



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

TONEY ANAYA
GOVERNOR

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

June 26, 1984

Tenneco Oil Co.
P.O. Box 3249
Englewood, CO 80155

Re: Dawson Federal #1 D-26-27N-8W

Gentlemen:

Your request for emergency hardship classification for the referenced well is hereby approved until September 5, 1984.

If you have any questions, please contact this office.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank T. Chavez".

Frank T. Chavez
District Supervisor

xc: Joe D. Ramey
El Paso Natural Gas Co.
Well File ✓

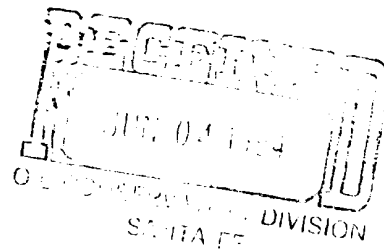
Tenneco Oil
Exploration and Production
A Tenneco Company

6162 South Willow Drive
P.O. Box 3249
Englewood, Colorado 80155
(303) 740-4800

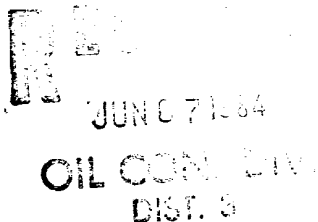


Western Rocky Mountain Division

May 30, 1984



New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501



RE: Hardship Status - Dawson Fed #1
Section 26, T27N, R8W
San Juan County, New Mexico

Gentlemen:

Tenneco Oil requests that the referenced well be classified as a hardship gas well. Underground waste will occur due to shut-in because of a build up in liquid in the wellbore requiring the well to be swabbed to return it to production. The build up of liquids in the wellbore also causes the water saturation of the pay zones near the wellbore to increase, thereby lowering the relative permeability of gas in the wellbore. This low relative permeability, whether permanent or temporary, will restrict the flow of gas.

In order to rectify the water problem this well currently has an intermitter installed that unloads the produced liquids (water) to the low pressure side of the separator. This method has been successful in keeping the wellbore unloaded and flowing freely. The use of dewatering devices has been considered but rejected. These are:

- (1) Plunger lift due to shut-in bottom hole pressure being very close to the line pressure.
- (2) Undersize tubing - the minimum flow rates necessary to unload the produced water, as calculated by the methods proposed by Turner are listed below:

2-3/8" (1.995" ID) - 697 MCFD
1-1/4" (1.380" ID) - 333 MCFD
1" (1.049" ID) - 193 MCFD

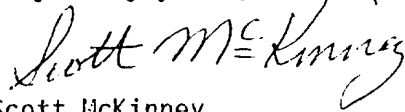
Since the well has a deliverability of approximately 100 MCFD none of the above tubing sizes would enable the well to unload its produced water. It would not be advisable to use smaller tubing than 1" at these depths.

When this well is shut-in for a period of time it has to be swabbed to return it to production. Normal swab time is usually two to three days, at a cost of approximately \$2,500.00, which is more than the gross monthly revenue generated by this well. If Tenneco abandoned this well due to failure to obtain hardship gas well classification, the quantity of gas reserves which would be lost would be 308 MCF. This well is in a prorated pool which is currently under produced 3029 MCF as of May 1984 production book.

Hardship Status - Dawson #1
Page 2
May 30, 1984

If you have any questions concerning the application for hardship gas well status, please contact Mark Owens, Production Engineer at 303/740-4840.

Very truly yours,

A handwritten signature in cursive script that reads "Scott McKinney". The signature is written in dark ink and is positioned above the printed name and title.

Scott McKinney
Senior Regulatory Analyst

SLC:gj
Attachment

cc: Mark Owen

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Tenneco Oil Company Contact Party Scott McKinney
Address P.O. Box 3249, Englewood, CO 80155 Phone No. 303/740-4800
Lease Dawson Fed Well No. #1 UT D Sec. 26 TWP 27N RGE .8W
Pool Name Blanco Mesaverde Minimum Rate Requested _____
Transporter Name El Paso Natural Gas Purchaser (if different) _____

Are you seeking 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.

Provide a statement of the problem that leads the applicant to believe that "underground waste" will occur if the subject well is shut-in or is curtailed below its ability to produce. (The definition of underground waste is shown on the reverse side of this form)

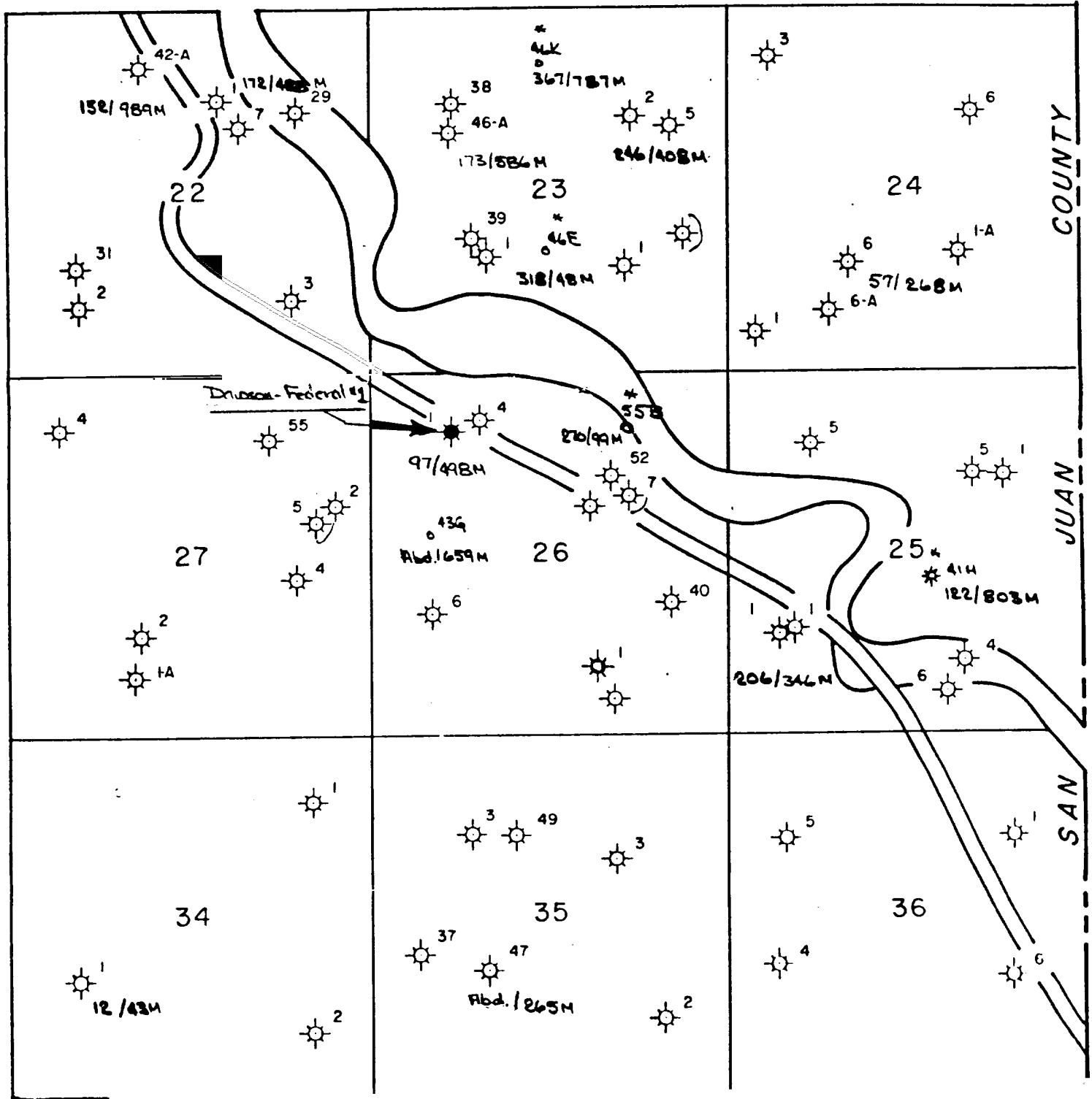
2) Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.

- 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.

Present historical data which demonstrates 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) If failure to obtain a hardship gas well classification would result in premature abandonment, calculate the quantity of gas reserves which would be lost
- 5) Show the minimum sustainable producing rate of the subject well. This rate can be determined by:
- a) Minimum flow or "log off" test; and/or
 - b) 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).
- 6) Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- 7) Submit any other appropriate data which will support the need for a hardship classification.
- 8) If the well is in a prorated pool, please show its current under- or over-produced status.
- 9) Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

R 8 W



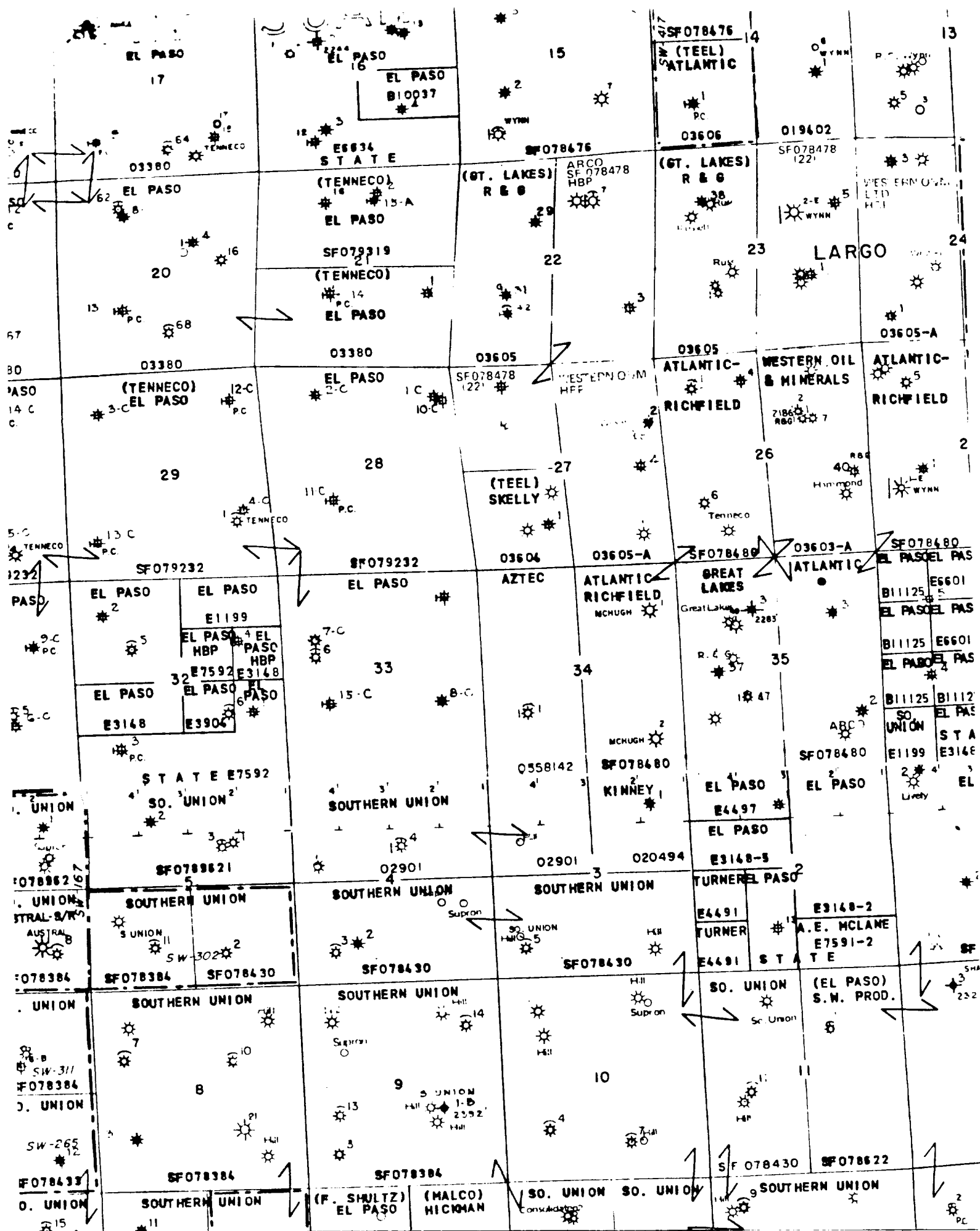
SAN JUAN BASIN

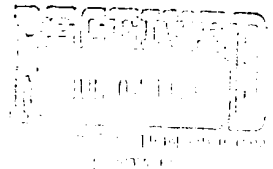
SAN JUAN COUNTY, NEW MEXICO
OFFSET OPERATORS

Western Oil & Minerals
P.O. Drawer 1228
Farmington, NM 87499

AAA Operating Co., Inc.
Interfirst 11, Suite 3345
Dallas Tx 75270

R&G DrillingCo
P.O. Drawer 419
Farmington, NM 87499





2859W

LEASE Dawson Federal

WELL NO. 1

8-5/8 "OD, 20 & 24 LB, J-55 CSG.W/ 250 SX

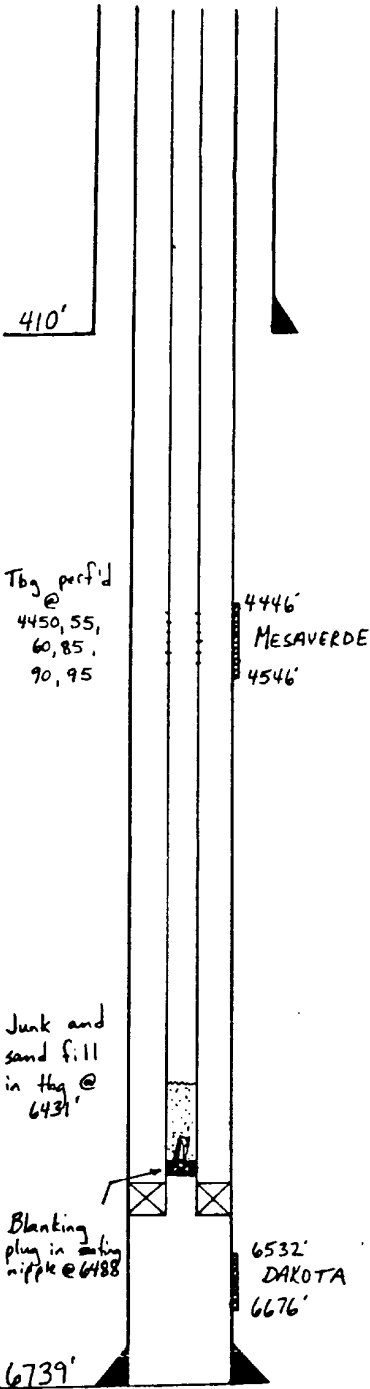
TOC @ surface

4-1/2 "OD, 10.5 LB, J-55 CSG.W/150/135/210 SX

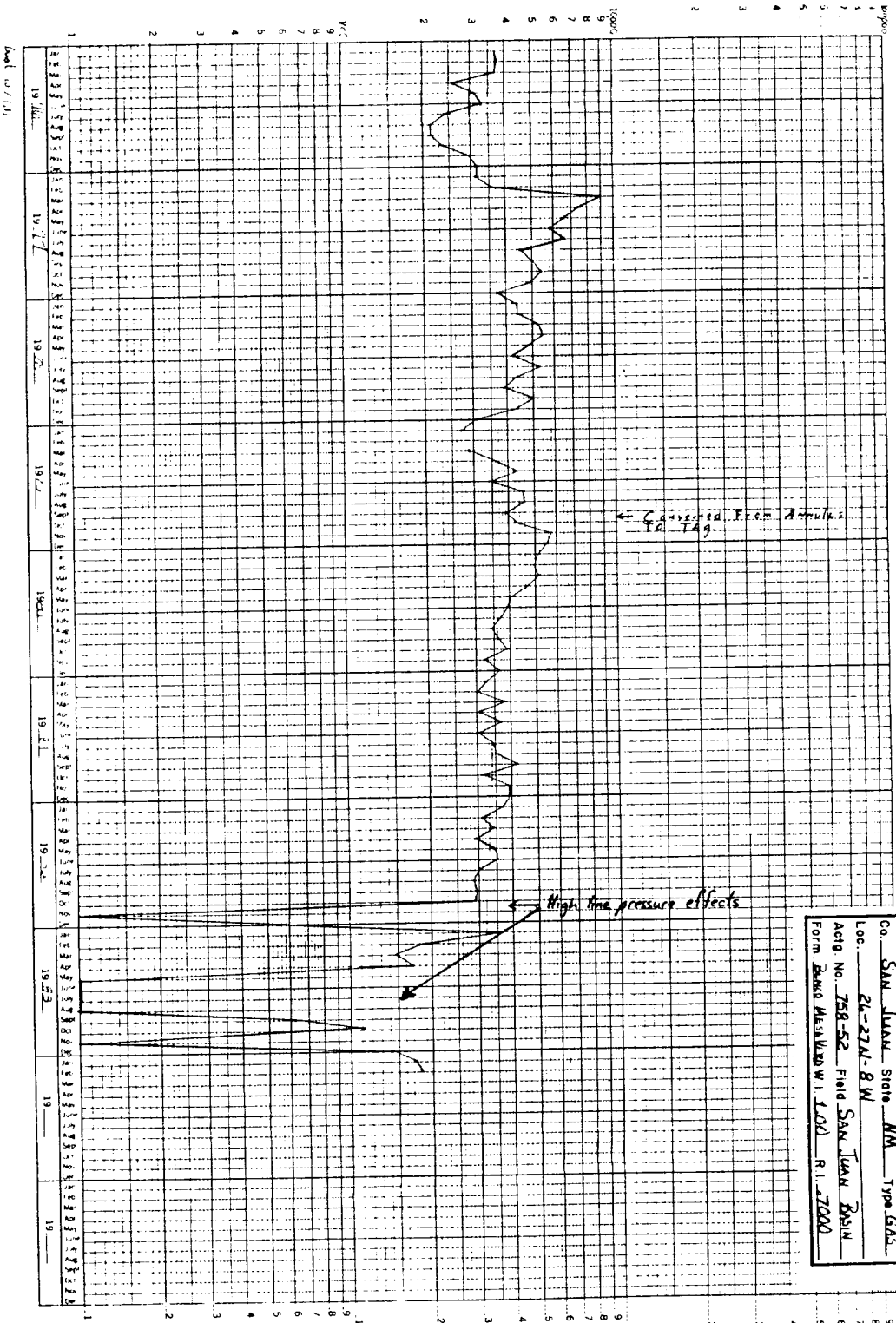
DV'S @ 3180' & 4652'

2-3/8 "OD, 4.7 LB, J-55 tbg.W/ Model 'D'

@ 6501'



MCF OF GAS PRODUCED



TENNECO OIL COMPANY		Company Operated
Les. <u>DAWSON FEDERAL</u>	State <u>NM</u>	Well No. <u>4</u>
Co. <u>SAN JUAN</u>	Loc. <u>24-27N-8W</u>	Type <u>Gas</u>
Acres No. <u>758-52</u>	Field <u>SAN JUAN BASIN</u>	
Form <u>2400</u>	Revised <u>1-1-50</u>	File No. <u>7000</u>

Tenneco Oil
Exploration and Production
A Tenneco Company

6162 South Willow Drive
P.O. Box 3249
Englewood, Colorado 80155
(303) 740-4800



Western Rocky Mountain Division

AMENDED COPY

May 30, 1984

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87401

Handwritten notes and stamps in the top right corner. A circular stamp contains the date "JUN 07 1984". Below it, handwritten text reads "H. C. OIL DIV." and "DIST. 8".

RE: Hardship Status - Dawson Fed #1
Section 26, T27N, R8W
San Juan County, New Mexico

Gentlemen:

Tenneco Oil requests that the referenced well be classified as a hardship gas well. Underground waste will occur due to shut-in because of a build up of liquids in the wellbore requiring the well to be swabbed to return it to production. The build up of liquids in the wellbore also causes the water saturation of the pay zones near the wellbore to increase, thereby lowering the relative permeability to gas. This low relative permeability, whether permanent or temporary, will restrict the flow of gas.

In order to rectify the water problem this well currently has an intermitter installed that unloads the produced liquids (water) to the low pressure side of the separator. This method has been successful in keeping the wellbore unloaded and flowing freely. The use of other dewatering devices has been considered but rejected. These are:

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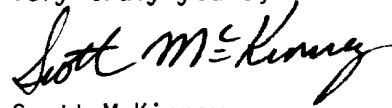
Hardship Status - Dawson #1

Page 2

May 30, 1984

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Very truly yours,

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Scott McKinney

Senior Regulatory Analyst

SMc:gj

Attachment

cc: Mark Owen

Tenneco Oil Exploration and Production

A Tenneco Company

6162 South Willow Drive
P.O. Box 3249
Englewood, Colorado 80155
(303) 740-4800



Western Rocky Mountain Division

May 30, 1984

RECEIVED
JUN 08 1984

OIL CON. DIV.
DIST. 3

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87401

RE: Hardship Status - Dawson Fed #1
Section 26, T27N, R8W
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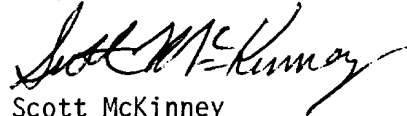
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May 30, 1984

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Senior Regulatory Analyst

SMc:gj
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Operator Tenneco Oil Company Contact Party Scott McKinney
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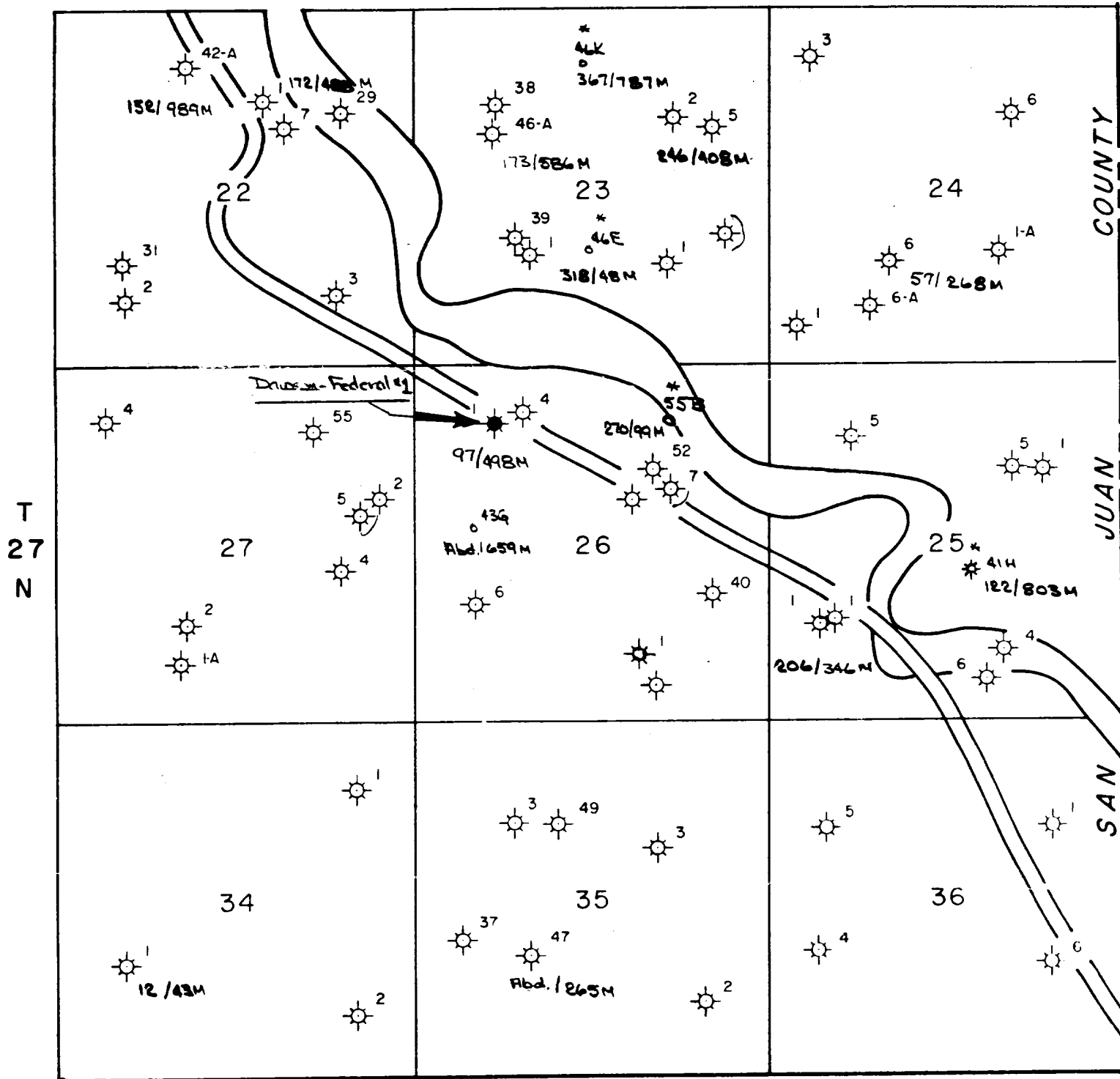
GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

1) Definition of Underground Waste.

"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) The only acceptable basis for obtaining a "hardship" classification is prevention of waste with the burden of proof solely on the applicant. The applicant must not only prove waste will occur without the "hardship" classification, but also that he has acted in a responsible and prudent manner to minimize or eliminate the problem prior to requesting this special consideration. If the subject well is classified as a "hardship" well, it will be permitted to produce at a specified minimum sustainable rate without being subject to shut-in by the purchaser due to low demand. The Division can rescind approval at any time without notice and require the operator to show cause why the classification should not be permanently rescinded if abuse of this special classification becomes apparent.
- 3) The minimum rate will be the minimum sustainable rate at which the well will flow. If data from historical production is insufficient to support this rate (in the opinion of the Director), or if an offset operator or purchaser objects to the requested rate, a minimum flow ("log off") test may be required. The operator may, if he desires, conduct the minimum flow test, and submit this information with his application.
- 4) If a minimum flow test is to be run, either at the operator's option or at the request of the Division, the offset operators, any protesting party, the purchaser and OCD will be notified of the date of the test and given the opportunity to witness, if they so desire.
- 5) Any interested party may review the data submitted at either the Santa Fe office or the appropriate OCD District Office.
- 6) The Director can approve uncontested applications administratively if, in his opinion, sufficient justification is furnished. Notice shall be given of intent to approve by attaching such notice to the regular examiner's hearing docket. Within 20 days following the date of such hearing, the affected parties will be permitted to file an objection. If no objection has been filed, the application may be approved.
- 7) Should a protest be filed in writing, the applicant will be permitted to either withdraw the application, or request it to be set for hearing.
- 8) An emergency approval, on a temporary basis for a period not to exceed 90 days, may be granted by the District Supervisor, pending filing of formal application and final action of the OCD Director. This temporary approval may be granted only if the District Supervisor is convinced waste will occur without immediate relief. If granted, the District Supervisor will notify the purchaser.
- 9) After a well receives a "hardship" classification, it will be retained for a period of one year unless rescinded sooner by the Division. The applicant will be required to certify annually that conditions have not changed substantially in order to continue to retain this classification.
- 10) Nothing here withstanding, the Division may, on its own motion, require any and all operators to show cause why approval(s) should not be rescinded if abuse is suspected or market conditions substantially change in the State of New Mexico.
- 11) A well classified as a "hardship well" will continue to accumulate over and 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.

R 8 W



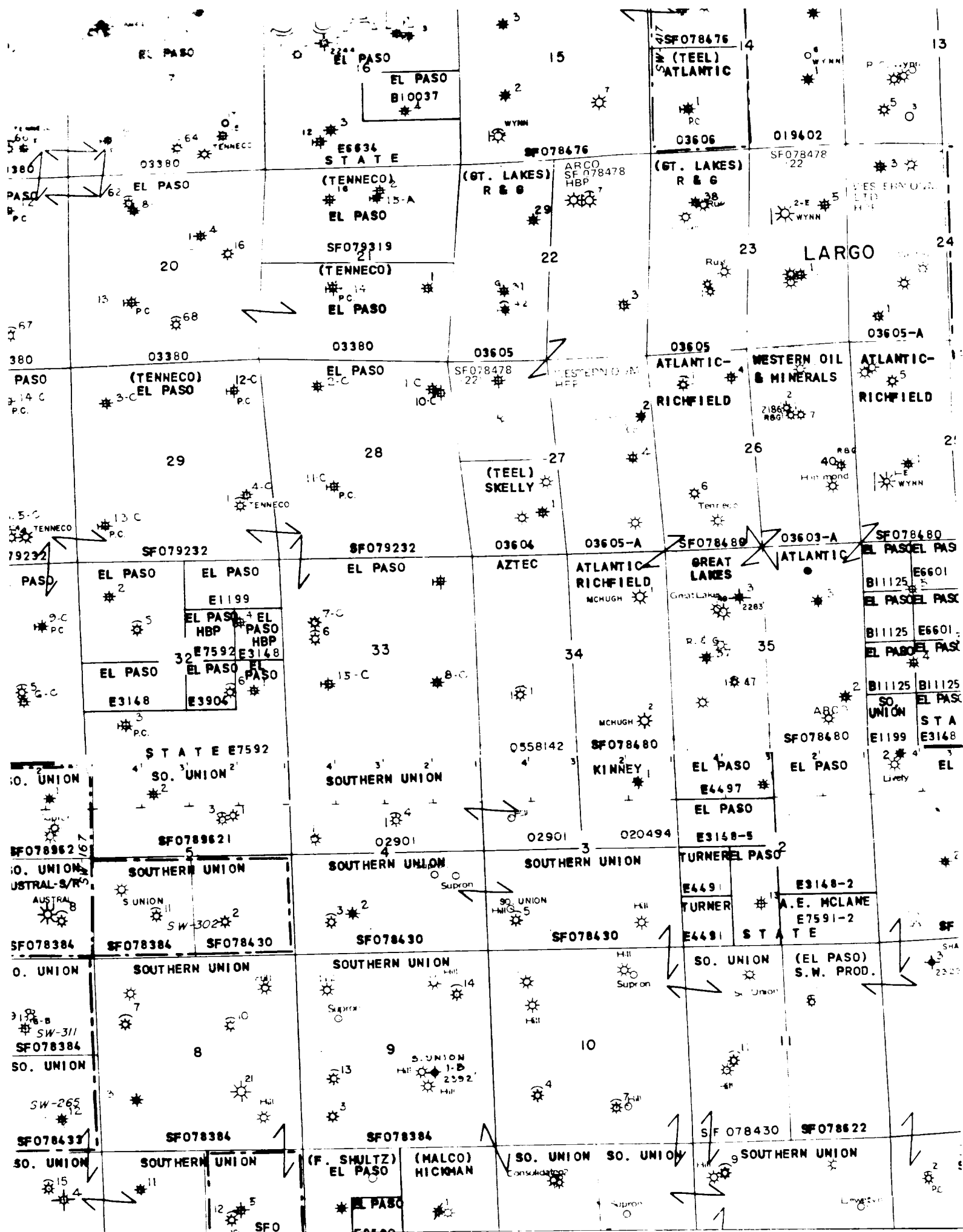
SAN JUAN BASIN

SAN JUAN COUNTY, NEW MEXICO
OFFSET OPERATORS

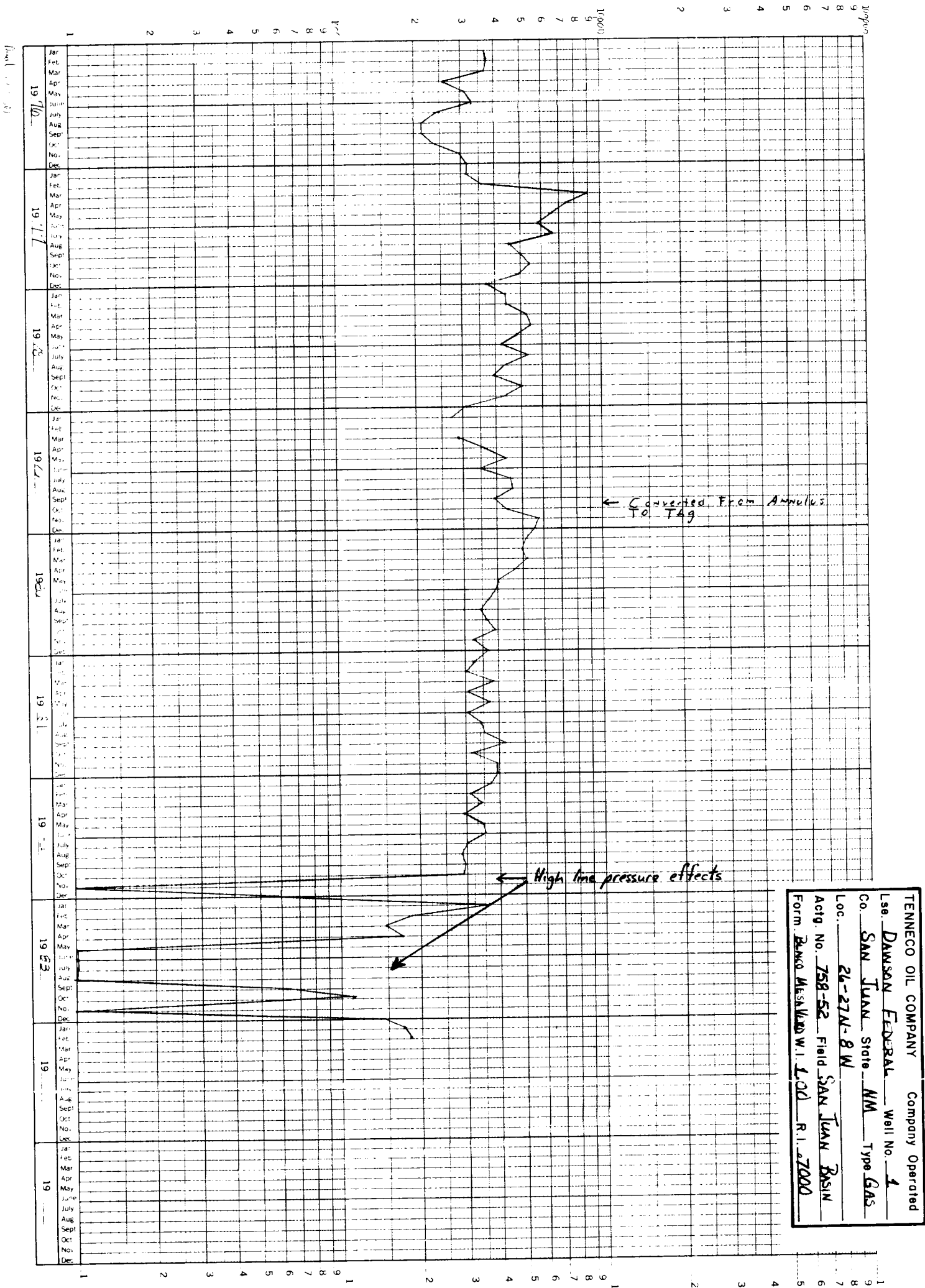
Western Oil & Minerals
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AAA Operating Co., Inc.
Interfirst 11, Suite 3345
Dallas Tx 75270

R&G DrillingCo
P.O. Drawer 419
Farmington, NM 87499



MCF OF GAS PRODUCED



2859W

LEASE Dawson Federal

WELL NO. 1

8-5/8 "OD, 20 & 24 LB, J-55 CSG.W/ 250 SX

TOC @ surface

4-1/2 "OD, 10.5 LB, J-55 CSG.W/150/135/210 SX

DV'S @ 3180' & 4652'

2-3/8 "OD. 4.7 LB, J-55 tbg.W/ Model 'D'

@ 6501'

410'

Tbg perf'd
@
4450, 55,
60, 85,
90, 95

4446'
MESAVERDE
4546'

Junk and
sand fill
in tbg @
6431'

Blanking
plug in string
nipple @ 6488

6532'
DAKOTA
6676'

6739'