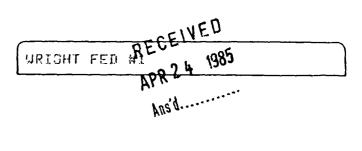
No Maria							
	DATE(S) OF	SERVICE-	7-5-85	<u> </u>			
Charge To 11000 DRILLING CO	CUSTOMER P.O./AFE NO.						
Address <u>CRAWER</u> 2516	SERVICEME	N BAAD	Y mon	TES			
City MALAIRO State IF YAS Zip 79701		4000	700				
Well No. WRIGHT FEO. H	INVOICE NO			<del></del>			
Field LULDCAT County LODY State 11. 17.	CUST, CODE	:/ M/R <u>////</u>	<u> </u>	3976.7			
IMPORTANT							
The undersigned hereby agree that GEO Vann, Inc. (GEO) shall undertake the furnishing of the consideration of such undertaking the undersigned customer hereby agrees that the same be subject, solel FORTH ON THE REVERSE SIDE HEREOF AND ARE MADE A PART OF THIS CONTRACT and which Customer acknowledges and uncerstands that the prices for the services, equipment, materials and consideration of the fact that said Terms and Conditions apply to the furnishing of such services, mat certifies that he has full authority and agency to enter into this Contract on behalf of the customer.  By:  By:  For GEOVann, Inc.  By:  For	y and entirely, to the shall constitute the elements furnished erials and/or product	a TERMS AND CO ntire agreement be thereunder have ts. The undersign	ONDITIONS WHetween the custo been established led representative	ICH ARE SET imer and GEO. d by GEO in the of customer			
For GEOVann, Inc.				Customer			
	QUANTITY	PRICE/EA.	CODE	TOTAL			
CHAMICE CHARGE			44.109	550,0			
291594.08 CONTROL EQUIPMENT WAS GASASE			46-108	410.00			
PRINTE PLUG SETTING SETVICE		· · · · · · · · · · · · · · · · · · ·	416-602				
DEPTH CHARGE	11050	0.16		17.68.0			
OPERATION EXTRES INCLUSES FALL OF 5 4 HUL.				575.0			
CEMENT NUMP BALLER SEAVICE 35	11050	0.12	416-504	1326.0			
CORRELATION G SIMMA RAY LOBBING WOLLARS							
( THEY TUBING)		 	410-203				
DEPTH CHARGE	12.980	0.15		1632.0			
OFENATIONS CHARGE MINIMUM		min		210.0			
LESS DISCOUNT			<	970.			
50 200 000 0000	-		<del> </del>				
5) DICC CH 5 1/1 45 17							
V - V - CVI			<u> </u>				
			†				
• —			†				
ILLECIPLE							
ILLEGIBLE		Sub	Total				
		9%%					
The services described above performed as directed by Mr. Bull and & mR. Ou	TIAW		TAL	1774			
PFICING SUBJECT TO CORRECTION BY OUR II		EPARTME	NT _				
Figure 1 Certify that the above ordered services, equipment, materials and products have been received.	410	Quella.	1	-			
	r Authorized Re	presentative		Date			
Remarks							

# JIM'S WATER SERVICE OF COLORADO, INC.

P.O. BCX 718 --8RIGHTON, CO 80601 (303) 6:9-6606

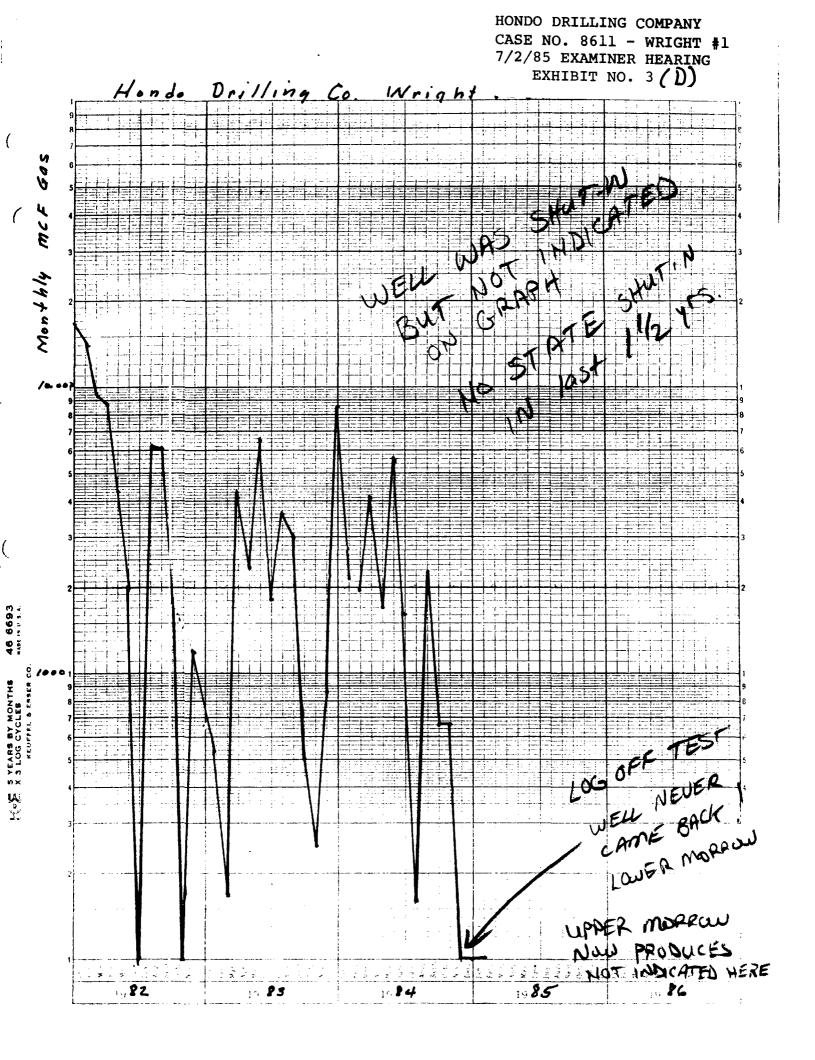
495 - HONDO DRILLING

P.O. DRAWER 2516 MIDLAND, TX 79702



TKT	BATE	OESCRIPTION	QUANTITY	PRICE	TOTAL
1.5094	3/39/05	CILL TRUCK	2.50	72.00	186.00
		KILL TRUCK	4.50	50.00	225 93
		-KOL	11.00	19.00	209.06
		FRESH WATER PURCHASED	150.00	. <b>t</b> 9	15 00
13161	3/05/35	KILL TRUCK	1.00	72,00	72.00
		KILL, TRUCK	2.00	50.00	1.00.00
		KCI.	11.00	19.00	209.95
		FRESH WATER PURCHASED	150.00	. 1.0	15.0

SUB-TOTAL SALES TAY	1 625 13
TOTAL	1,033.





POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

# WRIGHT FEDERAL #1

U.S. Lease #NM-19606 - NW/4 SW/4 and U.S. Lease #NM-0925 - NE/4 SW/4, S/2 SW/4, SE/4 Section 29, T-18-S, R-29-E, N.M.P.M., Eddy County, New Mexico -- 320 acres, more or less

Month	Gas Production	WI Income	Cost of Operations	Profit or Loss
January 1984	2,271	\$ 3,600.73	\$ 1,268.51	\$ 2,332.22
February	1,929	3,068.04	3,558.82	(490.78)
March	4,098	6,518.75	1,366.50	5,152.25
April	1,723	2,722.72	1,859.34	863.38
May	5,506	8,840.72	1,279.26	7,561.46
June	1,607	2,590.04	1,664.88	925.16
July	160	254.72	1,420.15	(1,165.43)
August	2,591	4,159.26	1,019.95	3,139.31
September	2,247	3,649.82	1,252.27	2,397.55
October	653	3,930.81	1,779.41	2,151.40
November	611	999.18	1,042.06	(42.88)
December	57	(21,708.19)	7,348.93	(29,057.12)
January 1985	6	4.80	1,826.67	(1,821.87)
February	36	30.95	939.02	(908.07)
March	20,933	36,807.72	17,036.80	19,770.92
April	20,691	45,152.04	6,817.71	38,334.33
May	24,483	45,755.77	8,874.24	36,881.53

PRODUCTION FROM AV
ADDITIONAL MORROW ZONE

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87501

Adopted 3-2-84 Side 1

Case 8617

### APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

	<del></del>						
Oper	Ator Hondo Drilling Company .	Contact	Par	ty	Marga	ret Longanecke	er
Addr	Drawer 2516, Midland, Texas 79702	· · · · · · · · · · · · · · · · · · ·	_	Phone	No.	915-682-9401	, 684-6381
Leas	e WRIGHT FEDERIAL Well No. / UT	N Sec.	29	TWP	18-	S RGE	29-E
Pcol	Name NORTH TURKEY TRACT MORROW	Minimum	Rate	Reque	sted		met Iday
Tran	sporter Name <u>EL PASO NATURAL GAS (D.</u>	Purchas	er (:	if dif	fere	nt)	
Are	you seeking emergency "hardship" classific	ation for	this	well?	,	X yes _	no
	icant must provide the following informati qualifies as a hardship gas well.	on to supp	port	his c	onter	ntion that t	he subject
	Provide a statement of the problem that leadste" will occur if the subject well is siproduce. (The definition of underground waterm)	hut-in or	is co	urtail	ed be	elow its abi	ility to
				_			

- Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - i) the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
- 3) Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
  - c) 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
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, 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
  - b) 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).
- 6) Attach a plat and/cr map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- 7) Submit any other appropriate data which will support the need for a hardship classification.
- 8) If the well is in a prorated pool, please show its current under- or over-produced status.
- 9) Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

# 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 prior 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 rescind 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 intent to approve 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.
- 9) 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Corservation Division Drawer DD Artesia. NM 88210

Re: Application for Classification as Hardship Gas Well

Lease: WRIGHT FEDERAL

Well No.: 1, SEC. 29, T-18-5, R-29-E Pool Name: NORTH TURKEY TRACT MORROW

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a nonflowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Pasc Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of /200 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is \_\_\_\_\_\_\_\_MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger
Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company Wright Federal #1 Sec. 29, T-18-S, R-29-E, NMPM Eddy County, New Mexico

Sales Month

Total MCF

Average/Day MCF

This well was killed by El Paso's high line pressure and shut-ins. The well was recompleted in the middle zone 3-5-85 and produces 1000 MCF/day. El Paso has notified us that they are shutting this well in. See copy of Sundry Notice attached.

(November 1983) (Formerly 9-331) DEPAR	TMENT OF THE INTER	IOR TOTAL MECETY ED	b. LEASE DESIGNATION AND SERIAL NO. NM 0925 and 19606
SUNDRY NO	EAU OF LAND MANAGEMEN  OTICES AND REPORTS (  populate to drill or to deepen or plug in the control of the contr	ON WELEEB 18 1985	6. IF INDIAM, ALLOTTER OR TRIBE NAME
1.		Ans I.	7. UNIT AGRESMENT NAME
OIL GAS WELL OTHER			S. PARM OR LEASE NAME
HONDO DRILLING COM	PANY		Wright Federal Com-
3. ADDRESS OF OPERATOR	nd, Texas 79702-2516		9. WELL NO.
4. LOCATION OF WELL (Report location	n clearly and in accordance with any	State requirements.	#1 10. FIELD AND POOL, OR WILDCAT
See also space 17 below.) At surface			North Turkey Track
1,980' FWL T-18-S,	and 660' FSL, Unit N, R-29-F	Sec. 29,	11. SEC., T., E., M., OR BLE. AND SURVEY OR ARMA
1 10 0,	K 27 L		Sec. 29, T-18-S, R-29-E
14. PERMIT NO.	15. SLEVATIONS (Show whether pi	F, ST, GR, etc.)	12. COUNTY OR PARISH 18. STATE Eddy New Mexic
16. Check	Appropriate Box To Indicate N	Nature of Notice, Report, or	Other Data
MCTICE OF IN	IBNTION TO:	80880	QUENT REPORT OF:
TEST WATER RETT-OFF	PCLL OR ALTER CARING	WATER BECT-OFF	REPAIRING WELL
SHOOT OR ACIDISS	MULTIPLE COMPLETE	PRACTUBE TREATMENT	ALTERING CABING
REPAIR WELL	CHANGE PLANS	(Other)	ARAMOON MENT
(Other)		Completion or Recom	ts of multiple completion on Well pletion Report and Log form.)
17. DESCRIBE PROPUSED OR COMPLETED proposed work. If well is direment to this work.) *	OPERATIONS (Clearly state all pertines actionally drilled, give subsurface loca	it details, and give pertinent date tions and measured and true verti	s, including estimated date of starting any loal depths for all markers and sonce perti
We propose to test	the Morrow Zone, Dept	h 10,940' to 10,950'	in the next 30 days.
	and 5 1/2" Guiberson 1b. Bridge plug at 11		
Run Van sysiem exp	plosive package, set Gu m 10,940' to 10,950' w	aiberson Production Parith 4" O.D. Steel Car	acker at 10,865' and rrier Gun with 4 shots
Acidize well with	1,500 gallon 7 1/2% Hy	drochlorie Acid and	Test Well.
•			
1A. 1 bereby certify file and integral	te true and correct	President	DATE February 6, 1985
(This space for ederal or State	(Accepte) 1	. <del> </del>	
APPROVAL, II	SARON TITLE C.	File of the state	DATE 2-15 85

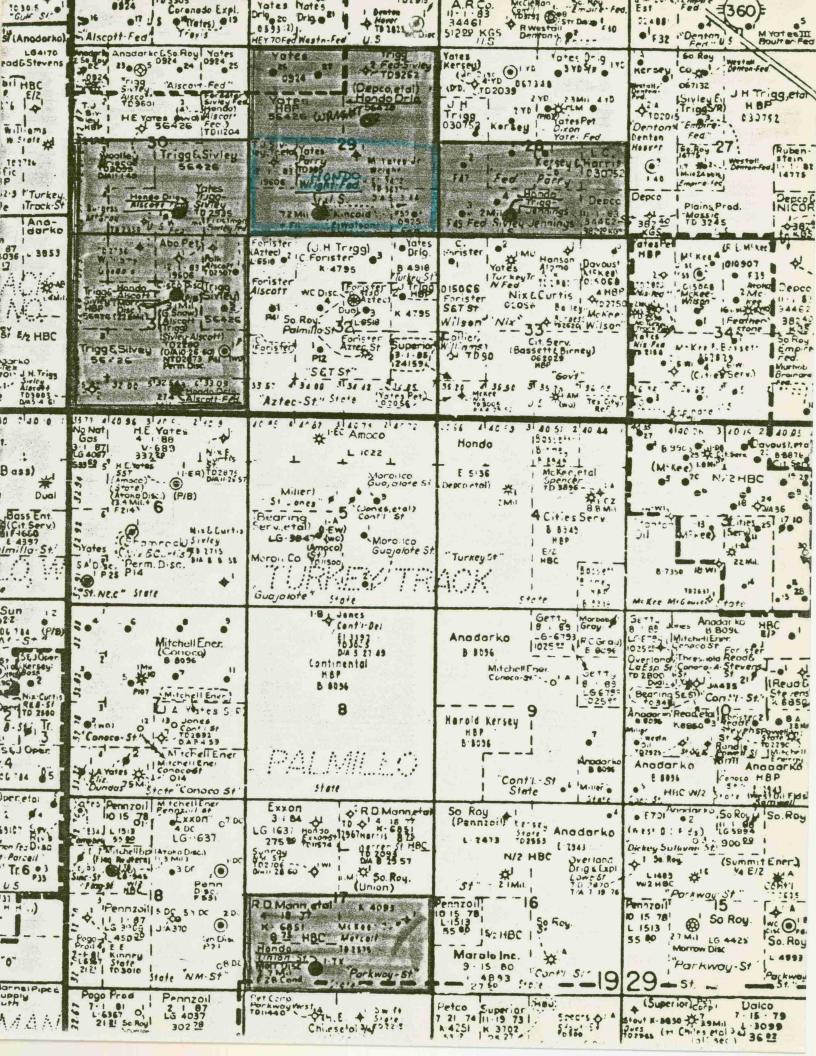
### \*See Instructions on Reverse Side

MIDLAND, TEXAS 79702-2516 • [915] 682-9401 POST OFFICE DRAWER 2516 • Lease Wright Federal Com. Well Number 1 Location U.S Lease #NM-19606 - NW/4 SW/4 and U.S.Lease #NM-0925 - NE/4 SE/4, S/2 SW/4, SE/4 Section 29, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less \_\_\_\_\_, New Mexico. Eddy 3,455' Ground 13 3/8" Casing 383' 8 5/8" Casing 3,584' 10,865' Packer 2 3/8" Tubing 10,897' Bottom shot 10,950' four shots per foot Top shot 10,940' 5 1/2" Casing Set 11,390'

Hondo Drilling Co.
Wright Fed. #1
Eddy County, New Mexico
March 5, 1985

			·
			·
		l I	
			5 1/2" 17/20# Casing -(17# in middle) 2 3/8" O.D. EUE 8rd N-80 Production String
			2 3/8 U.D. EUE 8rd N-80 Production String
	6.00		Key Locator Collar w/R.A. Marker
	30.00		2 3/8" O.D. EUE 8rd N-80 Tubing Joint
<del></del>			
	1.00	<b>₽</b>	Guiberson FL On/Off Tool w/1.81 Profile
	6.00		5 1/2" 17/20# Guiberson Uni VI Packer
	2.00		Vanntage® Packer Actuated Vent Assembly 4 - 1" Dia. holes
	30.00		2 3/8" O.D. EUE 8rd N-80 Tubing
		╌╶┟┪	
	2.00		Vanntage® Mechanical Tubing Release w/1.88 I.D. Latch
			Talling Refease II, 2100 2101 Educil
	30.00		2 3/8" O.D. EUE 8rd N-80 Tubing Joint
			Vanntage® Mechanical Firing Head w/4' Handling Sub
	5.50		
10940.00			Top Shot
			All O.D. Stool Country Compatible 4 165
			4" O.D. Steel Carrier Gun with 4 JSF
	10.00		
10950.00		_ [] []	Bottom Shot
		4	_







POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: LURIGHT FEDERAL

Well & Location: 1, SEC 29, T-18-5, R-29-E

POOl: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

#### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the <u>SOUTH HALF SECTION 29, 320 ACRES MORE OR LESS</u>.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>CORIGHT FEDERAL NO. 1</u> well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer

HONDO DRILLING COMPANY

LE/aer



POST OFFICE DRAWER 2516 •

MIDLAND, TEXAS 79702-2516 • [915] 682-9401

Oil Conservation Division Drawer DD Artesia, NM 88210

Re:Lease: WRIGHT FEDERAL

Well & Location: 1, SEC 29, T-18-5, R-29-E

Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following. parties:

- Yates Drilling Co. 207 S. 4th. Artesia, NM 88210
- 2. J. H. Trigg Box 520 Roswell, NM 88201
- 3. Depco 1000 Pet. Bldg. 110 16th. Street Denver, CO 80802
- 4. Yates Petroleum. 207 S. ∠th. Artesia, NM 88210
- 5. C. Forister P. O. Box 161 Artesia, NM 88210

6. El Paso Natural Gas Co. Box 1492 El Paso, TX 79978

Lamar Eschberger

Consulting Petroleum ENgineer

HONDO DRILLING COMPANY

#### John Shockley-Swabbing Service, Inc.

P. O. BOX 1857 EUNICE, NEW MEXICO 88231



393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE Nº 3446

Hondo Drilling Co. P.O. Drawer 2516 Midland, Texas 79702 Attention: George Bullard

DEC 6 1984

Ans'd.

Date December 5, 1984

Contract No.

AFE No. Req. or

Lease & Well No.

Wright #1 Swab Unit #14

Purchase Order No.

11-30-84 #781.9

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7월 Hrs.	<u>e</u>	63.25	474.38
Swab Cups	6	9	15.50	93.00
OSR	2	@	9.75	19.50

586.88 418 NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . (915) 682-9401

February 14, 1985

Mr. Manning

Mr. Bill G. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Shut-in of Union TX State,

Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Exempt from them the suit of Division D

P. O. Box 2089
Santa Fe, New Mexico 87501

Side 1

Case 86/4

#### APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator _	Hondo C	ril inq	Company		• 		Conta	act E	Part	Y	larga:	ret Lone	ganecke.	r	
Address	Drawer	2515, M	idland, T	exas	<b>797</b> 02			•	_ :	Phone	No.	915-682	? <b>-9</b> 401,	684-6	381
Lease WK/	CHT FEL	PERAL	_ Well !	No	/	מד ַ	<u>//</u> Se	ec. g	29	TWP	18-	5	_ RGZ	29-E	
Pcol Name	NORTH I	TURKEY	TRACT (	norr	010		Minimu	um Ra	ate :	Reque	sted		1000	mcf	/day
Transporte	er Name 🚣	EL PASO	NATU	RAL C	FAS CC	<u>).                                    </u>	Purch	haser	r (i	f dif:	fere	it)	<u>-</u> -		<del></del>
Are you se	eking em	ergency	"hardsi	hip" d	classif	ica	tion fo	or th	his	well?	_	<u>x</u>	yes	:	10
Applicant well quali	must pro	vide th a hards	e follo hip gas	wing well.	inform	atio	n to s	nbbo	rt i	nis co	nten	tion (	that th	he sub	ect

- 1) 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)
- Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - the use of "smallbore" tubing;
       other de-watering devices, such as plunger lift, rod pumping units, etc.
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  - b) Frequency of swabbing required after the well is shut-in or curtailed.
  - c) 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
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, 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
  - b) Documentation of well production history (producing rates and pressures, as well as gas/water ratho, both before and after shut-in periods due to the well dying, and other appropriate production data).
- 6) Attach a plat and/or map showing the proration unit dedicated to the well and the 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.
- 9) Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

#### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

- 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 prior 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 rescind 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.
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- 4) If a minimum flow test is to be run, either at the operator's options or at the request of the Division, the offset operators, any protesting party, the purchaser and CCD 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 intent to approve 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.
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- 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.
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POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer DD Artesia, NM 88210

Re: Application for Classification

as Hardship Gas Well Lease: WRIGHT FEDERAL

Well No.: 1, SEC. 29, T-18-5, R-29-E Pool Name: NORTH TURKEY TRACT MORROW

Gentlenen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Erclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated cownhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-ir. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

Ir cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our larest swabbing invoice for an area well. At the rate at which

El Pasc Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of \_\_\_\_\_\_\_MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger
Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 29, 1985

Hondo Drilling Company Wright Federal #1 Sec. 29, T-18-S, R-29-E, NMPM Eddy County, New Mexico

Sales Month

Total MCF

Average/Day

MCF

This well was killed by El Paso's high line pressure and shut-ins. The well was recompleted in the middle zone 3-5-85 and produces 1000 MCF/day. El Paso has notified us that they are shutting this well in. See copy of Sundry Notice attached.

BUREA	U OF LAND MANAGEME		NM 0925 and	10606
(De not use this form for propo-	ICES AND REPORTS rate to drill or to deepen or plus ation for PERMIT—" for such	g back to a different reservoir.		E OR TRIBE PARS
OIL GAB X OTHER			7. UNIT ACRESMENT H	A M B
2. HAME OF OPERATOR			8. PARM OR LEASE WA	ws .
HONDO DRILLING COMPA	ANY		Wright Federa	al Com
3. ADDRESS OF OPERATOR	1 m 70702 2516		9. WALL NO.	
Drawer 2516, Midland		ny State requirements	10 PIELD AND POOL, C	
Bee ainn space 17 below (	activity and the accordance with a	ay state requirements -	North Turkey	
1,980' FWL ar	nd 660' FSL, Unit N,	Sec. 29.	11. 88C., T., S., M., OS	
T-18-S, R-		,	Sec. 29, T-18	3-S, R-29-Е
14. PERMIT NO.	16. BLEVATIONS (Show whether	DF. ST. GR. etc.)	12. COUNTY OR PARIS	18. STATE
	3,455'		Eddy	New Mexico
16. Check A	ppropriate Box To Indicate	Nature of Notice, Report, or	Other Data	
NOTICE OF INTER			QUENT EMPORT OF:	,
TEST WATER SECT-OFF	PELL OR ALTER CASING	WATER BRIT-OFF	REPAIRING	<b></b>
PHACTURE TREAT	MILTIPLE COMPIFE	PRACTURE TREATMENT	ALTERING C	11
SHOOT OR ACIDISS	ABANDON*	BHOOTING OR ACIDIZING	ABANDONME	.HT*
ASPAIR WELL (Other)	CHANGE PLANS	(Other)Report result	ts of multiple completion	
17 DESCRIBE I ROPUSED OR COMPLETED OFF groposed work. If well is directed nest to this work.)	trations (Clearly state all pertia onally drilled, give subsurface lo		pletion Report and Log to a, including estimated da- ical depths for all marker	** ** ***
We propose to test t	the Morrow Zone, Dep	oth 10,940' to 10,950'	in the next 30	days.
Pull 2 3/8" :ubing a 5 1/2" Elite 17/20 1 Dump Bailer. 35/	lb. Bridge plug at l	Production Packer out. 1,000'. Cement top o	t of hole and se f Bridge plug wi	et Lth
Run Van system explo perforate well from per foot.	osive package, set 6 10,940' to 10,950'	Guiberson Production Pawith 4" O.D. Steel Car	acker at 10,865 rrier Gun with 4	and shots
Acidize well with 1,	,500 gallon 7 1/2% H	lydrochlorie Acid and	Test Well.	
			•	
•				
In. 1 bereby certify All Paterytan I	true and correct		<del></del>	<del> </del>
SIGNED THE QUIT	TITLE	President	DATE Februa	ary 6, 1985
(This space for federal or State &	re/ole) // a	AREA MANAGE		

\*See Instructions on Reverse Side

TITLE \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANT:

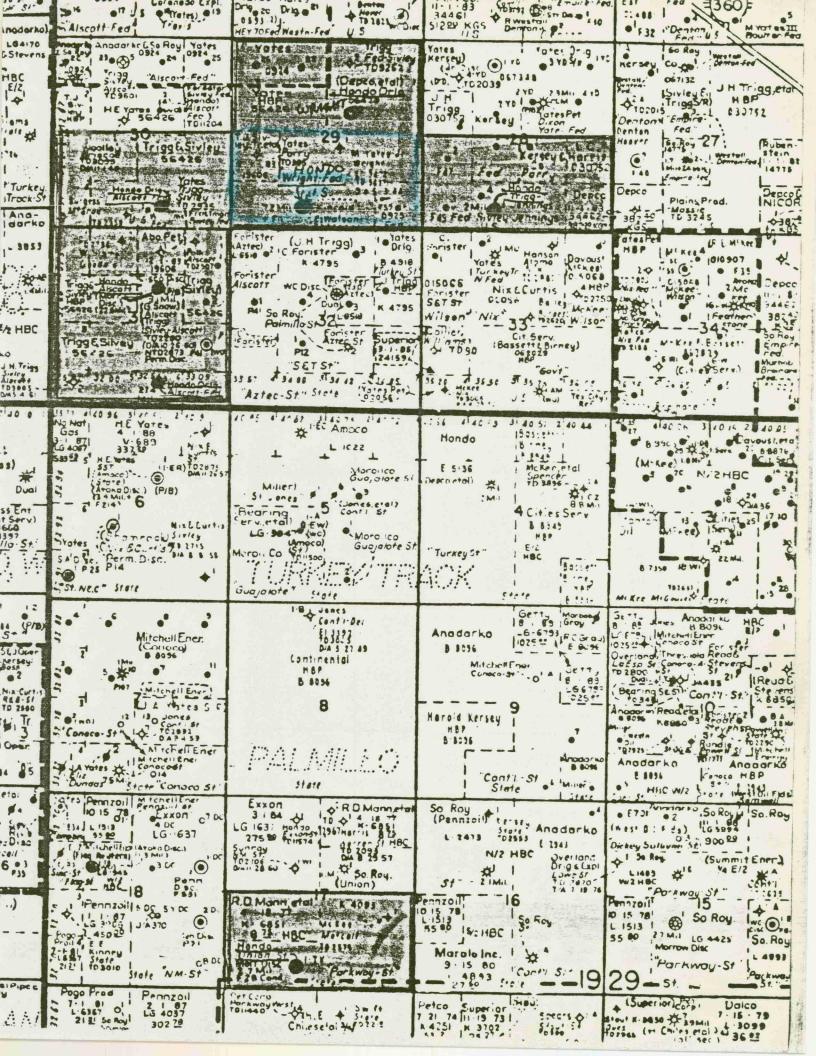


	POST OFFIC	CE DRAWER 2516	• MI	DLAND, TEXAS 7	9702-2516 •	(915) 682-	3401	•
Simur	<b>)</b> Lease _	Wright Fede	ral (	Com.	_ Well Numbe	er <u>1</u>		
SE/4	J.S.Lease #NM-19 Section 29, T-1	l8-S, R-29-E,	N.M.F	P.M 320	= #NM-0925 - D acres, more	NE/4 SE/4 e or less	4, S/2	SW/4,
County	Eddy	, New M	lexico					
	Ground	3,455'	+++					
l	.3 5/8" <u>Casing</u>	383'						
	8 3/8" <u>Casing</u>	3,584'						
	Packer	10,865'						
	2 3/8" Tubing	10,897'		xx Top sho	ot 10,940'	10' four	shots	per foot
5	5 1/2" Casing S	et 11,390'		xx Bottom	shot 10,950	, 20 1001	3110(3	her roor

Hondo Drilling Co.
Wright Fed. #1
Eddy County, New Mexico
March 5, 1985

			·
		1 1	
			5 1 (01) 17 (00 1/ 0 )
			5 1/2" 17/20# Casing -(17# in middle) 2 3/8" O.D. EUE 8rd N-80 Production String
	<del></del>	-  -	
	6.30		Key Locator Collar w/R.A. Marker
		╸┢╌┼╌┼	Rey Locator Corrar W/R.A. Marker
	30.00		2 3/8" O.D. EUE 8rd N-80 Tubing Joint
	1.00		Guiberson FL On/Off Tool w/1.81 Profile
			dulberson FE on/off 1001 W/1.81 FFOTTE
,			
	6.00		5 1/2" 17/20# Guiberson Uni VI Packer
	2.00		Vanntage® Packer Actuated Vent Assembly 4 - 1" Dia. holes
	30.00		2 3/8" O.D. EUE 8rd N-80 Tubing
	30.00		2 3/0 O.D. LOC OIG N OF TUDING
		_	
	2.00		Vanntage® Mechanical Tubing Release w/1.88 I.D. Latch
	30.00		2 3/8" O.D. EUE 8rd N-80 Tubing Joint
		- H	
			Vanntage® Mechanical Firing Head w/4' Handling Sub
	5.50		
10940.00			Top Shot
			4" O.D. Steel Carrier Gun with 4 JSF
		. 1	
	10.00		$\cdot$
10950.00		•   1	Bottom Shot
		— <b>—</b> —	
		4	and the control of th







POST OFFICE DRAWER 2516 • MIDLAND, TEXAS, 79702-2516 • [915] 682-9401

Oil Conservation Division

Drawer DD

Artesia, NM 88210

Re:Lease: WRIGHT FEDERAL
Well & Location: 1, SEC 29, T-18-5, R-29-E
Pool: NORTH TURKEY TRACT MORROW
County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the  $18^{th}$  day of 1985 to the following parties:

- 1. Yates Drilling Co. 207 S. 4th. Artesia, NM 88210
- J. H. Triigg
   Box 520
   Roswell: NM 88201
- Depco
   1000 Per. Bldg.
   110 16th. Street
   Denver, CO 80802
- 4. Yates Petroleum, 207 S. 4th. Artesia NM 88210
- C. Forister
   P. O. Box 161
   Artesia, NM 88210

6. El Paso Natural Gas Co. Box 1492 El Paso, TX 79978

Lamar Eschberger

Consulting Petroleum ENgineer

HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: WRIGHT FEDERAL

Well & Location: 1, SEC 29, T-18-5, R-29-E

POOL: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

#### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Crilling Company. The proration unit assigned to this well includes the <u>South HALF SECTION 29</u>, <u>320 ACRES MORE OR LESS</u>.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>CORIGHT FEDERAL NO. 1</u> well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

very #ruly yours,

Lamar Eschberger, Consulting Petroleum Engineer

HONDO DRILLING COMPANY

LE/aer

### John Shockley-Swabbing Service, Inc.

P. O. BOX 1857

EUNICE, NEW MEXICO 88231



JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE Νō

3446

Hondo Drilling Co. P.O. Drawer 2516 Midland, Texas 79702 Attention: George Bullard

DEC 6 1984 Ans'd.

Date December 5, 1984

Contract No.

AFE No. Req. or

Lease & Well No.

Wright #1 Swab Unit #14

Purchase Order No.

11-30-84 **#7819**  Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7월 Hrs.	e e	63.25	474.38
Swab Cups	6	<b>@</b>	15.50	93.00
OSR	2	@	9.75	19.50

586.88 418 NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



410 NORTH LORAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

Mr. Marmine Ealled about 11 June Level for July borne well for the form

Mr. Bill G. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Shut-in of Union TX State, Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Exempt from shuttend wellow to sent them Suttoned Dimentor Jung Suttoned Mr. M. And Comment M. M. Alabara I. M. P. O. Box 2088
Santa Fe, New Mexico 87501

Side 1

Case 86/1

#### APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Orilling Company	Contact Party Margaret Longanecker
Address Drawer 2516, Midland, Texas 79702	Phone No. 915-682-9401, 684-6381
Lease WRIGHT FEDERAL Well No. / UT	N Sec. 29 TWP 18-5 RGZ 29-E
Pool Name NORTH TURKEY TRACT MORROLU	Minimum Rate Requested 1000 mcf/da
Transporter Name EL PASO NATURAL GAS (O.	Purchaser (if different)
Are you seeking emergency "hardship" classifica	tion for this well? yes no
Applicant must provide the following information well qualifies as a hardship gas well.	on to support his contention that the subject

- 1) Provide a statement of the problem that leads the applicant to believe that "underground wasts" 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)
- Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - i) the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
- 3) Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
  - c) 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
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, 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
  - b) Documentation of well production history (producing rates and pressures, as well as gas/water rat..o, both before and after shut-in periods due to the well dying, and other appropriate production data).
- 6) Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- 7) Submit any other appropriate data which will support the need for a hardship classification.
- 8) If the well is in a prorated pool, please show its current under- or over-produced status.
- 9) Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

#### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

- ) 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 prior 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 rescind 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 <u>minimum sustainable rate</u> 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.
- If a minimum flow test is to be run, either at the operator's optiom or at the request of the Division, the offset operators, any protesting party, the purchaser and CCD 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 intent to approve 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.
- 9) 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer DD Artesia, NM 88210

Re: Application for Classification

as Hardship Gas Well Lease: WRIGHT FEDERAL

Well No.: 1, SEC. 29, T-18-5, R-29-E Pool Name: NORTH TURKEY TRACT MORROW

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Erclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated cownhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-ir. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

Ir cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

The minimum flow rate we are requesting for this well is <u>/oo/</u> MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger

Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company Wright Federal #1 Sec. 29, T-18-S, R-29-E, NMPM Eddy County, New Mexico

Sale; Month

Total MCF

Average/Day

MCF

This well was killed by El Paso's high line pressure and shut-ins. The well was recompleted in the middle zone 3-5-85 and produces 1000 MCF/day. El Paso has notified us that they are shutting this well in. See copy of Sundry Notice attached.

(November 1983) (Formerly 9-331)	BUREAU	UF LAND MAN	AGEMENT	R verer elde KECE	VEU	NM 0925 and	N AND SSEIAL NO.
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2 HAMB OF OPERATOR	∆ ormes					S. PARM OR LEADE M	
<b>-</b>	LLING COMPAN	Ž				Wright Feder	ral Cam
S. ADDRESS OF OPERAT	08				<del></del> [	9. WELL NO.	
	l6, Midland,				İ	# <b>1</b>	
4. LOCATION OF WELL   See also space 17 be	Report location clea	rly and in accordan	with any Ste	te requirements *		10. PIELD AND POOL,	OR WILDCAT
At surface			_			North Turkey	
1,	980' FWL and		nit N, Se	c. 29,		SURVEY OR AR	B BLE. AND BA
	T-18-S, R-29	)-E				Sec. 29, T-1	18-S, R-29-E
14. PERMIT NO.		16. BLEVATIONS (Sho		, GR, etc.)		12. COUNTY OF PARIS	New Mexico
16.	Check Appl	<del></del>		ure of Notice, Rej	port, or O	<del></del>	
	NOTICE OF INTENTIO		1	, , , , , , , , , , , , , , , , , , , ,		INT REPORT OF:	
TORE BETAW TREE	opp Pri	L OR ALTER CASING		WATER BECT-OFF	<u></u>	REPAIRING	WELL.
FRACTURE TREAT		LTIPLE COMPLETE		PRACTURE TERATA	MENT	ALTERING	1
SHOOT OR ACIDIES	XX	NDON*		BHOOTING OR ACT	DIZING	ABARDONN	BHT*
REPAIR WELL	Сн.	ANGE PLANS		(Other)			
(Other)			1 1 1	Considerion	or Recomple	of multiple completion than Report and Log	fores.)
17 DESCRIBE INCLUSED proposed work next to this work.	II well is directions	Tions (Clearly state lly drilled, give sub	all pertioent d surface location	etain, and give perting and measured and	nent dates, true vertical	including estimated didepths for all mark	ate of starting any ers and sones perti-
We propos	e to test the	Morrow Zon	e, Depth	10,940' to 10	,950' i	n the next 30	days.
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Run Van s perforate per foot.	ystem explos:	Lve package,	set Guib	erson Product h 4" O.D. Ste	ion Pac el Carr	ker at 10,869 ier Gun with	5' and 4 shots
Acidize w	ell with 1,50	00 gallon 7	1/2% Hydr	ochlorie Acid	l and Te	st Well.	
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SIGNED THE	dullan	٠, ب	ITLE P	resident		DATE Febr	uary 6, 1985
(This space for fee	Seral or State Bee	iller.	AREA CAR	Andrews of the Control of the Contro		2	1585

\*See Instructions on Reverse Side

CONDITIONS OF APPROVAL IF ANT:

# A TOWN

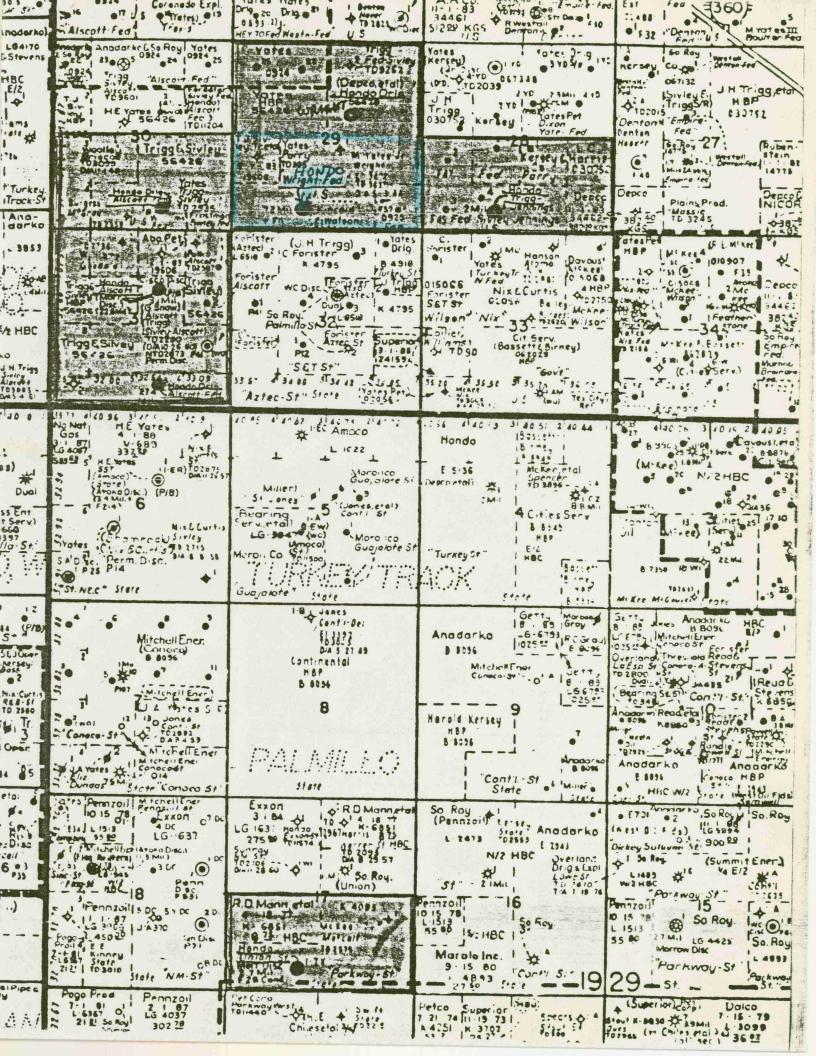
#### HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401 Lease Wright Federal Com. Well Number 1 Location U.S.Lease #NM-19606 - NW/4 SW/4 and U.S.Lease #NM-0925 - NE/4 SE/4, S/2 SW/4, SE/4 Section 29, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less County Eddy \_\_\_\_\_, New Mexico. Ground 3,455' 13 3/8" Casing 3831 3,584' 8 5/8" Casing Packer 10,865' 2 3/8" Tubing 10,897' Bottom shot 10,950' four shots per foot Top shot 10,940' 5 1/2" Casing Set 11,390'

## Hondo Drilling Co. Wright Fed. #1 Eddy County, New Mexico March 5, 1985

			,
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	6.00		5 1/2" 17/20# Guiberson Uni VI Packer
	2.(10		Vanntage® Packer Actuated Vent Assembly 4 - 1" Dia. holes
	30.00		2 3/8" O.D. EUE 8rd N-80 Tubing
	2.(10		Vanntage® Mechanical Tubing Release w/1.88 I.D. Latch
	30.00		2 3/8" O.D. EUE 8rd N-80 Tubing Joint
			Vanntage® Mechanical Firing Head w/4' Handling Sub
10940.00	5.50		Top Shot
		[ • <u> </u>	4" O.D. Steel Carrier Gun with 4 JSF
	10.00		
10950.00	<del></del>	-	Bottom Shot







POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re:Lease: WRIGHT FEDERAL

Well & Location: 1, SEC 29, T-18-5, R-29-E

Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the  $18^{th}$  day of 1985 to the following parties:

- Yates Drilling Co. 207 S. 4th. Artesia NM 88210
- J. H. Trigg
   Box 520
   Roswell, NM 88201
- Depco
   1000 Pet. Bldg.
   110 l6tt. Street
   Denver, CO 80802
- 4. Yates Petroleum207 S. 4thArtesia, NM 88210
- C. Forister
   P. O. Bc x 161
   Artesia, NM 88210

6. El Paso Natural Gas Co. Box 1492 El Paso, TX 79978

Lamar Eschberger

Consulting Petroleum ENgineer

HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: LURIGHT FEDERAL

Well & Location: 1, SEC 29, T-18-5, R-29-E

POOL: NORTH TURKEY TRACT MORROLU

County: EDDY COUNTY, NM

#### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the <u>South HALF SECTION 29</u>, <u>320 ACRES MORE OR LESS</u>.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>CANGERT FEDERAL NO. 1</u> well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

very truly yours

Lamar Eschberger, Consulting Petroleum Engineer

HONDO DRILLING COMPANY

LE/aer

#### John Shockley-Swabbing Service, Inc.

P. O. BOX 1857

EUNICE, NEW MEXICO 88231



PHONE 394-3435 393-1068

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE Nº

3446

Hondo Drilling Co. P.O. Drawer 2516 Midland, Texas 79702

Attention: George Bullard

DEC 6 1984

Ans'd.

Date December 5, 1984

Contract No.

AFE No.

Req. or

Lease & Well No.

Wright #1 Swab Unit #14

Purchase Order No.

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7월 Hrs.	9	63.25	474.38
Swab Cups	6	<b>@</b>	15.50	93.00
OSR	· 2	e	9.75	19.50

586.88 4% NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . (915) 682-9401

Mr. Bill G. Lane February 14.

February 14.

February 14.

February 14.

February 14.

February 14.

Mr. Bill G. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Shut-in of Union TX State, Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Example from shuttend wells in to see to see the service of the s formi

#### Side i

RECEIVED

#### APPLICATION FOR CLASSIFICATION AS MARDSHIP GAS WELL

APR 2 6 1985

Operator Hondo Orilling Company	Contact Party Margaret Longanecker
Address Drawer 2516, Midland, Texas 79702	Phone No. 915-682-9401, 684 6387
Lease WAIGHT FEDERAL Well No. 2	UT <u>G</u> Sec. <u>29</u> TWP <u>18-5</u> RGZ <u>29-E</u>
Pool Name NORTH TURKLY TRAKT MORROW	Minimum Rate Requested
Transporter Name Ec Priso NATURAL GAS CO.	Purchaser (if different)
Are you seeking emergency "hardship" classifi	ication for this well? X yes no
Applicant must provide the following informa well qualifies as a hardship gas well.	tion to support his contention that the subject
Provide a statement of the problem that ! waste" will occur of the subject well is	leads the applicant to believe that "underground shut-in or is curtailed below its ability to

2) Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.

produce. (The definition of underground waste is shown on the reverse side of this

- a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
- b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
  - i) the use of "smallbore" tubing;
     ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
- Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
  - c) 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
- 6) If failure to obtain a hardship gas well classification would result in premature abandonment, calculate the quantity of gas reserves which would be lost
  - 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
    - b) 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).
- .) Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all of:setting 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 application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

HONDO DRILLING COMPANY
CASE NO. 8611 - WRIGHT #2
7/2/85 EXAMINER HEARING
EXHIBIT NO. 1

#### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

:) 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."

- 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 prior 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 rescand approval at any time without notice and require the operator to show cause why the classification should not be permanently rescanded 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.
- ) 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 CCD will be notified of the date of the test and given the opportunity to witness, if they so desire.
- 5) Any interested parmy 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 intent to approve by attaching such notice to the regular examiner's hearing docker. Within 10 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.
- 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 Lirector. 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.
- 9) 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 lifter being classified "hardship" must, however, be balanced before the well can be allowed to produce at the higher rate.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer DD Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: WK/IGHT FEDERHL
Well No.: 2, SEC 29, T-18-5, R 24-E
Pool Name: NORTH TUKKEY TRUCT MOKKEEL

#### Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser 'qatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Cas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well() will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our late, t swabbing invoice for an area well. At the rate at which



El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of \_\_\_\_\_\_\_MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is \_\_\_\_\_MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downnole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger

Consulting Registered

Frofessional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

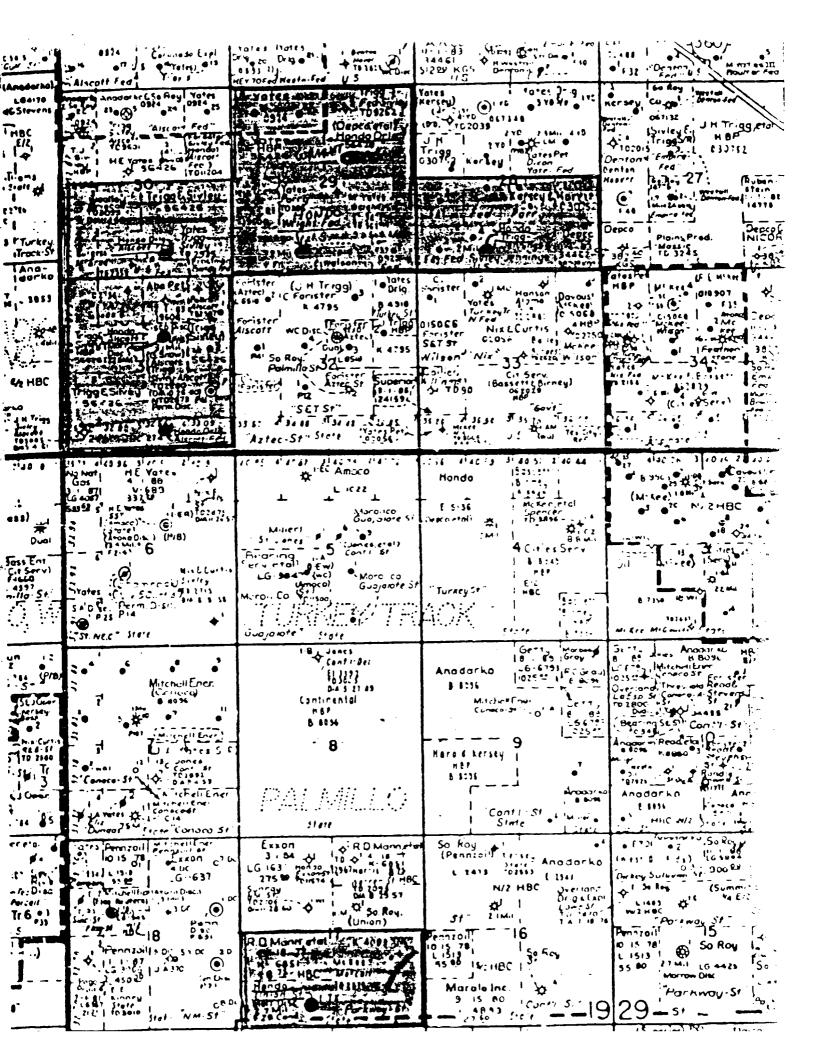
### Hondo Drilling Company Wright Federal #2 Sec. 29, T-18-5, R-29-E, NMPM Eddy County, New Mexico

<u>Sales Month</u>	Total <u>MCF</u>	Average/Day MCF
August, 84	1200	38.7
September	1131	37.7
October	1177	38.0
November	1266	42.2
December	1318	42.5
January, 95	1329	42.7
Total for Six Months	7417	40.3 Average/Day

#### NOTE:

After shut-ins and El Paso's high line pressure this well will not come back, swabbing will be necessary.

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702 2516 • [915] 682-9401 Lease Wright Federal Com. Well Number 2 Location U.S.Lease #NM-0924 - NW/4 and U.S.Lease #NM-0925 - NE/4, Section 29, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less County Eddy , New Mexico. Ground 3,490' 13 3/3" Casing 405' 3 5/3" Casing 3,015' 10,943' Packer 2 3/8" Tubing 10,953' Top shot 11,012'
Bottom shot 11,152' 24' two shots per foc-5 1/2" Casing Set 11,300'





POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification as Hardship Gas Well Lease: WRIGHT FEDERAL

Well & Location: 2, SEC. 29, T-18-5, R-29-E Pool: NowTH TURKEY TRACT MONKERS

County: EDDY COUNTY, NM

### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the NW/Y AND NE/Y SEC 29, 320 ARXES MORE OF JESS.

Please of advise; that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>complete Nor All</u> well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer HONZO DRILLING COMPANY

LE/aer

**ILLEGIBLE** 



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

Oil Conservation Division Drawer DD Artesia, NM 88210

Re:Lease: WRIGHT FEDERAL

Well & Location: 2, SEC 29, T-18-5, R-29-E

Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have teen sent on this the  $18^{-1}$  day of APRIL 1985 to the following parties:

- Yates Petroleum
   207 S. 4th.
   Artesia, NM 88210
- 2. Yates Dr lling
   207 S. 4th.
   Artesia, NM 88210
- J.H. Tring
   Box 520
   Roswell, NM 88201
- 4. Depco 1000 Petroleum Bldg. 110 16th Street Denver, CO 80802
- 5. El Paso Natural Gas Co. Box 1492 El Paso, TX 79978

Lamar Escriberger

Consulting Petroleum Engineer

HONDO DRILLING COMPANY

## John Shockley-Swabbing Service, Inc.

P. O. BOX 1857

EUNICE, NEW MEXICO 88231



PHONE 394-3435 393-1068

JOHN S	SHOCKLEY.	PRESIDE AT
--------	-----------	------------

RECEIVED

INVOICE Nº

3446

Hondo Drilling Co. P.O. Drawer 2516 Midland, Texas 79702 Attention: George Bullard

DEC 6 1984

Ans'd.

Γ

Date December 5, 1984

Contract No.

AFE No.

Lease & Well No.

TO:

Wright #1 Swab Unit #14

Req. or Purchase Order No.

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7岁 Hrs.	<u>a</u>	63.25	474.38
Swab Cups	6	<u>a</u>	15.50	93.00
OSR	2	9	9.75	19.50

586.88 4% NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET DUE IN 30 DAYS,



410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . (915) 682-9401

February 14, 1985

YAN Therein Ealled about well

Mr. Bill G. Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 14.92

El Paso, Teras 79978

Re: Shut-in of Union TX State, Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

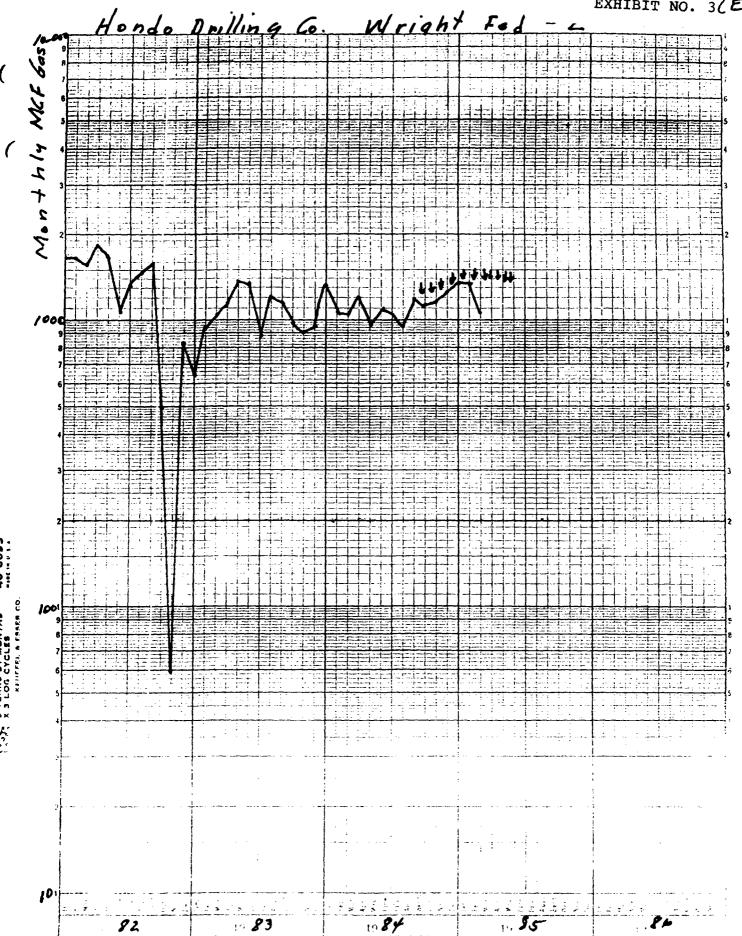
Production Superintendent

GDB/ml

Enclosures

es Event from human División D

HONDO DRILLING COMPANY
CASE NO. 8611 - WRIGHT #2
7/2/85 EXAMINER HEARING
EXHIBIT NO. 3(E)





POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

### WRIGHT FEDERAL #2

U.S. Lease #NM-0924-NW/4 and U.S. Lease #NM-0925-NE/4, Section 29, T-18-S, R-29-E, N.M.P.M., Eddy County, New Mexico -- 320 acres, more or less

<u>Month</u>	Gas Production	 WI Income	Cost of Operations	 Profit or Loss
January 1984	1,078	\$ 1,942.48	\$ 998.66	\$ 943.82
February	1,061	1,933.14	1,000.93	932.21
March	1,206	2,204.73	1,013.33	1,191.40
April	972	1,782.90	920.80	862.10
May	1,094	4,821.34	886.44	3,934.90
June	1,037	1,914.85	1,483.59	431.26
July	954	1,769.66	1,143.20	626.46
August	1,200	2,231.88	925.39	1,306.49
September	1,131	2,141.38	984.86	1,156.52
October	1,177	2,234.51	1,035.06	1,199.45
November	1,266	2,334.39	853.62	1,480.77
December	1,318	541.44	1,975.03	(1,433.59)
January 1985	1,325	2,537.79	1,270.27	1,267.52
February	1,065	2,043.77	1,539.96	503.81
March	1,049	1,981.45	1,372.92	608.53
April	854	1,615.58	1,155.56	460.02
May	1,500	2,849.03	1,329.23	1,519.80

P. O. Box 2088
Santa Fe, New Mexico 87501

Adopted 3-2-84 Side 1

Case 86/1

### APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator	Hondo Drilling Company	Contact PartyMargaret t	_onganecker
Address _	Drawer 2516, Midland, Texas 79702	Phone No. 915-	682-9401 , <b>684 638</b> 1
Lease WK	RIGHT FEDERAL Well No. 2 t	TT G Sec. 29 TWP 18-5	RGE 29-E
Pool Name	NORTH TURKEY TRACT MORROW	Minimum Rate Requested	TO THE Y
Transport	er Name <u>EL F.950 NATURAL GAS CO.</u>	Purchaser (if different)	· · · · · · · · · · · · · · · · · · ·
Are you s	seeking emergency "hardship" classifi	cation for this well? X	yes no
	must provide the following informa ifies as a hardship gas well.	tion to support his contention	n that the subject

- 1) 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)
- Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - i) the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
- 3) Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
  - c) 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
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, calculate the quantity of gas reserves which would be lost
- 5) Show the minimum sistainable producing rate of the subject well. This rate can be determined by:
  - a) Minimum flow or "log off" test; and/or
  - b) 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).
- 6) Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- 7) Submit any other appropriate data which will support the need for a hardship classification.
- 8) If the well is in a prorated pool, please show its current under- or over-produced status.
- 9) Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

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 prior 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 rescind 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 intent to approve 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.
- 9) 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Corservation Division Drawer DD Artesia, NM 88210

Re: Application for Classification as Hardship Gas Well

Lease: WRIGHT FEDERAL

Well No.: 2, SEC. 29, T-18-5, R-29-E
Pool Name: NORTH TURKEY TRACT MORROW

### Gentlemen:

Ir reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 4(9 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones vater out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrus: on of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

:

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

The minimum flow rate we are requesting for this well is \_\_\_\_\_\_MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

A.l of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger \*Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

### Hondo Drilling Company Wright Federal #2 Sec. 29, T-18-S, R-29-E, NMPM Eddy County, New Mexico

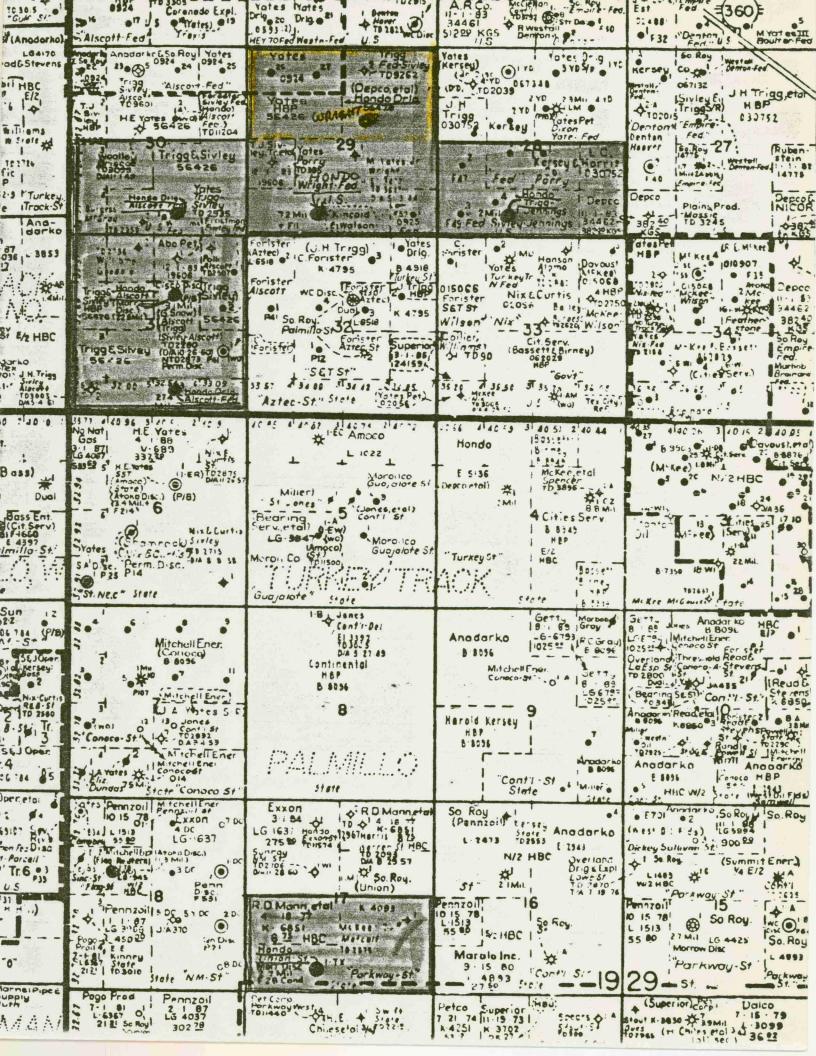
Sales Month	Total <u>MCF</u>	Average/Day MCF
August, 84	1200	38.7
Sep:ember	1131	37.7
October	1177	38.0
November	1266	42.2
December	1318	42.5
January, 85	1325	42.7
Total for Six Months	7417	40.3 Average/Day

### NOTI:

After shut-ins and El Paso's high line pressure this well will not come back, swabbing will be necessary.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401 Lease Wright Federal Com. Well Number 2 Location U.S.Lease #NM-0924 - NW/4 and U.S.Lease #NM-0925 - NE/4, Section 29, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less Eddy , New Mexico. Ground 3,490' 13 3/8" Casing 405**'** 8 5/8" Casing 3,015' 10,943' Packer 2 3/8" Tubing 10,953' Top shot 11,012'
Bottom shot 11,152' two shots per foot 5 1/2" Casing Set 11,300'





POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division

Drawer DD

Artesia, NM 88210

Re:Lease: WRIGHT FEDERAL

Well & Location: 2, SEC. 29, T-18-5, R-29-E

Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

Copies of :he "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the  $18^{16}$  day of 1985 to the following parties:

- 1. Yates Petroleum 207 S. 4th. Artesia, NM 88210
- Yates Drilling
   207 S. 4th.
   Artesia, NM 88210
- J.H. Trigg
   Box 520
   Roswell, NM 88201
- 4. Depco 1000 Petroleum Bldg. 110 16th. Street Denver, CO 80802
- 5. El Paso Natural Gas Co. Box 1492 El Paso, TX 79978

Lamar Eschberger

Consulting Petroleum ENgineer

HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: WRIGHT FEDERAL

Well & Location: 2, SEC. 29, T-18-5, R-29-E

POOL: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the <u>NW/Y AND NE/Y SEC. 29, 320 ACRES MORE OR JESS</u>.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>CURIGHT FEDERAL NO. 2</u> well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours

amar Eschberger, Consulting Petroleum Engineer

HONDO DRILLING COMPANY

LE/aer

## John Shockley-Swabbing Service, Inc.

P. O. BOX 1857 EUNICE, NEW MEXICO 88231



394-3435 393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

Nº INVOICE

3446

Hondo Drilling Co. P.O. Drawer 2516

Midland, Texas 79702 Attention: George Bullard DEC 6 1984 Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Lease & Well No. Wright #1 Swab Unit #14 Purchase Order No.

11-30-84 #781.9

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7월 Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	9	9.75	19.50

586.88 44% NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



410 NORTH LORAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

YMr. Manning 32

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Shut-in of Union TX State, Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Exempt from shuttend

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Qid Consular I'm

P. O. Box 2088
Santa Fe, New Mexico 87501

Side 1

Case 86/1

### APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator _	Hondo Drillin	q Company	•	Conta	ct Par	ty	Margaret	Longanecke	er
Address	Drawer 2515,	Midland, Texas	79702		•	Phone	No. 915	-682-9401	, 684 638
Lease WRI	GHT FEDERAL	Well No.	<u>2</u> 01	_G Se	c. <u>29</u>	IWP	18-5	RGE	29-E
Pcol Name	NORTH TURKEY	TRACT MORRE	وريا	Minimu	m Rate	Reque	sted	40 mcf	/day
Transporte	r Name <u>Ec P.9s</u>	O NATURAL 6-1	95 (0.	Purch	aser (	if dif	ferent)		· · · · · · · · · · · · · · · · · · ·
Are you se	eking emergenc	y "hardship"	classific	ation for	r this	well?	X	_ yes _	no
Applicant well quali	must provide (	the following Iship gas wel	informati	ion to su	pport	his c	ontentio	n that t	the subject

- 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)
  - Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
    - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
    - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
      - the use of "smallbore" tubing;
         other de-watering devices, such as plunger lift, rod pumping units, etc.
    - Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
      - c) 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
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, 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
  - b) 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).
- 6) Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- Submit any other appropriate data which will support the need for a hardship classification.
- 8) If the well is in a prorated pool, please show its current under- or over-produced status.
- 9) Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

- 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 builden 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 prior 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 rescand approval at any time without notice and require the operator to show cause why the classification should not be permanently rescanded 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 ("loc 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 intent to approve 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.
- 9) 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer DD Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: WRIGHT FEDERAL
Well No.: 2, SEC 29, T-18-5, R-29-E
Pool Name: NORTH TURKEY TRACT MORROW

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

÷

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of  $\frac{40}{20}$  MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is \_\_\_\_\_\_MCF per day. This minimum flow rate was derived from well production history, the lates; six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger \*Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 29, 1985

# Hondo Drilling Company Wright Federal #2 Sec. 29, T-18-S, R-29-E, NMPM Eddy County, New Mexico

Sales Month	Total <u>MCF</u>	Average/Day <u>MCF</u>
August, 84	1200	38.7
September	1131	37.7
Octoter	1177	38.0
November	1266	42.2
December	1318	42.5
January, 85	1325	42.7
Total for Six Months	7417	40.3 Average/Day

### NOTE:

After shut-ins and El Paso's high line pressure this well will not come back, swabbing will be necessary.



	POST OFFICE DRAWER 2516	•	MIDLA	AND, TEXAS 79	702-2516 •	(915)	682-9401	
PILLE	Lease Wright	Fede	eral	Com.	Well Numb	oer		
Location	U.S.Lease #NM-0924 - NW/4 and	U.S	.Lea	se #NM-09	25 - NE/4,	Secti	on 29,	
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	Ground 3,490'	+	1.	<del></del>				
	13 3/8" <u>Casing</u> 405'							
	8 5/8" <u>Casing</u> 3,015'							
	Packer 10,943' 2 3/8" Tubing 10,953'							
			XX XX		11,012'	- 24' t	wo shots	per foot
	5 1/2" Casing Set 11,300'		жж	Bottom s	shot 11,152	! <b>'</b>		

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POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: WRIGHT FEDERAL

Well & Location: 2, SEC. 29, T-18-5, R-29-E

POOL: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the <u>NW/Y AND NE/Y SEC. 29, 320 ARES MORE OR LESS</u>.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>CURIGHT FEDERAL</u> NO. 2 well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

ver√ truly yours,

Lamar Eschberger, Consulting Petroleum Engineer

- HONDO DRILLING COMPANY

LE/aer



POST OFFICE DRAWER 2516

MIDLAND, TEXAS 79702-2516 •

(915) 682-9401

Oil Conservation Division
Drawer ()D'

Artesia NM 88210

Re : Lease: WRIGHT FEDERAL

Well & Location: 2, SEC. 29, T-18-5, R-29-E

Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the  $18^{44}$  day of 1985 to the following parties:

- Yates Petroleum
   207 S. 4th.
   Artesia, NM 88210
- Yates Drilling
   207 S. 4th.
   Artesia, NM 88210
- 3. J.H. Trigg
  Box 520
  Roswell, NM 88201
- 4. Depco 1000 Petroleum Bldg. 110 16th. Street Denver, 10 80802
- 5. El Pasc Natural Gas Co. Box 1492 El Pasc, TX 79978

Lamar Eschberger

Consulting Petroleum Engineer

HONDO DRILLING COMPANY

## John Shockley-Swabbing Service, Inc.

P. O. BOX 1857 EUNICE, NEW MEXICO 88231



PHONE 394-3435 393-1066

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE Nº

3446

Hondo Drilling Co. P.O. Drawer 2516 Midland, Texas 79702 Attention: George Bullard

DEC 6 1984

Ans'd.

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	9	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	9	9.75	19.50

586.88 41% NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . [915] 682-9401

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Mr. Bill G Lane Systems Dispatching

El Paso Natural Gas Company

P. O. Box 1.492

El Paso, Texas 79978

Re: Shut-in of Union TX State. Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Exempt from show there to kent them Jung Suntanion Dimerion Did Consumbly M 3)

P. O. Box 2088 Santa Fe, New Mexico 87501 Side 1

Case 86/1

### APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator .	tor Hondo Drilling Company			Contact	sarty -	Margaret Conganiceker		
Address _	Drawer 2515,	Midland, Texas	79702	•	Pho	ne No. 91	5-682-9401	,684638
Lease WA	SIGHT FEDERAL	Well No.	<u>2</u> or	G Sec.	29 IW	P <u>18-5</u>	RGE	29-E
Pool Name	NORTH TURKEY	TRACT MORRE	ינט	Minimum	Rate Req	uested _	40 mcf	-/day
Transport	er Name Ec F.95	O NATURAL GA	75 co.	Purchas	ser (if d	ifferent)		
Are you s	eeking emergen	cy "hardship"	classific	ation for	this wel	1? <u>x</u>	yes _	no
	must provide ifies as a har			on to sup	port his	contenti	on that t	the subject

- Provide a statement of the problem that leads the applicant to believe that "underground 1) 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
- 2) Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
  - Present historical data which demonstrates conditions that can lead to waste. Such data should 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.
    - c) 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
- If failure to obtain a hardship gas well classification would result in premature 4) abandonment, calculate the quantity of gas reserves which would be lost
- Show the minimum sustainable producing rate of the subject well. This rate can be 5) determined by:
  - a) Minimum flow or "log off" test; and/or
  - b) 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).
- Attach a plat and/or map showing the proration unit dedicated to the well and the 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 11 status.
- Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

### GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

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."

- 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 prior 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 rescind 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.
  - 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 intent to approve 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.
  - 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.
- 9) 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.



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department Oil Conservation Division Drawer D) Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: WRIGHT FEDERAL
Well No.: 2, SEC 29, T-18-5, R-29-E
Pool Name: NORTH TURKEY TRACT MORKOW

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gatherin; system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occassions over the past twelve months to a point that this well(1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a nonflowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping unit; would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restrict; the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of  $\frac{-40}{2}$  MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is \_\_\_\_\_\_MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinate period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offse operators, as per the plat enclosed with this application.

Yours truly,

Lamar Eschberger

Consulting Registered

Professional Engineer

Hondo Drilling Company

LE:sg Enclosure



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

### Hondo Drilling Company Wright Federal #2 Sec. 29, T-18-S, R-29-E, NMPM Eddy County, New Mexico

Sales Month	Total #	Average/Day MCF
August, 84	1200	38.7
September	1131	37.7
October	1177	38.0
November	1266	42.2
December	1318	42.5
January, 85	1325	42.7
Total for Six Months	7417	40.3 Average/Day

### NOTE:

After shut-ins and El Paso's high line pressure this well will not come back, swabbing will be necessary.

MIDLAND, TEXAS 79702-2516 • [915] 682-9401 POST OFFICE DRAWER 2516 • Lease Wright Federal Com. Well Number 2 Location U.S. Lease #NM-0924 - NW/4 and U.S. Lease #NM-0925 - NE/4, Section 29, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less Eddy , New Mexico. Ground 3,490' 13 5/8" Casing 405' 8 5/8" Casing 3,015' 10,943' Packer 2 3/8" Tubing 10,953' Bottom shot 11,152' two shots per foot Top shot 11,012' 5 1/2" Casing Set 11,300'

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POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

Oil Conservation Division Drawer DD' Artesia, NM 88210

Re: Lease: WRIGHT FEDERAL

Well & Location: 2, SEC. 29, T-18-5, R-29-E Pool: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of 1985 to the following parties:

- Yates Petroleum
   207 S. 4th.
   Artesia, NM 88210
- Yates Drilling
   207 S. 4th.
   Artesia, NM 88210
- J.H. Trigg
   Box 520
   Roswell, NM 88201
- 4. Depco 1000 Petroleum Bldg. 110 16th. Street Denver, 100 80802
- 5. El Paso Natural Gas Co. Box 1492 El Paso, TX 79978

Lamar Eschberger

Consulting Petroleum ENgineer

HONDO DRILLING COMPANY



POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification

as Hardship Gas Well Lease: WRIGHT FEDERAL

Well & Location: 2, SEC. 29, T-18-5, R-29-E

POOL: NORTH TURKEY TRACT MORROW

County: EDDY COUNTY, NM

### Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the <u>NW/Y AND NE/Y SEC 29, 320 ARRES MORE OR LESS</u>.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the <u>CURIGHT FEDERAL</u> NO. 2 well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

very fruly yours,

Lamar Eschberger, Consulting Petroleum Engineer

HONDO DRILLING COMPANY

LE/aer

## John Shockley-Swabbing Service, Inc.

P. O. BOX 1857

EUNICE, NEW MEXICO 88231



PHONE 394-3435 393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

Νō INVOICE

3446

Hondo Drilling Co. P.O. Drawer 2516 Midland, Texas 79702 Attention: George Bullard

#7813

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

11-30-84

Wright #1 Swab Unit #14

Roaded unit to location, Rigged up, 0# on Csg.,0# on Tbg., First fluid at 9200', Swabbed appx. 8 Bbl. of water to pit, Very light gas, Last fluid at 11,000', 0# on Csg., Closed well in, Rigged down.

Two Man Crew 7岁 Hrs. 63.25 474.38 Swab Cups 6 9 15.50 93.00 2 OSR 9.75 19.50

> 586.88 418 NM Tax 24.94 611.82

Job Complete Thank You

TERMS: NET. DUE IN 30 DAYS.



410 NORTH LORAINE . DRAWER 2516 . MIDLAND, TEXAS 79702 . [915] 682-9401

February 14, 1985

YAN granning Balle

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company

P. O. Box 1.492

El Paso, Texas 79978

Re: Shut-in of Union TX State, Alscott #1, Alscott #2, Alscott #3, Wright #1, Wright #2, and Trigg-

Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Mirray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

Production Superintendent

GDB/ml

Enclosures

Example from share of the service of