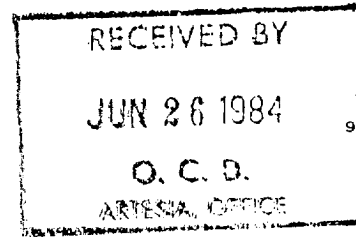


# J. M. HUBER CORPORATION

OIL AND GAS DIVISION  
1900 WILCO BUILDING  
MIDLAND, TEXAS 79701

MIDLAND DISTRICT OFFICE

June 25, 1984



TELEPHONE  
955-682,3794

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

Re: Exception of Rule 402  
O'Neill Federal No. 1  
Terra State No. 1  
Carlsbad (Morrow) S. Field

Gentlemen:

Due to the excessive water production and low producing pressures associated with the O'Neill Federal No. 1 and the Terra State No. 1, J.M. Huber Corporation respectively requests an exception to Rule 402. The wells are currently produced with gas cycling equipment and continuous production is important for both mechanical and reservoir reasons.

The test shown on the Form C-125 were taken during a shut-in period in December, 1983 while Llano Inc., (gas purchaser), was exchanging their compressor.

Thank you for your consideration in this matter.

Sincerely,

Robert R. Glenn  
District Production Manager

RLC/sgp

Attachment