

WILLIAM G. McCOY, P.E.
Petroleum Consultant
Exploration • Development • Operations

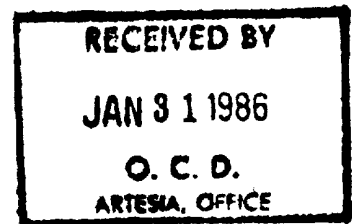
P.O. Box 9730
Santa Fe, New Mexico 87504

[505] 983-6416

January 30, 1986

New Mexico Oil Conservation Division
P.O. Drawer DD
Artesia, New Mexico 88210

Re: Hardship Gas Well
Santa Fe Exploration Co.
No.1 Exxon Comm
Unit L, Sec.2, T-20-S, R-25-E
Eddy County, New Mexico



Gentlemen:

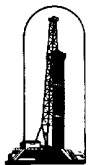
Attached is an application for Hardship Gas Well classification on the captioned. This date we have received a letter from El Paso proposing to shutin this well due to market conditions. Santa Fe Exploration Co. feels that this shutin will damage the well and prevent full recovery of the remaining reserves creating waste.

Santa Fe Exploration Co. will run a log off test on the well and accumulate additional information to file a request for hearing before the Oil Conservation Commission in Santa Fe at an early date.

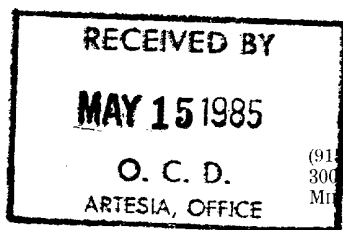
Very truly yours,

WM/gw

Encl-3



SANTA FE
EXPLORATION CO.



(915) 685-3368
300 WEST TEXAS ST. - SUITE 533
MIDLAND, TEXAS 79701

(505) 623-2733
P. O. Box 1136
ROSWELL, NEW MEXICO 88202

May 14, 1985

Mr. Les Clements
District Supervisor
New Mexico Oil Conservation Commission
Drawer DD
Artesia, New Mexico 88210

Re: Exxon State Com. #1
Section 2, T20S, R25E
Eddy County, New Mexico

Dear Mr. Clements:

Please consider this letter as Santa Fe Exploration Company's official request to have the above referenced well classified in the "Hardship" category and thereby not subject to being shut-in by the gas purchaser.

The constant high line pressure has caused production to decline from an average of 74 MCF per day in March, 1984, to only 25 MCF per day in March, 1985. Santa Fe is concerned that shutting the well in at this point will damage the well further and that production may cease.

Santa Fe is currently investigating the economics involved in setting a gas compressor which would allow the well to unload all the fluid in the hole regularly and produce about 200 MCF per day.

Santa Fe will appreciate your help in this matter.

Sincerely,

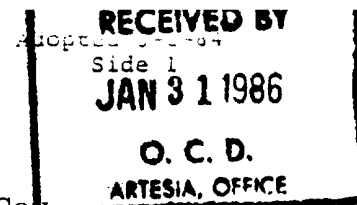
Steve L. Simmons

SLS/lrs

SANTA FE EXPLORATION CO
 EXXON STATE COM #1- L 2-20-25

Cemetery Morrow

MO	VOLUME	DAYS	PROD	AU DAILY	
JAN	1445	31		46.6	
FEB	1411	28		50.3	1 st
MAR	785	30		26.1	
APR	782	30		26.0	
MAY	1440	30		48.0	
JUN	1260	30		42.0	
JUL	1426	31		46.0	
AUG	1340	31		43.2	
SEPT	927	30		30.9	
OCT	1147	31		37.0	
NOV	1001	30		33.3	
DEC	881	31		<u>28.4</u>	
				457.8	
				38.15	YR AVG



✓ APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Santa Fe Exploration Co. Contact Party W.G. McCo
Address P.O. Box 1136 Roswell, NM 88201 Phone No. 505-623-2733
Lease Exxon State CommWell No. 1 UT L Sec. 2 TWP 20S RGE 25E
Pool Name Cemetary Morrow Minimum Rate Requested 100 MCFPD
Transporter Name El Paso Natural Gas Purchaser (if different) _____

Are you seeking emergency "hardship" classification for this well? X yes _____ no

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

- 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:
 - 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.
- 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.

[illegible]

SANTA FE EXPLORATION CO.

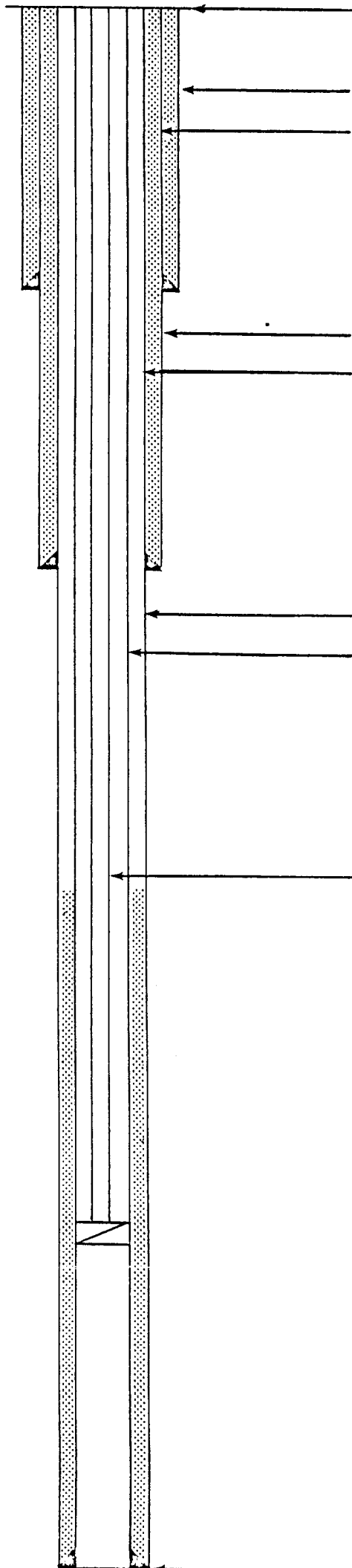
No.1 Exxon State Comm
Unit L, Sec.2, T-20-S, R-25-E
Eddy County, New Mexico

RECEIVED BY

JAN 31 1986

O. C. D.

ARTESIA, OFFICE



Elev. 3422.1 G.L. _____ K.B.

Hole Size: 17-1/2"

SURFACE CASING:

Size 13-3/8" Weight: 48# Grade: H-40
Set at 342' Cmt'd 375 + 250 sxs.
Circulate Yes- 50 sx Tested 1000#-30" OK
Remarks First Cement did not circulate
1" with 250 sx. to circulate

Hole Size: 12-1/4"

INTERMEDIATE CASING:

Size 8-5/8" Weight 24# Grade K-55
Set at 1350' Cmt'd 750 sxs.
Circulate Yes - 75 s Tested 1000# - 30" OK
Top Cement _____ Calc. _____ Temp. Sur. _____
Remarks _____

Hole Size: 7-7/8"

PRODUCTION CASING:

Size 4-1/2" Weight 11.60 Grade N-80
Set at 9850 Cmt'd 400 sxs.
Top Cement 8640' Calc. _____ Temp. Sur. X
Remarks _____

TUBING:

Size 2-3/8" Weight 4.70# Grade N-80
No. Joints _____ Set at 9310'
Packer Baker L/S Set at 9280'
Remarks _____

PERFS: 9495, 97, 99, 9503, 05, 09, 11, 9541, 45
9547, 51, 55, 57, 59 1 shot/ft
9440, 43, 46, 49, 51, 61, 63, 65, 67, 69
1 shot/ft.

Total Depth 9850' PB Depth 9756'