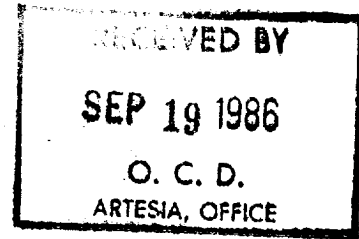


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September 17, 1986

HAND-DELIVERY

Richard L. Stamets
New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

RE: Carlsbad Grace No. 1,
I-36-22 S-26 E, Eddy County
Order R-8026

Dear Mr. Stamets:

Pursuant to Rule 412 of the Rules of the Oil Conservation Division, application is made herein for continued hardship classification. In support of this application we submit the following materials:

- (1) Certification of Billy Miller, production superintendent for Corrine Grace, the applicant, that the condition of the well has not changed.
- (2) Copy of a letter dated October 30, 1985, from Mike Williams to R.L. Stamets outlining production problems with the well. The original of this letter is contained in the Division Case file No. 8593.
- (3) Compressor specifications.
- (4) Production tabulation from September 1985 to July 1986. This shows that during this period, production averaged 307.03 mcf/d, slightly above the division minimum flow rate established by letter dated November 4, 1985, a copy of which is attached.