

ALPHA TWENTY-ONE PRODUCTION COMPANY

POST OFFICE BOX 1206
JAL. NEW MEXICO 88252

505/395-3056

June 12, 1984

Case 8253

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

ATTN: Mr. Joe Ramey

RE: Justis "BC" Federal Com No. 2
Sec. 25, T-11-S, R-37-E,
Lea County, New Mexico

Gentlemen:

Enclosed for your review and approval, please find our Application for Classification as a Hardship Gas Well on the above referenced well.

To support our request for the Hardship Classification, we can examine the volume of water this well produces. We installed pumping unit equipment to alleviate our problem with the average production of 10 BWPD. Taking into consideration the low bottom hole pressure of the well and the amount of water entering the wellbore during a shut-in, it would be likely that this build-up of water could kill the well. In the event that the well was killed, the water build-up would log the formation causing serious damage due to the lithology of the formation, thus causing premature abandonment of the well. Also, with the water building up during a shut-in, the problem of scale precipitation causes our downhole equipment to corrode and eventually have to be replaced. The average cost for us to get the well producing normally after a shut-in would be approximately \$1500.00 including the cost of repairing the pump, pulling unit time, replacement of rods or tubing, etc. We estimate the amount of gas reserves lost due to premature abandonment would be 476 MMCF if premature abandonment was allowed to happen.

To prevent this waste and protect our correlative rights, we would, therefore, request administrative approval to produce this well at it's present rate or at least the minimum rate of 250 MCF per day and given the circumstances and problems we have had with this well, that our Application for Classification as a Hardship Gas Well be approved.

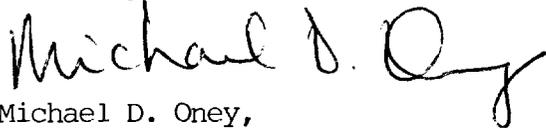
June 12, 1984

Also find for your review and records the following supportive information:

- 1) Ownership map
- 2) Wellbore sketch
- 3) Production history of well
- 4) C-102
- 5) Copy of letter to offset operators
- 6) Certified statement

If you desire any further information, please contact me.

Sincerely,



Michael D. Oney,
Drilling Superintendent

MDO/tic
Enclosures

cc: Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88240
ATTN: Mr. Jerry Sexton

El Paso Natural Gas Company
P.O. Box 1492
El Paso, TX 79978
ATTN: Mr. Harvey Rodman

Offset Operators:

Apollo Oil Company
P.O. Box 1737
Hobbs, NM 88240

Arco Oil & Gas Company
P.O. Box 1710
Hobbs, NM 88240

Cities Services Oil & Gas Corp.
P.O. Box 1919
Midland, TX 79702

Conoco, Inc.
P.O. Box 460
Hobbs, NM 88240

Gulf Oil Corporation
P.O. Box 670
Hobbs, NM 88240

Exxon Corporation
P.O. Box 1600
Midland, TX 79701

Alpha Twenty-One Production Company
2100 First National Bank Building
Midland, TX 79701
ATTN: Mr. Tom Phipps

Hartman, Doyle
508 C & K Petroleum Building
Midland, TX 79701

Mobil Producing Tex & NM Inc.
9 Greenway Plaza, Suite 2700
Houston, TX 77046

Sun Exploration & Production Co.
P.O. Box 1861
Midland, TX 79702

Texaco, Inc.
P.O. Box 728
Hobbs, NM 88240

Union Texas Petroleum Corp.
1300 Wilco Building
Midland, TX 79701

U-F Petroleum Inc.
One Marienfeld Place, Suite 580
Midland, TX 79701

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Alpha Twenty-One Production Company Contact Party Michael D. Oney
Address P.O. Box 1206 Jal, New Mexico 88252 Phone No. 505-395-3056
Lease Justis BC Federal Com Well No. 2 UT H Sec. 11 TWP 25 South RGE 37 East
Pool Name Justis Glorieta Minimum Rate Requested 250 MCFPD
Transporter Name El Paso Natural Gas Company Purchaser (if different) _____

Are you seeking 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.

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:

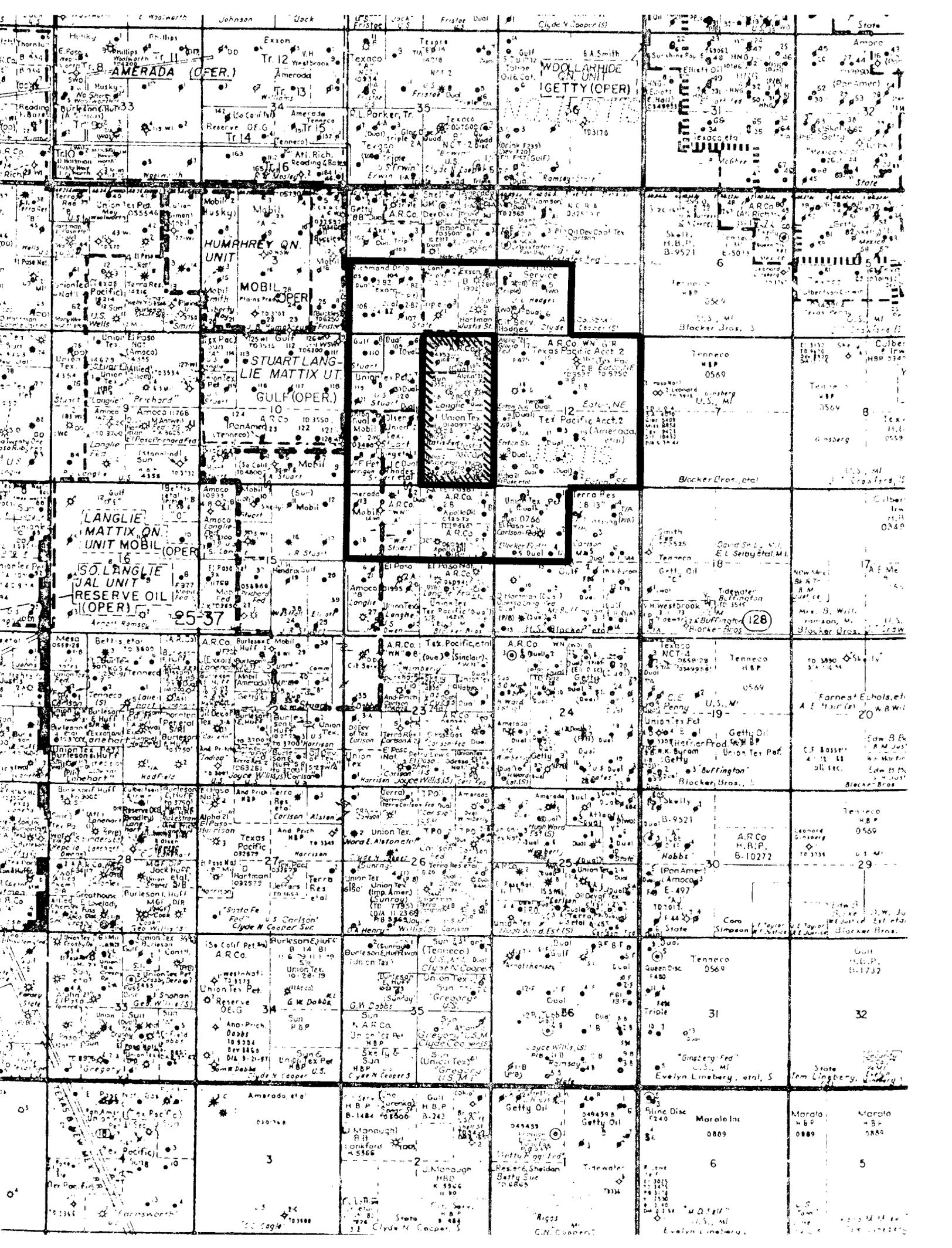
- a) Permanent loss of productivity after shut-in periods (i.e., formation damage).
 - b) Frequency of swabbing required after the well is shut-in or curtailed.
 - c) Length of time swabbing is required to return well to production after being shut-in.
 - d) Actual cost figures showing inability to continue 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.

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.



Johnson Dock
Phillips
Exxon
Amerada (OPER.)
Tr. 12
Tr. 13
Tr. 14
Tr. 15
Tr. 16

W.D. Larhide
G.N. Unit
GETTY (OPER.)
B.A. Smith
103170
Ramsay State

State
Amoco
Getty Oil
Shell
Texaco
B-9521
E-5014

HUMPHREY ON UNIT
MOBIL OPER
STUART LANG-LIE MATTIX UT GULF (OPER.)
Langlie
Prichard
Amoco
Union
Texaco
Gulf

Service
A.R.Co. WN G.R.
Texaco
Gulf
Union
A.R.Co.
Texaco
Gulf

Blocker Bros.
Tenneco
HBP
0569
Ginsberg
U.S. MI
0569

LANGLIE MATTIX ON UNIT MOBIL (OPER.)
SO LANGLIE JAL UNIT RESERVE OIL (OPER.)
Amoco
Union
Texaco
Gulf

Langlie
Prichard
Amoco
Union
Texaco
Gulf
A.R.Co.
Texaco
Gulf

Blocker Bros. et al
Tenneco
HBP
0569
Ginsberg
U.S. MI
0569
Blocker Bros.

Langlie
Prichard
Amoco
Union
Texaco
Gulf
A.R.Co.
Texaco
Gulf

Langlie
Prichard
Amoco
Union
Texaco
Gulf
A.R.Co.
Texaco
Gulf

Blocker Bros.
Tenneco
HBP
0569
Ginsberg
U.S. MI
0569
Blocker Bros.

Langlie
Prichard
Amoco
Union
Texaco
Gulf
A.R.Co.
Texaco
Gulf

Langlie
Prichard
Amoco
Union
Texaco
Gulf
A.R.Co.
Texaco
Gulf

Blocker Bros.
Tenneco
HBP
0569
Ginsberg
U.S. MI
0569
Blocker Bros.

Langlie
Prichard
Amoco
Union
Texaco
Gulf
A.R.Co.
Texaco
Gulf

Langlie
Prichard
Amoco
Union
Texaco
Gulf
A.R.Co.
Texaco
Gulf

Blocker Bros.
Tenneco
HBP
0569
Ginsberg
U.S. MI
0569
Blocker Bros.

Langlie
Prichard
Amoco
Union
Texaco
Gulf
A.R.Co.
Texaco
Gulf

Langlie
Prichard
Amoco
Union
Texaco
Gulf
A.R.Co.
Texaco
Gulf

Blocker Bros.
Tenneco
HBP
0569
Ginsberg
U.S. MI
0569
Blocker Bros.

NATIONAL MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION AT

Supersedes O-124
Effective 1-1-65

All distances must be from the outer boundaries of the Section

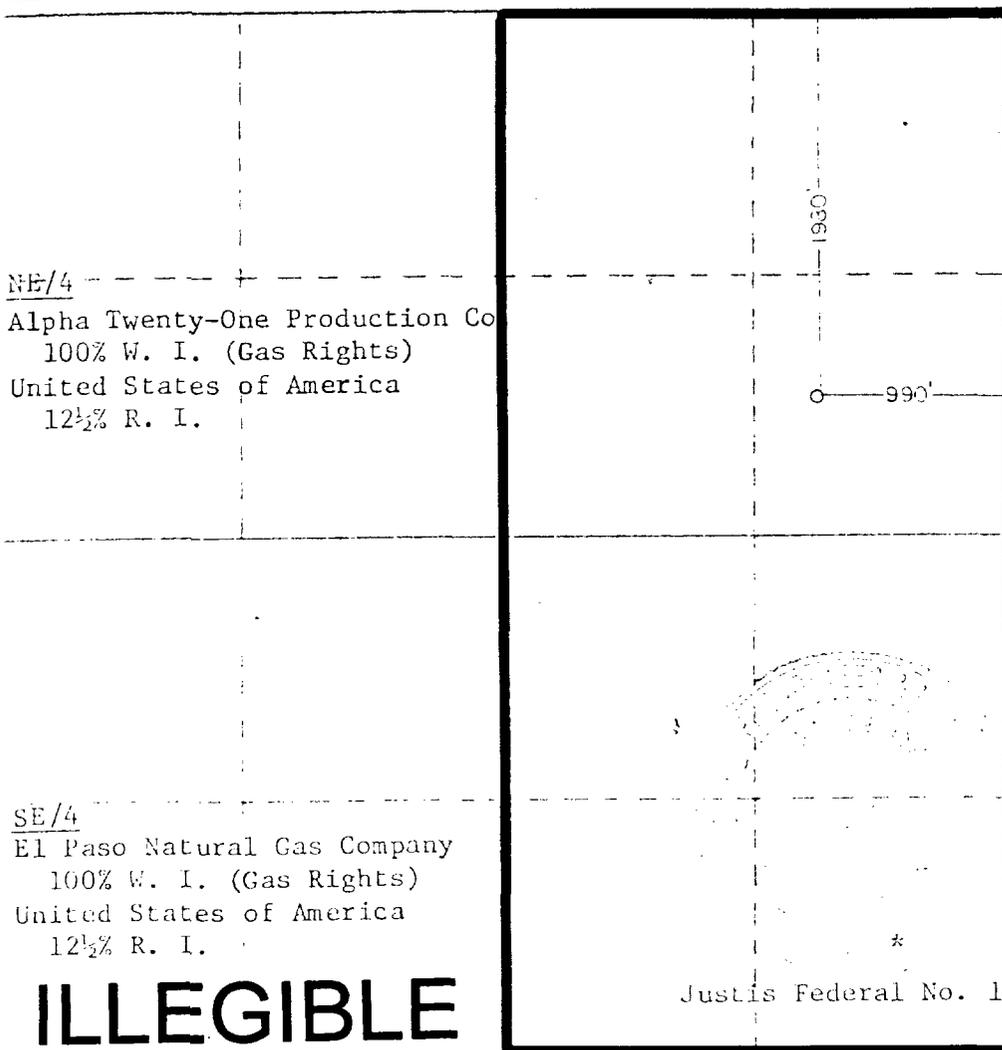
Alpha 21 Production Co.		Justis BC Federal Com		Well No. 2
Quarter H	Section 11	Township 25 South	Range 37 East	County Lea
Location of Well:				
1980	feet from the North	line mid 990	feet from the East	line
Well Depth Elev 3152.6	Producing Formation Glorieta	Pool Justis Glorieta	Dedicated Acreage 320	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



NE/4
Alpha Twenty-One Production Co
100% W. I. (Gas Rights)
United States of America
12½% R. I.

SE/4
El Paso Natural Gas Company
100% W. I. (Gas Rights)
United States of America
12½% R. I.

ILLEGIBLE

Justis Federal No. 1

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

[Signature]
Name: Tommy Phipps
Position: Executive Vice President
Company: Alpha Twenty-One Production Co.
Date: February 18, 1981

I have examined the plat and the information shown on this plat and satisfied that the same is true and correct to the best of my knowledge and belief.

[Signature]
Name: *[Illegible]*
Position: *[Illegible]*
Company: *[Illegible]*
Date: *[Illegible]*

Justis Federal No. 1

JOHN W. KELLY 473
PATRICK A. BOWMAN 4383
February 18, 1981 1212

ALPHA TWENTY-ONE PRODUCTION COMPANY

Justis BC Federal Com #2
1980' FNL-990' FEL
Section 11, T25S, R37E
Lea County, New Mexico



8-5/8" casing set at 432'. Cemented with 300 sacks of Class 'C' cement. Circulated 90 sacks.

5-1/2" casing set at 4998'. Cemented with 775 sacks Halliburton Lite and 575 sacks of 50/50 Pozmix. Circulated 260 sacks.

2-3/8" tubing set at 4858'.

Perforations at 4684'-4830'.

TD at 5000'.



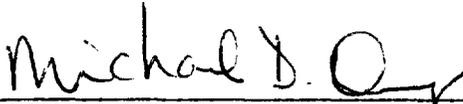
ALPHA TWENTY-ONE PRODUCTION COMPANY

POST OFFICE BOX 1206
JAL, NEW MEXICO 88252

505/395-3056

June 21, 1984

I, Michael D. Oney, certify that all foregoing information submitted with the Application for Classification as Hardship Gas Well on the Justis "BC" Federal Com No. 2, Section 25, T-11-S, R-37-E, Lea County, New Mexico is true and correct to the best of my knowledge and further attest that one copy of the Application has been submitted to the appropriate Division district office (Oil Conservation Division, P.O. Box 1980, Hobbs, NM 88240), and that notice of this application has been given to the transporter/purchaser (El Paso Natural Gas Company, P.O. Box 1492, El Paso, Texas 79978), and that notice of this application has been given to all offset operators.



Michael D. Oney, Drilling Superintendent



ALPHA TWENTY-ONE PRODUCTION COMPANY

POST OFFICE BOX 1206
ALBUQUERQUE, NEW MEXICO 88252

505.395-3056

June 12, 1984

Apollo Oil Company
P.O. Box 1737
Hobbs, NM 88240

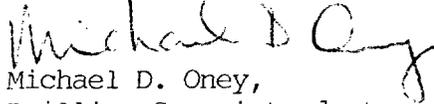
RE: Justis "BC" Federal Com No. 1, Sec. 25, T-11-S, R-37-E, Lea County, New Mexico
Gentlemen:

As an offset operator, please be informed that we are applying for a Hardship Gas Well Classification for the above referenced well.

Enclosed for your review and records, please find one copy each of the Application for Classification as a Hardship Gas Well and an ownership map showing the proration unit dedication and ownership of all offsetting acreage.

If you have any questions concerning this application, please direct them to the Oil Conservation Division of New Mexico in Santa Fe, New Mexico

Sincerely,


Michael D. Oney,
Drilling Superintendent

MDO/tic
Enclosures

cc: Arco Oil & Gas Company
P.O. Box 1710
Hobbs, NM 88240

Cities Services Oil & Gas Corp.
P.O. Box 1919
Midland, TX 79702

Conoco, Inc.
P.O. Box 460
Hobbs, NM 88240

Exxon Corporation
P.O. Box 1600
Midland, TX 79701

Gulf Oil corporation
P.O. Box 670
Hobbs, NM 88240

Doyle Hartman
508 C & K Petroleum Building
Midland, TX 79701

Mobil Producing Tex & NM Inc.
9 Greenway Plaza, Suite 2700
Houston, TX 77046

Sun Exploration & Production Co.
P.O. Box 1861
Midland, TX 79702

Texaco, Inc.
P.O. Box 728
Hobbs, NM 88240

Union Texas Petroleum Corp.
1300 Wilco Building
Midland, TX 79701

U-F Petroleum Inc.
One Marienfeld Place, Suite 580
Midland, TX 79701

Alpha Twenty-One Production Company
2100 First National Bank Building
Midland, TX 79701
ATTN: Mr. Tom Phipps

ALPHA TWENTY-ONE PRODUCTION COMPANY
 Tabulation of Production
 Justis BC Federal Com #2
 NM 4355
 Justis Glorieta
 Lea County, New Mexico

	<u>Gas</u> MCF	<u>Annual</u> <u>Cumulative</u>	<u>Total</u> <u>Cumulative</u>	<u>Oil</u> Bbls	<u>Annual</u> <u>Cumulative</u>	<u>Total</u> <u>Cumulative</u>
<u>1981</u>						
1st.						
8-28-81-						
9-1-81	1,746	1,746	1,746			
October	16,512	18,258	18,258			
November	13,956	32,214	32,214			
December	11,154	43,368	43,368			
<u>1982</u>						
January	9,999	9,999	53,367			
February	1,375	11,374	54,742			
March	9,288	20,662	64,030			
April	11,043	31,705	75,073			
May	9,436	41,141	84,509			
June	7,410	48,551	91,919			
July	8,847	57,398	100,766			
August	8,443	65,841	109,209			
September	8,005	73,846	117,214			
October	8,128	81,974	125,342	65	65	65
November	7,331	89,305	132,673	70	135	135
December	7,654	96,959	140,327	24	159	159
<u>1983</u>						
January	5,975	5,975	146,302	45	45	204
February	7,131	13,106	153,433	19	64	223
March	7,160	20,266	160,593	10	74	233
April	6,552	26,818	167,145	23	97	256
May	6,217	33,035	173,362	17	114	273
June	5,908	38,943	179,270	16	130	289
July	5,485	44,428	184,755	14	144	303
August	5,230	49,658	189,985	15	159	318
September	4,570	54,228	194,555	17	176	335
October	6,657	60,885	201,212	22	198	357
November	11,711	72,596	212,923	102	300	459
December	10,494	83,090	223,417	70	370	529
<u>1984</u>						
January	10,533	10,533	233,950	27	27	556
February	8,663	19,196	242,613	31	58	618
March	8,923	28,119	251,536	27	85	699
April	8,162	36,281	259,698	26	111	810