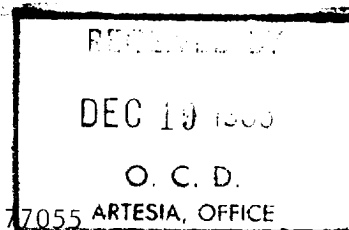


Well Name: Union Mead #3
Location: J-Sec. 5, T-22-S, R-27-E
County: Carlsbad S. (Morrow)
Applicant Name: Belco Development Corp.
Address: 10000 Old Katy Rd. #100, Houston, Texas
Phone Number: (713) 932-4700



Person preparing application (contact person): Carl M. Houser

Signature: Carl M. Houser

Do you seek 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" as defined in Paragraph 4 of the Oil and Gas Act will occur if the subject well is shut-in or is classified below its ability to produce. Paragraph 4 states: "Underground Waste as those fluids 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 well, and the hoisting, spacing, drilling, equipping, operating, or producing, of any well or wells in a manner so calculated to reduce the total quantity of crude petroleum oil or natural gas ultimately recovered from any pool, and the use of inefficient underground sources of natural gas."
- 2) Document that you as applicant have done all you reasonably and economically can do to estimate 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 (revolve wellbore search). Explain fully mechanical attempts to rectify the problem, including but not limited to:
 - (1) the use of "snubbers" tubing;
 - (2) other de-watering devices, such as plunger lift, rod pumping units, etc.
- 3) Present historical data which demonstrate conditions that can lead to waste. Such data should include:
 - a) Permanent loss or productivity after shut-in periods (i.e., formation damage).
 - b) Frequency of swabbing runs and after the well is shut-in or restricted.
 - 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) Document the quantity of gas reserves which will be lost if the subject well must be abandoned prematurely.
- 5) Estimate the minimum sustainable producing rate of the subject well. This rate can be determined by:
 - a) Formulation 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 being, and other appropriate production data). and/or
 - b) Swabbing runs or "log off" tests.
- 6) Submit any other appropriate data which will support the need for a hardship classification.
- 7) Is the subject well in a prepared pool? If so, has the well accumulated overproduction or underproduction? A well classified as a "hardship well" will be allowed to underproduce under production (prepared pools). Should allowances exceed the hardship allowable maximum, 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.
- 8) Profile notice of your application to the landowner of gas from the subject well and to all owners of adjacent lands. Please include the minimum sustainable rate requested.