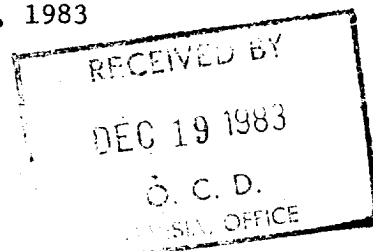


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Belco Development Corporation

Belco

November 17, 1983



Energy and Mineral Department
Oil Conservation Division
P.O. Box 2088
State Land Office Building
Sante Fe, New Mexico 87501

Attn: Mr. Joe Ramey

RE: Douglass Com. #1
H-Sec. 7, T-22-S, R-27-E
South Carlsbad (Morrow) Field
Eddy Co., New Mexico

Dear Sir:

It is requested that above referenced well be granted a "Hardship" classification. On November 19, 1981, Case No. 7427 was presented before the Oil Conservation Division requesting special allowable for this well due to its extreme sensitivity to flow rate changes. This special allowable was granted by Order No. 6905.

A brief history of this well is as follows: In the past this well has shown extreme sensitivity to flow rate changes and often failed to return to prior rate after being closed-in for a short period of time. In October 1981, this well was producing at an average rate of 1748 Mcf/D on 11/64" choke with flowing tubing pressure varying from 800-850 Psig. Daily fluid production averaged 3 BC and 1 BSW. To test well, choke was reduced to 9-1/2/64" with initial rate being 1450 Mcf/D and flowing tubing pressure 790 Psig. During this three day test, flowing tubing pressure declined to 690 Psig with no fluids being removed from the wellbore during the last two days of test. Current daily production ranges from 1400-520 Mcf/D with fluids being intermittently produced and flowing tubing pressure of 700-620 Psig. To maintain flow, well must be unloaded on a variable frequency. Average water production was only 2 barrels per day for October 1983.

Installation of compression on well would help if volume could be maintained at sufficient rate to prevent fluid accumulation; however, natural flow rate currently exceeds daily allowable. During September 1983, a total of 28,115 Mcf was sold from this well for a daily average of 937 Mcf. During this month field reports showed volumes varied from a high of 1575 Mcf to a low of 520 Mcf.

To maintain production and prevent waste due to formation damage, it is requested