

Well Name: Douglass Com. No. 1

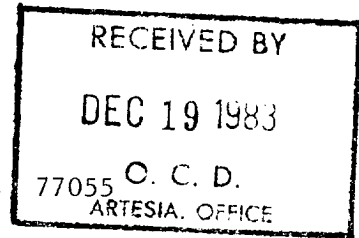
Location: H-Sec. 7, T-22-S, R-27-E

Pool & Field: 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

Did you seek emergency "hardship" classification for this well? ☒ 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 A of the Oil and Gas Act will occur if the subject well is shut-in or is curtailed below its ability to produce. Paragraph A states: "Underground Waste as those words 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 pool, and the locating, spacing, drilling, equipping, operating, or producing, of any well or wells in a manner to reduce or tend to reduce the total quantity of crude petroleum oil or natural gas ultimately recovered from any pool, and the use of inefficient underground storage of natural gas."
- 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 demonstrate 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) 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) 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). and/or
 - b) Minimum flow or "log off" test.
- 6) Submit any other appropriate data which will support the need for a hardship classification.
- 7) Is the subject well in a prorated pool? If so, has the well accumulated overproduction or underproduction? A well classified as a "hardship well" will be allowed to accumulate under production (prorated pools). Should allowables exceed the hardship allowable assigned, 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) Provide notice of this application to the purchaser of gas from the subject well and to all operators of adjacent leases. Please include the minimum sustainable rate requested.