

RECEIVED
APR 26 1985

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker ^{Ans'd.}

Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 684-6381

Lease ELKHAL ALSCOTT Well No. 2 UT 0 Sec. 30 TWP 18-S RGE 29-E

Well Name MOXIA TURKEY TRACT MORROW Minimum Rate Requested 322 mcf/day

Transporter Name EL PASO NATURAL GAS CO. 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.

1) 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.

3) 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.

HONDO DRILLING COMPANY
CASE NO. 8611 - ALSCOTT #2
7/2/85 EXAMINED HEADTUC

GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

2) 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 30 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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915]682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *FEDERAL ALSCOTT, SEC 30, T-18-S, R-29-E*
Well No.: *2*
Pool Name: *NORTH TURKEY TRACT MCKEE*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

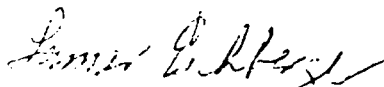
In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 322 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is ~~322~~ per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Federal Alscott #2
Sec. 30, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
August, 84	10,312	333
September	9,837	328
October	9,741	314
November	10,471	349
December	10,291	332
January, 85	<u>8,550</u>	<u>276</u>
Total for Six Months	59,202	322 average/day

NOTE:

El Paso Natural Gas Co. shut this well in and with high line pressures it has killed this well. The well produces too much water after being shut-in.



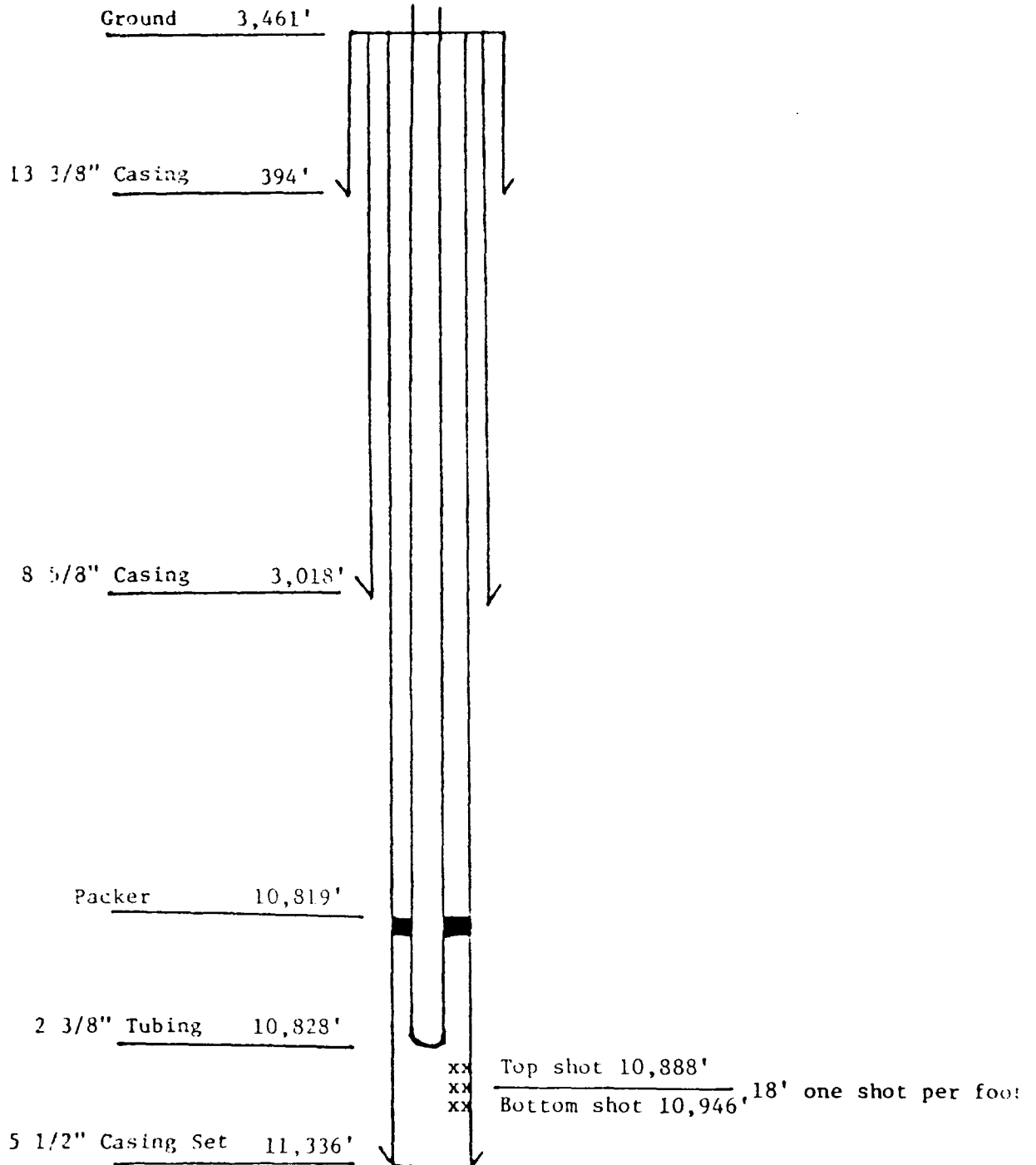
HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Lease Federal Alscott Well Number 2

Location Lots 3 & 4 (W/2 SW/4), E/2 SW/4, SE/4, Section 30, T-18-S, R-29-E, N.M.P.M.,

County Eddy, New Mexico. 304.58 acres, more or less-U.S. Lease #NM-0924





HONDO DRILLING COMPANY

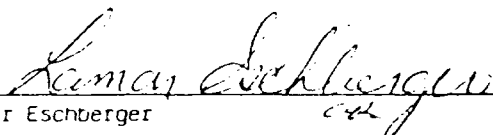
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division
Drawer 30
Artesia, NM 88210

Re: Lease: *FEDERAL ALSCOTT*
Well & Location: *2, SEC. 30, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. Trigg Jennings
Box 520
Roswell, NM 88201
2. Read & Stevens, Inc.
Box 1513
Roswell, NM 88201
3. Yates Petroleum
207 S. 4th. Street
Artesia, NM 88210
4. T. J. Sivley
P. O. Drawer 2516
Midland Texas 79702
5. C. Forister
P. O. Box 161
Artesia, NM 88210
6. El Paso Natural Gas Co.
Box 1492
El Paso, Tx 79978



Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well

Lease: *FEDERAL ALSCOTT*

Well & Location: *2, SEC. 30, T-18-S, R-29-E*

Pool: *NORTH TURKEY TRACT MARRCOLO*

County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *SW 1/4, SE 1/4 SEC 30, 304.58 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *FEDERAL ALSCOTT NO. 2* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231

(6)
PHONE
394-3438
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N° 3446

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84

#7819

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORAINÉ • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Maxmine called
2-15-85 about
hard ship well -
signed by jur. director
agency - will leave wells in
in process -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alscott #1, Alscott #2,
Alscott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

George D. Bullard
Production Superintendent

GDB/ml

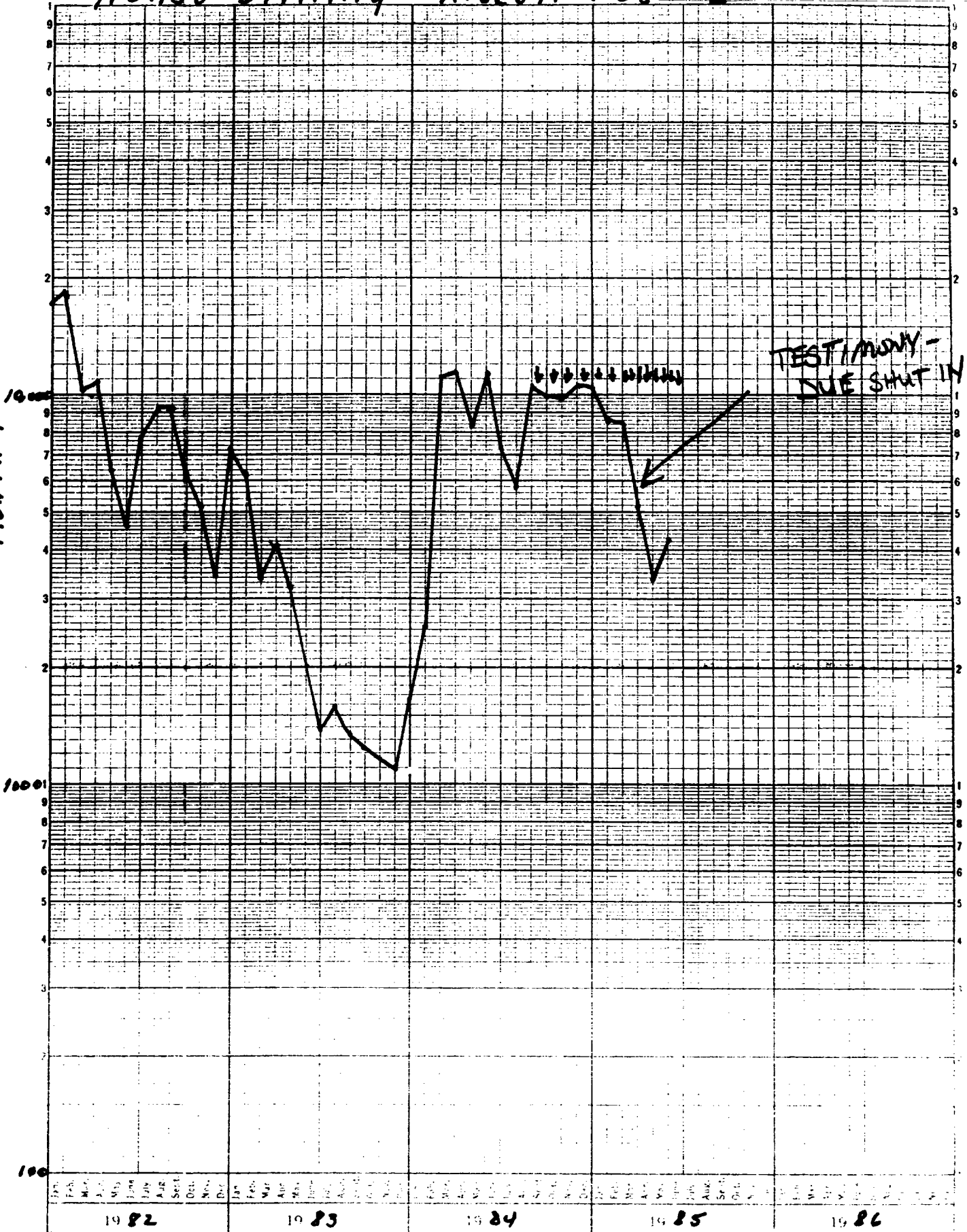
Enclosures

*Exempt from shuttling
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*

(MORROW WELL)

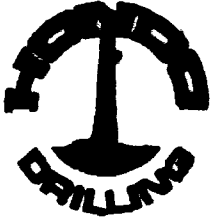
Hondo Drilling Alscott Fed

Monthly Gas MCF.



TESTIMONY -
DUE SHUT IN

46 6693
MADE IN U.S.A.
5 YEARS BY MONTHS
X 3 LOG CYCLES
KEUFFEL & ESSER CO.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

FEDERAL ALSCOTT #2

U.S. Lease #NM-0924 - Lots 3 & 4 (W/2 SW/4), E/2 SW/4, SE/4,
Section 30, T-18-S, R-29-E, N.M.P.M., Eddy County, New Mexico,
304.58 acres, more or less

<u>Month</u>	<u>Gas Production</u>	<u>WI Income</u>	<u>Cost of Operations</u>	<u>Profit or Loss</u>
January 1984	2,656	\$ 5,571.61	\$ 2,196.88	\$ 3,374.73
February	11,157	26,678.58	2,168.87	24,509.71
March	11,453	24,147.23	5,231.96	18,915.27
April	8,385	20,969.05	4,309.81	16,659.24
May	11,201	23,774.39	4,138.13	19,636.26
June	7,346	15,644.11	2,590.46	13,053.65
July	5,804	15,596.95	4,604.74	10,992.21
August	10,312	22,119.24	4,050.80	18,068.44
SHUT IN COMMENCE September	9,837	21,173.79	3,098.47	18,075.32
October	9,741	24,197.17	3,971.31	20,225.86
November	10,471	(6,297.59)	10,406.32	(16,703.91)
December	10,291	25,031.18	2,561.45	22,469.73
January 1985	8,550	18,561.92	1,971.29	16,590.63
February	8,361	18,151.61	3,711.17	14,440.44
March	5,124	13,385.57	3,335.95	10,049.62
April	3,345	7,182.65	3,481.34	3,701.31
May	4,366	9,375.03	3,462.95	5,912.08

RECEIVED

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker
 Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 684-6581
 Lease FEDERAL ALSCOTT Well No. 3 UT 0 Sec. 30 TWP 18-S RGE 29-E
 Well Name NORTH FRONTIER ENERGY Minimum Rate Requested _____
 Transporter Name EL PASO NATURAL GAS CO. 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.

- 1) 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)
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 - 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 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.

HONDO DRILLING COMPANY

CASE NO. 0011 - ALSCOTT #3

7/2/85 REHEARING HEARING

EXHIBIT NO. 1 (B)

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."

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HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia, NM 88210

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Lease: *FEDERAL ALSCOTT, SEC 30, T-18-S R-29-E*
Well No.: *3*
Pool Name: *NORTH TURKEY TRACT UNKNOWN*

Gentlemen:

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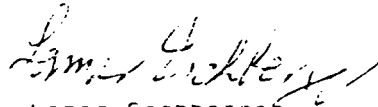
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Yours truly,



Lamar Eschenberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702 2516 • (915) 682 9401

March 29, 1985

Hondo Drilling Company
Federal Alscott #3
Sec. 30, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
July, 31	305	9.8
August	337	10.9
September	323	10.6
October	356	11.5
November	328	10.9
December	304	9.8
Total for Six Months	1,953	10.6 Average/Day

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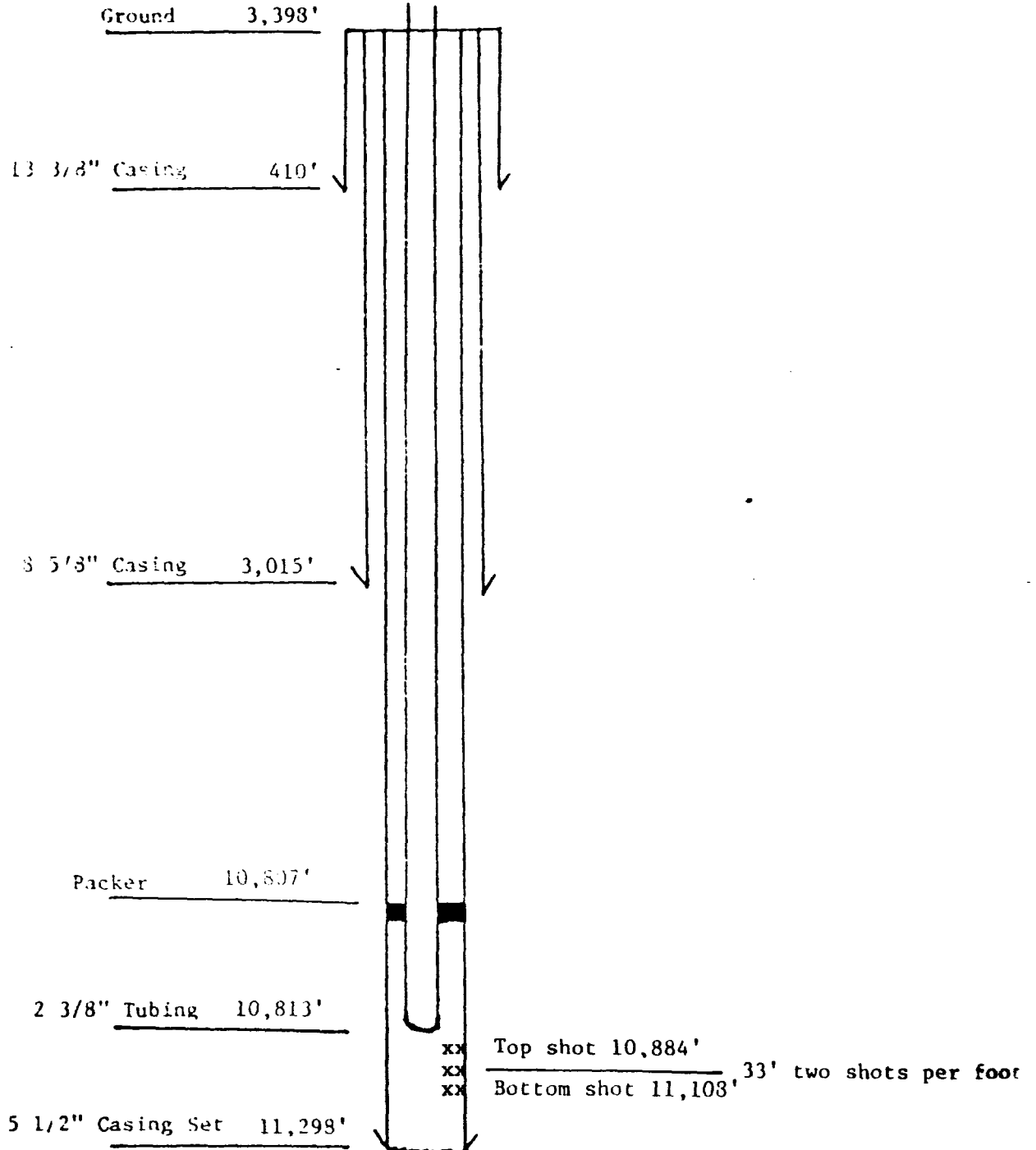


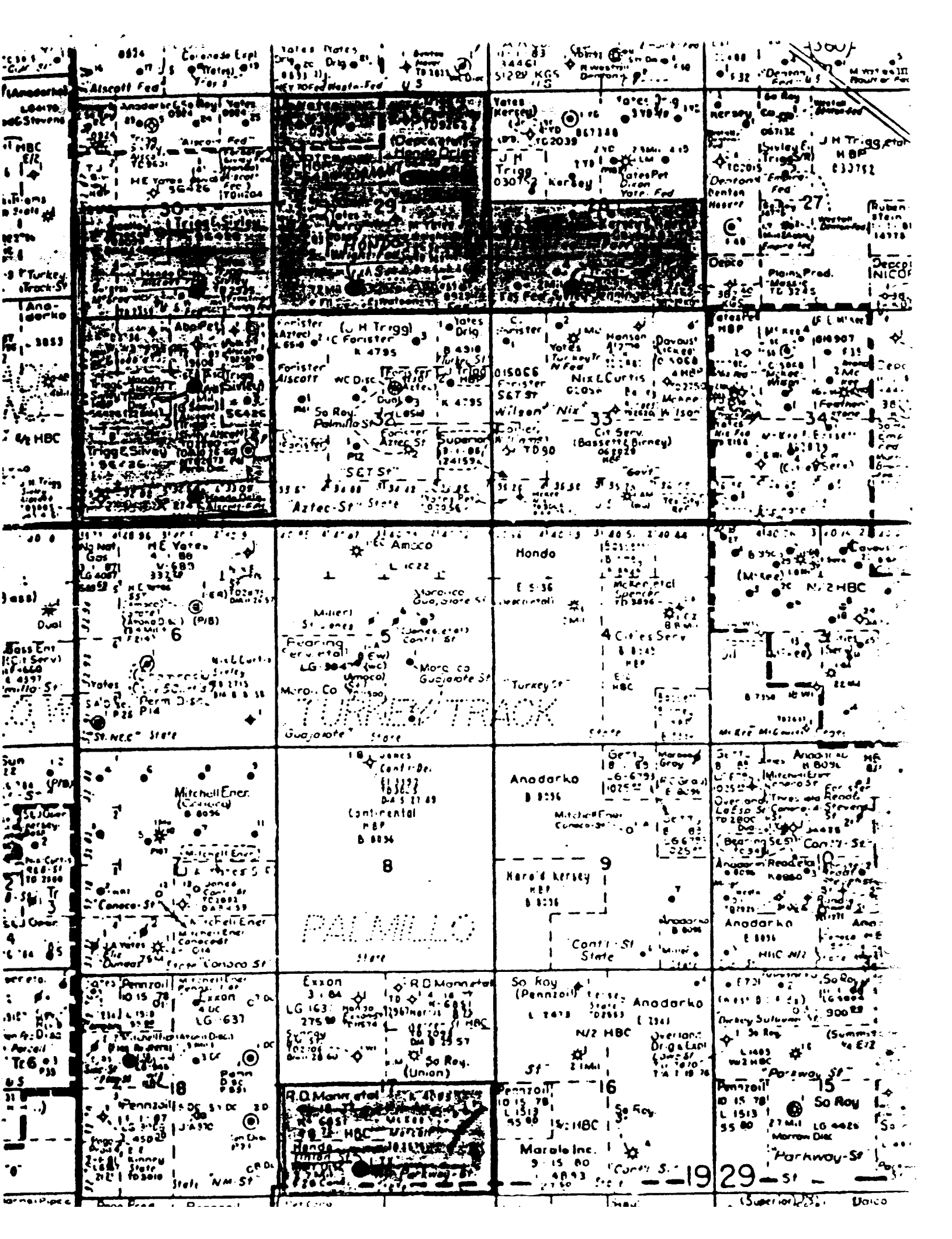
HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND TEXAS 79702 2516 • (915) 682-9401

Lease Federal Alscott - Morrow Well Number 3

Location Lot 3 (NW/4 SW/4), Lot 4 (SW/4 SW/4), Lot 5 (SE/4 SW/4), Lot 6 (SW/4 SE/4), Lot 7 (SE/4 SE/4), NE/4 SW/4, NE/2 SE/4, Section 31, T-18-S, R-29-E, N.M.P.M.
County Eddy, New Mexico. 276.4 acres, more or less - U.S. Lease #NM-0924





0824 Colorado Expl
Alcott Fed
MBC
HBC

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HONDO DRILLING COMPANY

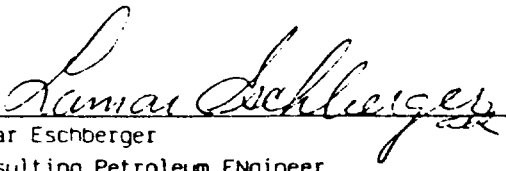
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Lease: *FEDERAL ALSCOTT*
Well & Location: *3, SEC. 30, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, N.M.*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. H. E. Yates
Box 0
Albuquerque, NM 87103
2. Northern Natural Gas Co.
3300 North A
Bldg. 6, Suite 102
Midland, Texas 79701
3. Bass Enterprises Production Co.
201 Main Street
First City Bank Tower
Ft. Worth, Texas 76102
4. Sun Exploration and Production
P. O. Box 1861
Midland, Texas 79702
5. Trigg Jennings
Box 520
Roswell, NM 88201
6. C. Forister
Box 161
Artesia, NM 88210
7. El Paso Natural Gas Co.
Box 1492
El Paso, Texas 79978



Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *FEDERAL ALSCOTT*
Well & Location: *3rd SEC 30, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MCKRROW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *SW 1/4, S1/2 SE 1/4, NE 1/2 SE 1/4 SEC 31, 276.4 ACRES MCKRROW*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *FEDERAL ALSCOTT NO. 3* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231

PHONE
394.3435
393.1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N° 3446

TO:

Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or
Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84

#7819

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Merrim called
2-15-85 about
hardship well
signed by jurisdiction
agency - will leave wells in
Joe Murray -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alscott #1, Alscott #2,
Alscott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shut-in
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

FEDERAL ALSCOTT #3

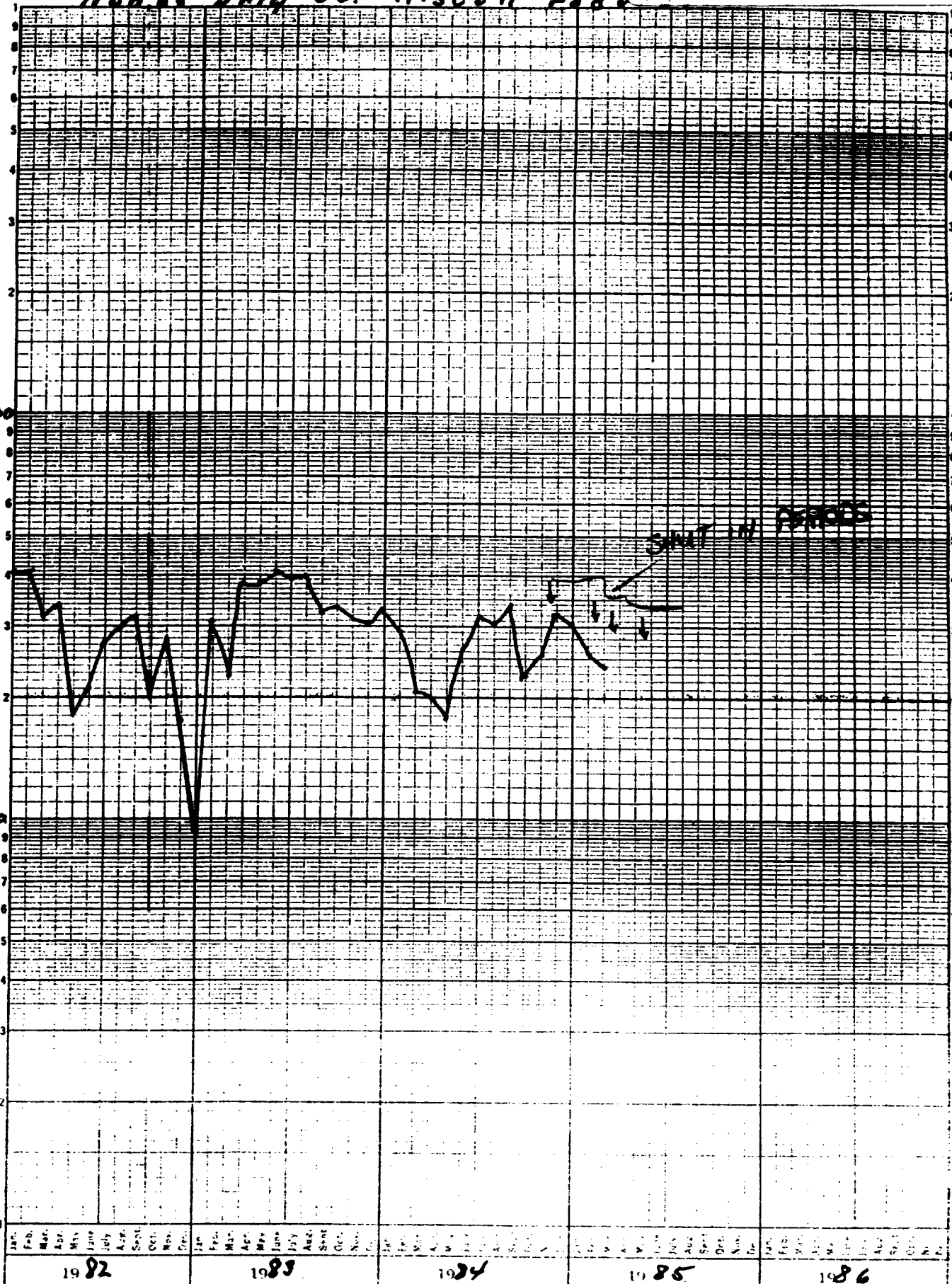
U.S. Lease #NM-0924 - Lot 3 (NW/4 SW/4), Lot 4 (SW/4 SW/4),
Lot 5 (SE/4 SW/4), Lot 6 (SW/4 SE/4), Lot 7 (SE/4 SE/4), NE/4
SW/4, NE/2 SE/4, Section 31, T-18-S, R-29-E, N.M.P.M., Eddy
County, New Mexico, 276.4 acres, more or less

<u>Month</u>	<u>Gas Production</u>	<u>WI Income</u>	<u>Cost of Operations</u>	<u>Profit or Loss</u>
January 1984	296	\$ 581.77	\$ 820.48	\$(238.71)
February	206	412.49	696.12	(283.63)
March	198	397.80	713.00	(315.20)
April	178	358.82	668.52	(309.70)
May	263	531.94	672.79	(140.85)
June	320	649.39	729.85	(80.46)
July	305	621.78	809.70	(187.92)
August	337	688.83	733.14	(44.31)
September	323	650.29	768.97	(118.68)
October	356	718.64	768.61	(49.97)
November	328	664.06	730.17	(66.11)
December	304	(2,268.26)	1,290.34	(3,558.60)
January 1985	260	528.08	989.28	(461.20)
February	240	487.34	762.94	(275.60)
March	302	615.32	1,156.96	(541.64)
April	321	654.04	897.91	(243.87)
May	326	664.23	802.25	(138.02)

Hondo Drilling Co. Alscott Feds

MONTHLY MCF GAS

1000
100
10



START IN PROGRESS

1982

1983

1984

1985

1986

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Case 8612

Operator Hondo Drilling Company Contact Party Margaret Longanecker

Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 684-6381

Lease FEDERAL ALSCOTT Well No. 3 UT 0 Sec. 30 TWP 18-S RGE 29-E

Pool Name NORTH TURKEY TRACT MORROW Minimum Rate Requested ~~77 MCF/day~~

Transporter Name EL PASO NATURAL GAS CO. 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.

- 1) 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.
- 3) 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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915]682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *FEDERAL ALSCOTT, SEC 30, T-18-S, R-29-E*
Well No.: *3*
Pool Name: *NORTH TURKEY TRACT MORROW*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No downhole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of // MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is // MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Federal Alscott #3
Sec. 30, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

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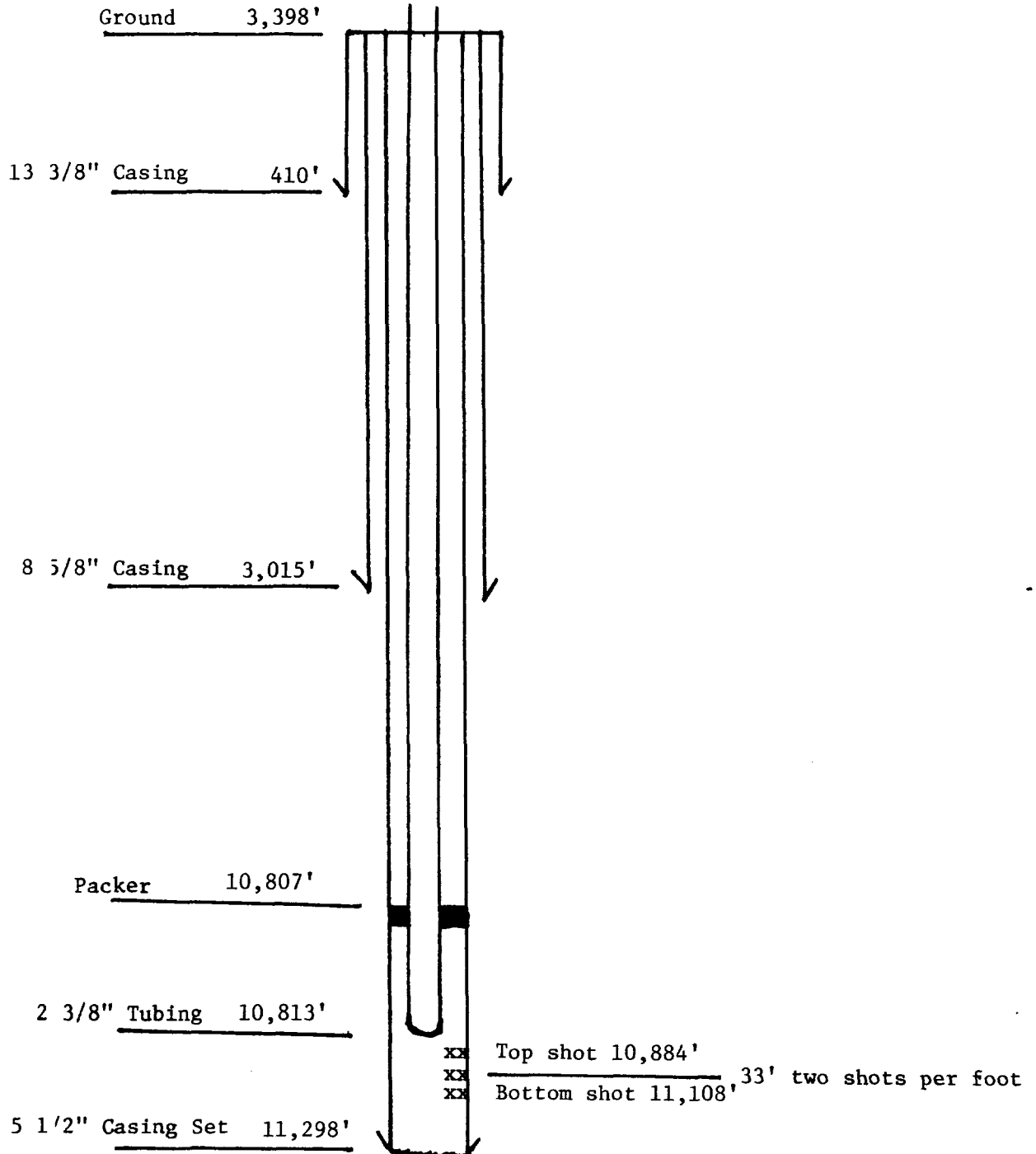


HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Lease Federal Alscott - Morrow Well Number 3

Location Lot 3 (NW/4 SW/4), Lot 4 (SW/4 SW/4), Lot 5 (SE/4 SW/4), Lot 6 (SW/4 SE/4), Lot 7 (SE/4 SE/4), NE/4 SW/4, NE/2 SE/4, Section 31, T-18-S, R-29-E, N.M.P.M.
County Eddy, New Mexico. 276.4 acres, more or less - U.S. Lease #NM-0924





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A.R. Co.
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Pennzoil
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Dalco
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Denton
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833752

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231



PHONE
394-3435
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N^o 3446

to:

Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84

#7819

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

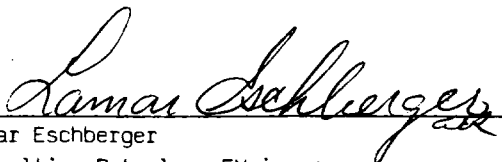
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Lease: *FEDERAL ALSCOTT*
Well & Location: *3, SEC. 30, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. H. E. Yates
Box 0
Albuquerque, NM 87103
2. Northern Natural Gas Co.
3300 North A
Bldg. 6, Suite 102
Midland, Texas 79701
3. Bass Enterprises Production Co.
201 Main Street
First City Bank Tower
Ft. Worth, Texas 76102
4. Sun Exploration and Production
P. O. Box 1861
Midland, Texas 79702
5. Trigg Jennings
Box 520
Roswell, NM 88201
6. C. Forister
Box 161
Artesia, NM 88210
7. El Paso Natural Gas Co.
Box 1492
El Paso, Texas 79978


Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *FEDERAL ALSCOTT*
Well & Location: *3, SEC. 30, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *SW/4, S/2 SE/4, NE/2 SE/4 SEC 31, 276.4 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *FEDERAL ALSCOTT NO. 3* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Manning called
2-15-85 about
hardship well -
signed by jurisdiction
agency - will leave wells on
as shown -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alscott #1, Alscott #2,
Alscott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shutting
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Case 8617

Operator Hondo Drilling Company Contact Party Margaret Longanecker
 Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 684-6381
 Lease FEDERAL ALSCOTT Well No. 3 UT 0 Sec. 30 TWP 18-S RGE 29-E
 Pool Name NORTH TURKEY TRACT MORROW Minimum Rate Requested 11 mcf/day
 Transporter Name EL PASO NATURAL GAS CO. 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.

- 1) 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.
- 3) 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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *FEDERAL ALSCOTT, SEC 30, T-18-S, R-29-E*
Well No.: *3*
Pool Name: *NORTH TURKEY TRACT MORROW*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

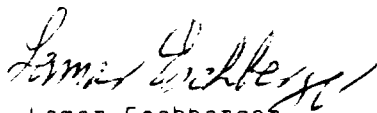
In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of // MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is // MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 29, 1985

Hondo Drilling Company
Federal Alscott #3
Sec. 30, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
July 84	305	9.8
August	337	10.9
September	323	10.8
October	356	11.5
November	328	10.9
December	304	9.8
Total for Six Months	1,953	10.6 Average/Day

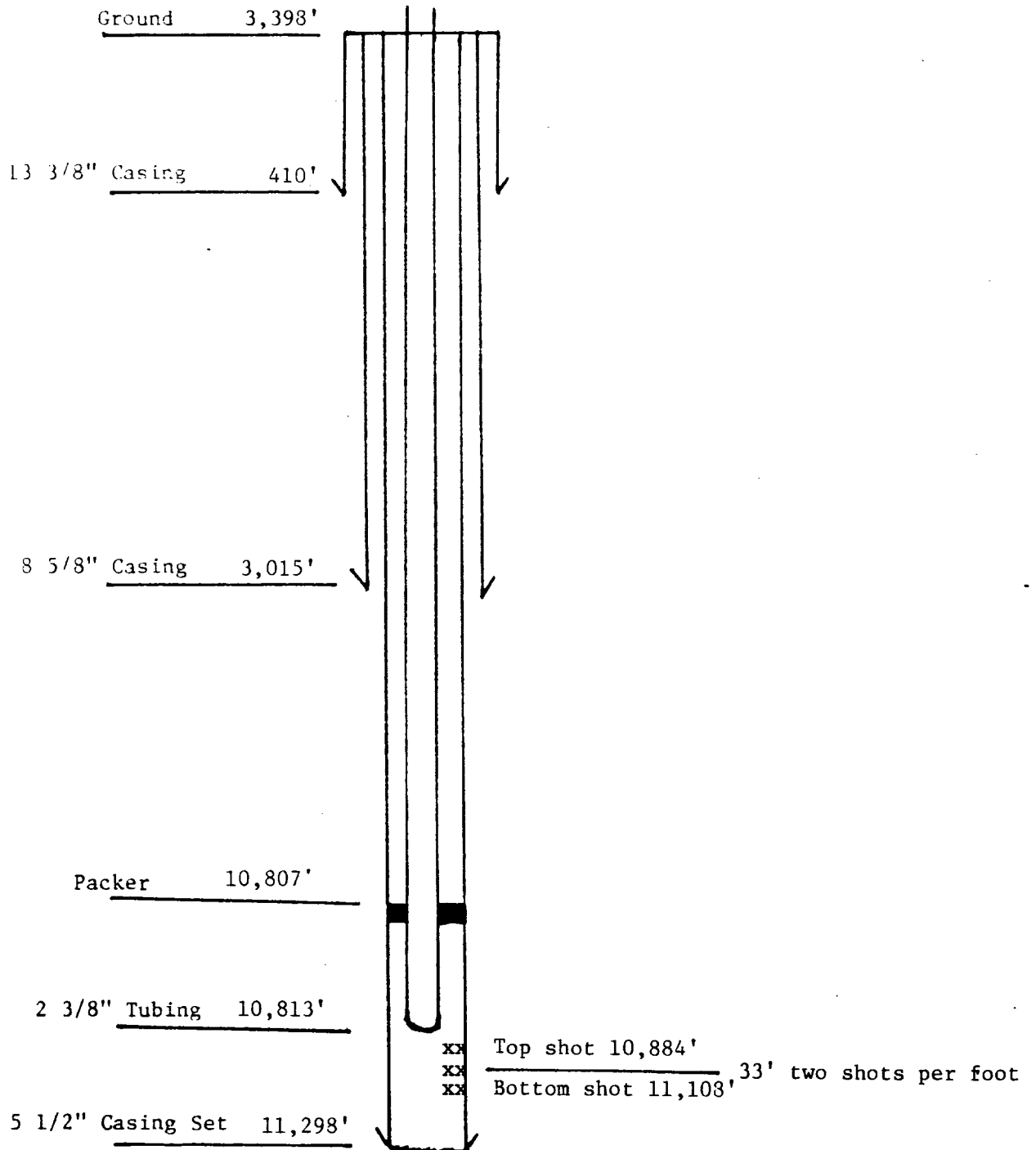


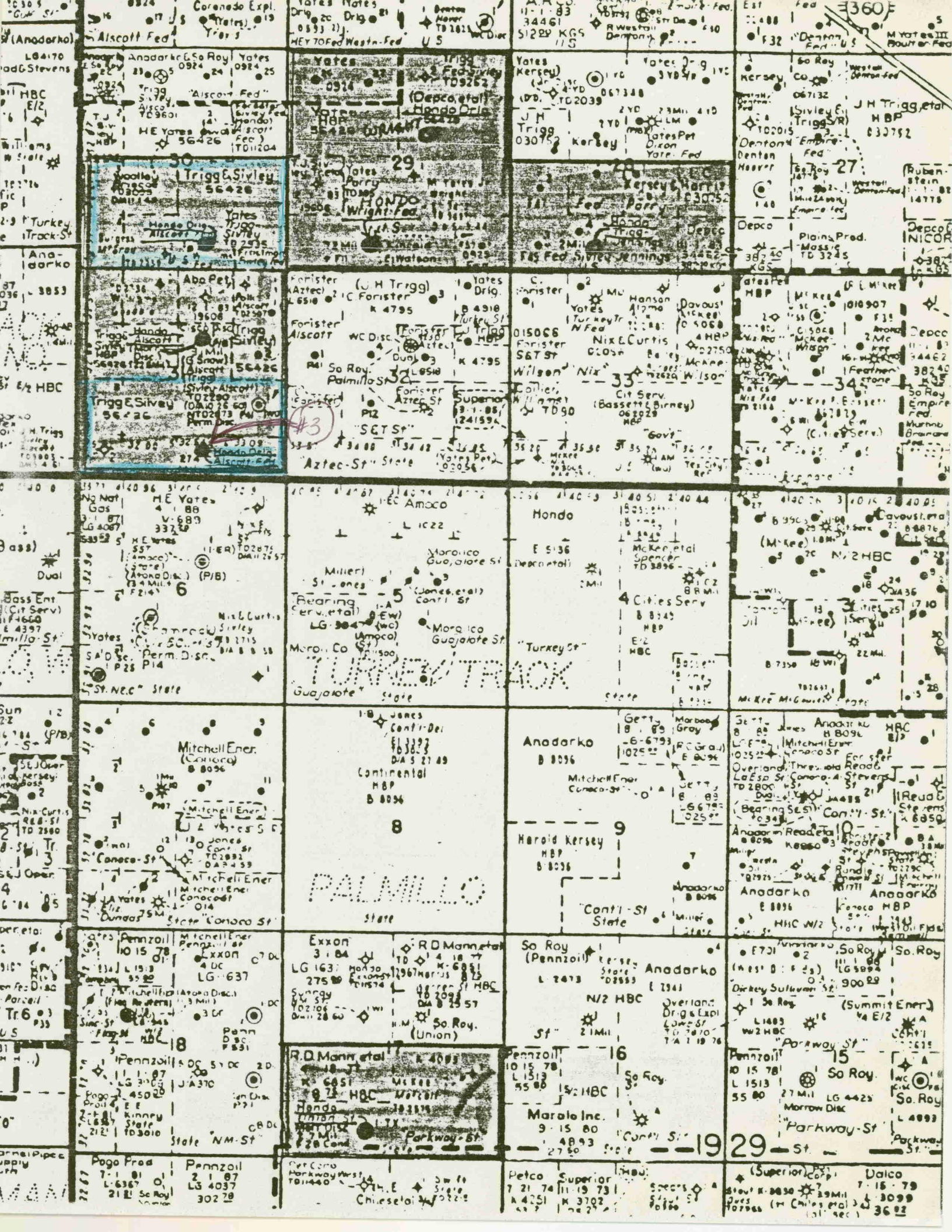
HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702 2516 • (915)682-9401

Lease Federal Alscott - Morrow Well Number 3

Location Lot 3 (NW/4 SW/4), Lot 4 (SW/4 SW/4), Lot 5 (SE/4 SW/4), Lot 6 (SW/4 SE/4),
Lot 7 (SE/4 SE/4), NE/4 SW/4, NE/2 SE/4, Section 31, T-18-S, R-29-E, N.M.P.M.
County Eddy, New Mexico. 276.4 acres, more or less - U.S. Lease #NM-0924





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Hodg Stevens

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Williams
W State

Turkey
Track-St

Anadarko
3853

HBC

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HBC

HBC

Dual

Bass Ent
(Cit Serv)
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E 4397
Palmilla St

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HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division

Drawer 00

Artesia, NM 88210

Re: Lease: *FEDERAL ALSCOTT*

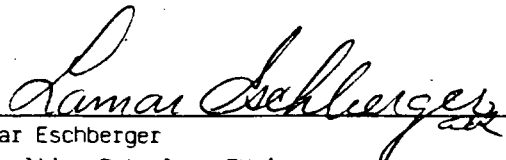
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Pool: *NORTH TURKEY TRACT MORROW*

County: *EDDY COUNTY, NM*

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Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

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Well & Location: *3, SEC 30, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
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Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *SW/4, S/2 SE/4, NE/2 SE/4 SEC 31, 276.4 ACRES MORE OR LESS*.

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If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger
Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231

PHONE
394-3435
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N° 3416

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or
Purchase Order No.

Lease & Well No. Wright #1 Swab Unit #14

11-30-84 #7819 Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Manning called
2-15-85 about
hardship well -
signed by jurisdiction
agency - will leave wells
in place -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alscott #1, Alscott #2,
Alscott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shut-in
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*

Case 8611

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker
 Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 684-6381
 Lease FEDERAL ALSCOTT Well No. 3 UT 0 Sec. 30 TWP 18-S RGE 29-E
 Pool Name NORTH TURKEY TRACT MORROW Minimum Rate Requested 11 mcf/day
 Transporter Name EL PASO NATURAL GAS CO. Purchaser (if different) _____
 Are you seeking emergency "hardship" classification for this well? X yes _____ no

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- 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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *FEDERAL ALSCOTT, SEC 30, T-18-S, R-29-E*
Well No.: *3*
Pool Name: *NORTH TURKEY TRACT MORROW*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

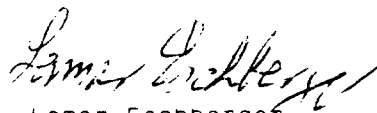
In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of // MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is // MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Federal Alscott #3
Sec. 30, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
July 84	305	9.8
August	337	10.9
September	323	10.8
October	356	11.5
November	328	10.9
December	304	9.8
Total for Six Months	1,953	10.6 Average/Day

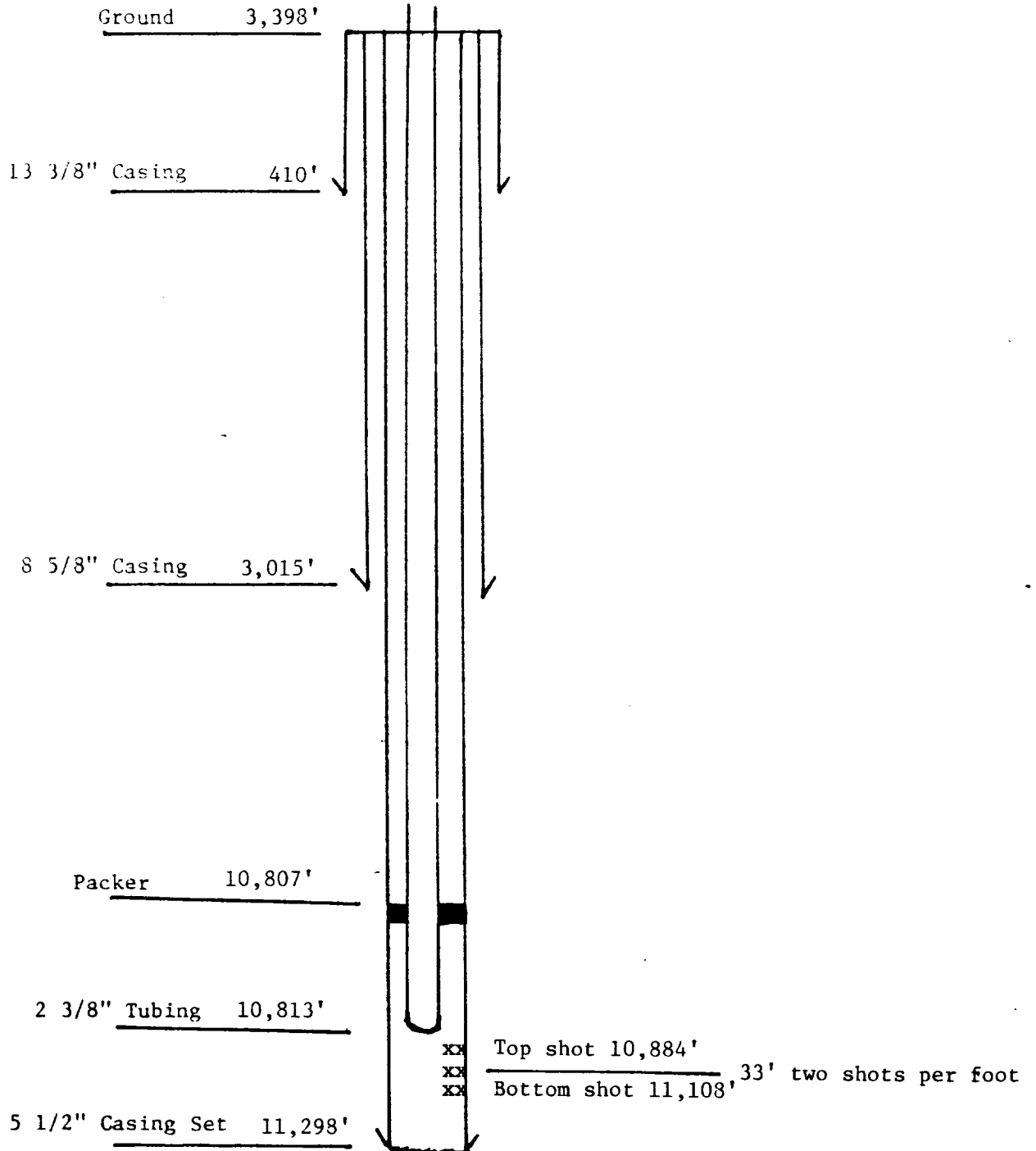


HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Lease Federal Alscott - Morrow Well Number 3

Location Lot 3 (NW/4 SW/4), Lot 4 (SW/4 SW/4), Lot 5 (SE/4 SW/4), Lot 6 (SW/4 SE/4), Lot 7 (SE/4 SE/4), NE/4 SW/4, NE/2 SE/4, Section 31, T-18-S, R-29-E, N.M.P.M.
County Eddy, New Mexico. 276.4 acres, more or less - U.S. Lease #NM-0924



(Anadarko) 104170... Yates... Anadarko... Trigg & Sively... Hondo... Abdo Pet... Forister... Anodarko... Mondo... Amoco... Miller... Bearing... Guajakote... Jones... Mitchell Ener... Continental... Anodarko... Harold Kersey... Pennzoil... So Roy... Exxon... R.D. Mann... So Roy... Anadarko... Pennzoil... Marole Inc... Superior... Daico



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division


Drawer 00

Artesia, NM 88210

Re: Lease: *FEDERAL ALSCOTT*
Well & Location: *3, SEC. 30, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. H. E. Yates
Box 0
Albuquerque, NM 87103
2. Northern Natural Gas Co.
3300 North A
Bldg. 6 Suite 102
Midland Texas 79701
3. Bass Enterprises Production Co.
201 Main Street
First City Bank Tower
Ft. Worth, Texas 76102
4. Sun Exploration and Production
P. O. Box 1861
Midland Texas 79702
5. Trigg Jennings
Box 520
Roswell NM 88201
6. C. Forister
Box 161
Artesia, NM 88210
7. El Paso Natural Gas Co.
Box 1492
El Paso, Texas 79978


Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *FEDERAL ALSCOTT*
Well & Location: *3, SEC. 30, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *SW/4, S/2 SE/4, NE/2 SE/4 SEC 31, 276.4 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *FEDERAL ALSCOTT NO. 3* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857

EUNICE, NEW MEXICO 88231

(6)

PHONE
394-3435
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N° 3416

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or
Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84

#7819

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Manning called
2-15-85 about
hardship well -
signed by jurisdiction
agency - will leave wells on
as is now -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alscott #1, Alscott #2,
Alscott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shuttined
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*

RECEIVED

APR 26 1985

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker Ans'd.....
 Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 684-6381
 Lease TRIGG JENNINGS Well No. 1 UT N Sec. 28 TWP 18-S RGE 29-E
 Pool Name NORTH TURKEY TRACT MORROW Minimum Rate Requested ~~2000 GPD~~
 Transporter Name EL PASO NATURAL GAS CO. 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.

1) 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.

3) 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.

HONDO DRILLING COMPANY
CASE NO. 8611 - TRIGG #1
7/2/85 EXAMINER HEARING

GENERAL INFORMATION APPLICABLE TO HARDSHIP GAS WELL CLASSIFICATION

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."

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.

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.

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.

Any interested party may review the data submitted at either the Santa Fe office or the appropriate OCD District Office.

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.

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.

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.

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.

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.

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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915)682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DC
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *TRIGG JENNINGS*
Well No.: *1, SEC. 28, T-18-S, R-29-E*
Pool Name: *NORTH TURKEY TRACT MORROW*

Gentlemer :

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

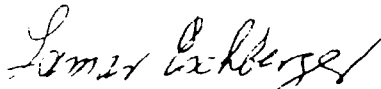
In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 285 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is 285 MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Trigg Jennings #1
Sec. 28, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
August, 84	10,009	322.9
September	9,406	313.5
October	9,082	293.0
November	8,029	267.6
December	8,673	279.8
January, 85	<u>7,200</u>	<u>232.3</u>
Total for Six Months	52,399	284.9 Average/Day

Note

Shutting in and El Paso's high line pressure has killed this well.



HONDO DRILLING COMPANY

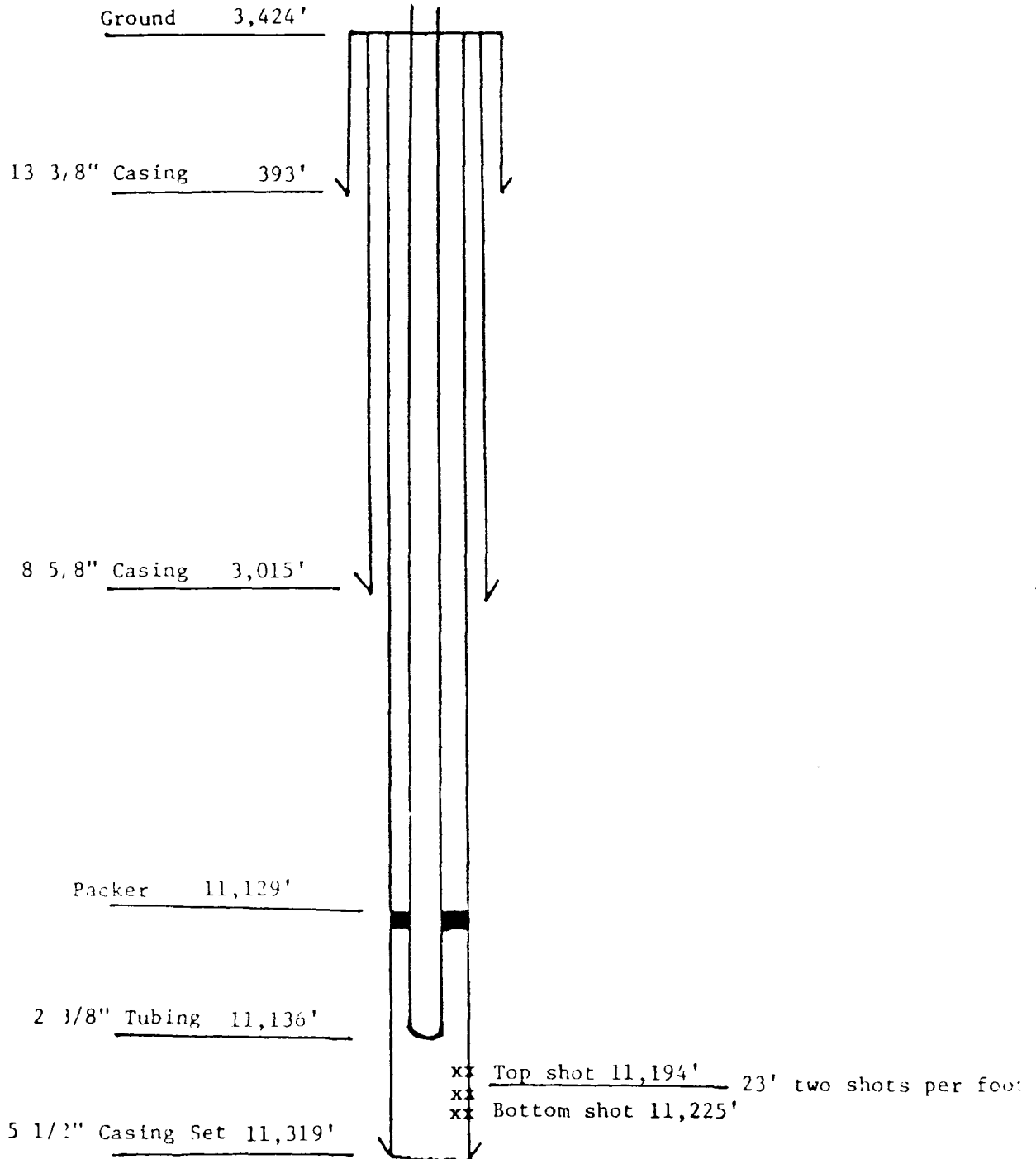
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

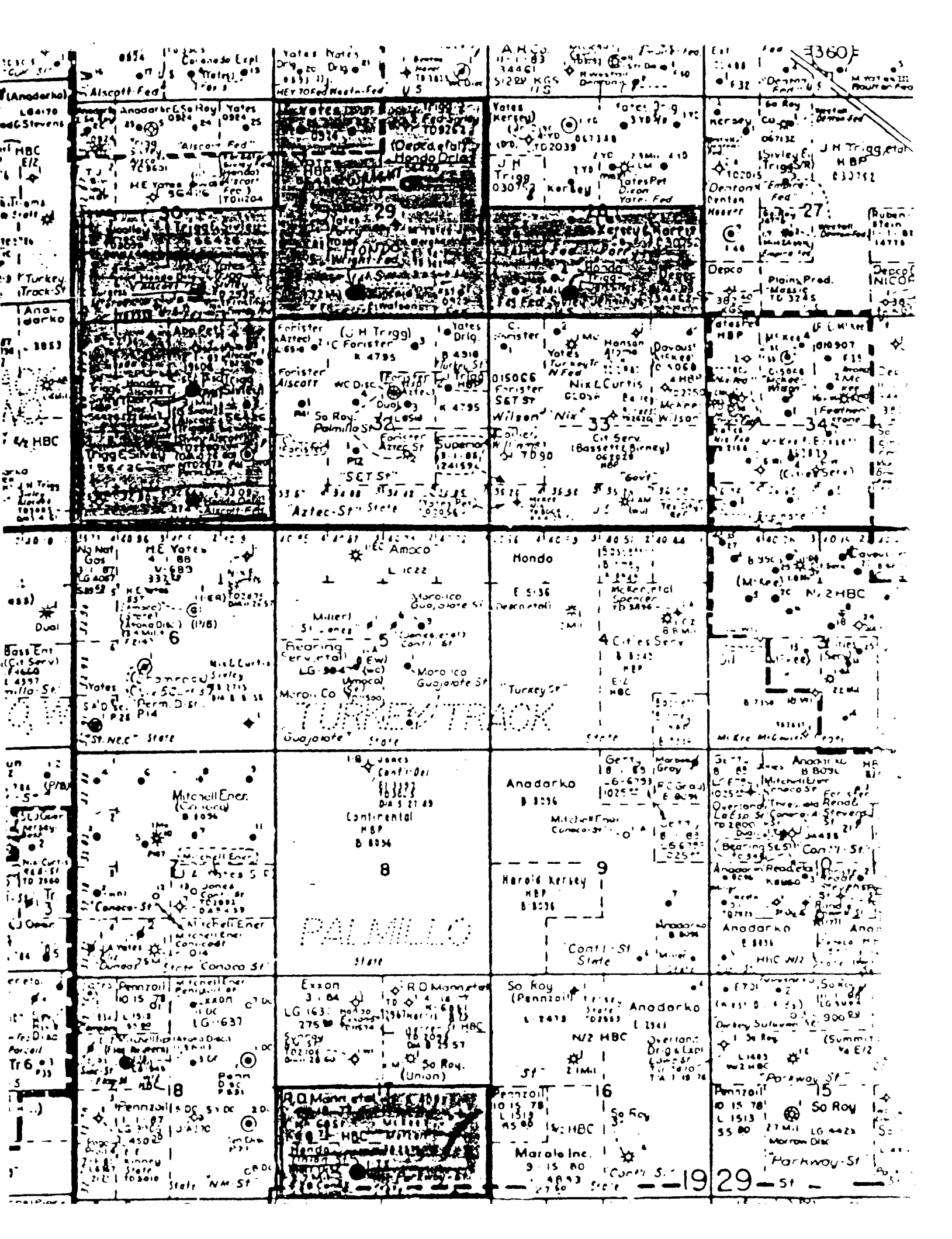
Lease Trigg Jennings Federal Com. Well Number 1

U S. Lease #29-030752, 30-034462, 71-067348, and 71-067348A

Location S/2 of Section 28, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less

County Eddy, New Mexico.







HONDO DRILLING COMPANY

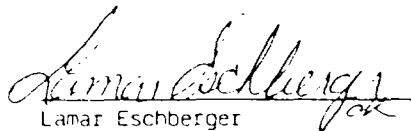
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Lease: *TRIGG JENNINGS*
Well & Location: *1, SEC 28, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. J. H. Trigg
Box 520
Roswell, NM 88201
2. Yates Drilling
207 S. 4th.
Artesia, NM 88210
3. Depco
1000 Petroleum Bldg.
110 16th. Street
Denver, CO 80802
4. Yates Petroleum
207 S. 4th.
Artesia, NM 88210
5. Cities Service
P. O. Box 1919
Midland, Texas 79702
6. C. Forrister
Box 161
Artesia, NM 88210
7. El Paso Natural Gas Co.
Box 1492
El Paso, TX 79978



Lamar Eschberger
Consulting Petroleum ENGINEER
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas well
Lease: TA 106 JOHNNING
well & Location: 1, SEC. 28, T. 13 S. R. 24 E.
Pool: NORTH TEXAS TANK TANK 1160000
County: EDDY COUNTY, N.D.

Dear Sir:

We refer to our letter of March 27, 1985, with a digital offset contract to the captioned well operated by Hondo Drilling Company. The operation unit assigned to this well includes the TA 106 JOHNNING well.

Please be advised that we have filed application with the New Mexico Oil Conservation Division for the TA 106 JOHNNING well to be placed in the Hardship Gas well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschlerger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LF:ap

ILLEGIBLE

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231

PHONE
394-3438
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N^o 3446

TO:

Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84 #7819 Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Maxmine called
2-15-85 about
hard ship well -
signed by jur. dicton
agency - will leave wells on
2-15-85 -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alcott #1, Alcott #2,
Alcott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

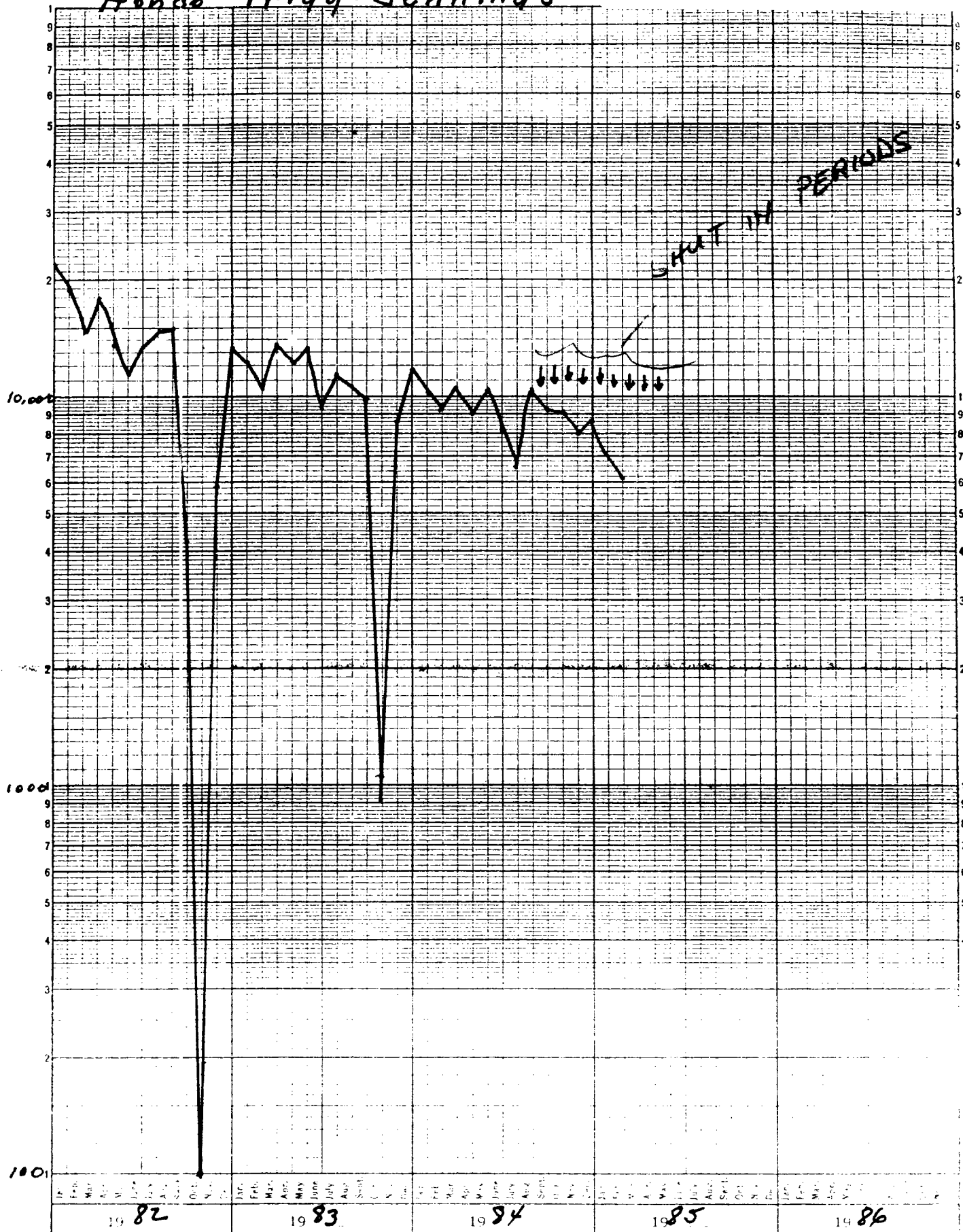
George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shuttling
wells in to test them -
Jerry Seston
Oil Conservation Division
Hobbs, NM*

*Hondo Trigg-Jennings **



1 1/2" X 5 YEARS BY MONTHS 46 6693
X 3 LOG CYCLES MADE IN U.S.A.
KELUFFEL & ESSER CO.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

TRIGG-JENNINGS FEDERAL COM. #1

U.S. Lease #29-030752, #30-034462, #71-067348, and #71-067348A - S/2 of Section 28, T-18-S, R-29-E, N.M.P.M., Eddy County, New Mexico - 320 acres, more or less

<u>Month</u>	<u>Gas Production</u>	<u>WI Income</u>	<u>Cost of Operations</u>	<u>Profit or Loss</u>
January 1984	10,077	\$ 10,043.34	\$ 2,306.93	\$ 7,736.41
February	9,387	9,461.43	2,572.31	6,889.12
March	10,469	12,190.60	2,614.39	9,576.21
April	9,126	9,260.21	2,661.00	6,599.21
May	10,173	10,357.15	2,382.09	7,975.06
June	8,227	8,403.81	2,470.22	5,933.59
July	6,662	6,836.52	2,310.05	4,526.47
August	10,009	10,298.38	2,292.94	8,005.44
September	9,406	9,686.52	2,203.33	7,483.19
October	9,082	10,966.12	2,778.24	8,187.88
November	8,029	8,315.04	1,725.56	6,589.48
December	8,673	(8,759.30)	7,220.54	(15,979.84)
January 1985	7,200	7,597.83	2,322.22	5,275.61
February	6,052	6,386.41	2,379.30	4,007.11
March	6,283	6,670.72	2,389.57	4,281.15
April	5,337	5,666.34	2,661.76	3,004.58
May	6,798	7,217.50	2,881.19	4,336.31

Case 861#

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker
Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 684-6381
Lease TRIGG JENNINGS Well No. 1 UT N Sec. 28 TWP 18-S RGE 29-E
Pool Name NORTH TURKEY TRACT MORROW Minimum Rate Requested ~~200~~ ~~200~~
Transporter Name EL PASO NATURAL GAS CO. 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.

- 1) 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.
- 3) 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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *TRIGG JENNINGS*
Well No.: *1, SEC. 28, T-18-S, R-29-E*
Pool Name: *NORTH TURKEY TRACT MORROW*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 285 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is 285 MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Trigg Jennings #1
Sec. 28, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
August, 84	10,009	322.9
September	9,406	313.5
October	9,082	293.0
November	8,029	267.6
December	8,673	279.8
January, 85	<u>7,200</u>	<u>232.3</u>
Total for Six Months	52,399	284.9 Average/Day

Note:

Shutting in and El Paso's high line pressure has killed this well.



HONDO DRILLING COMPANY

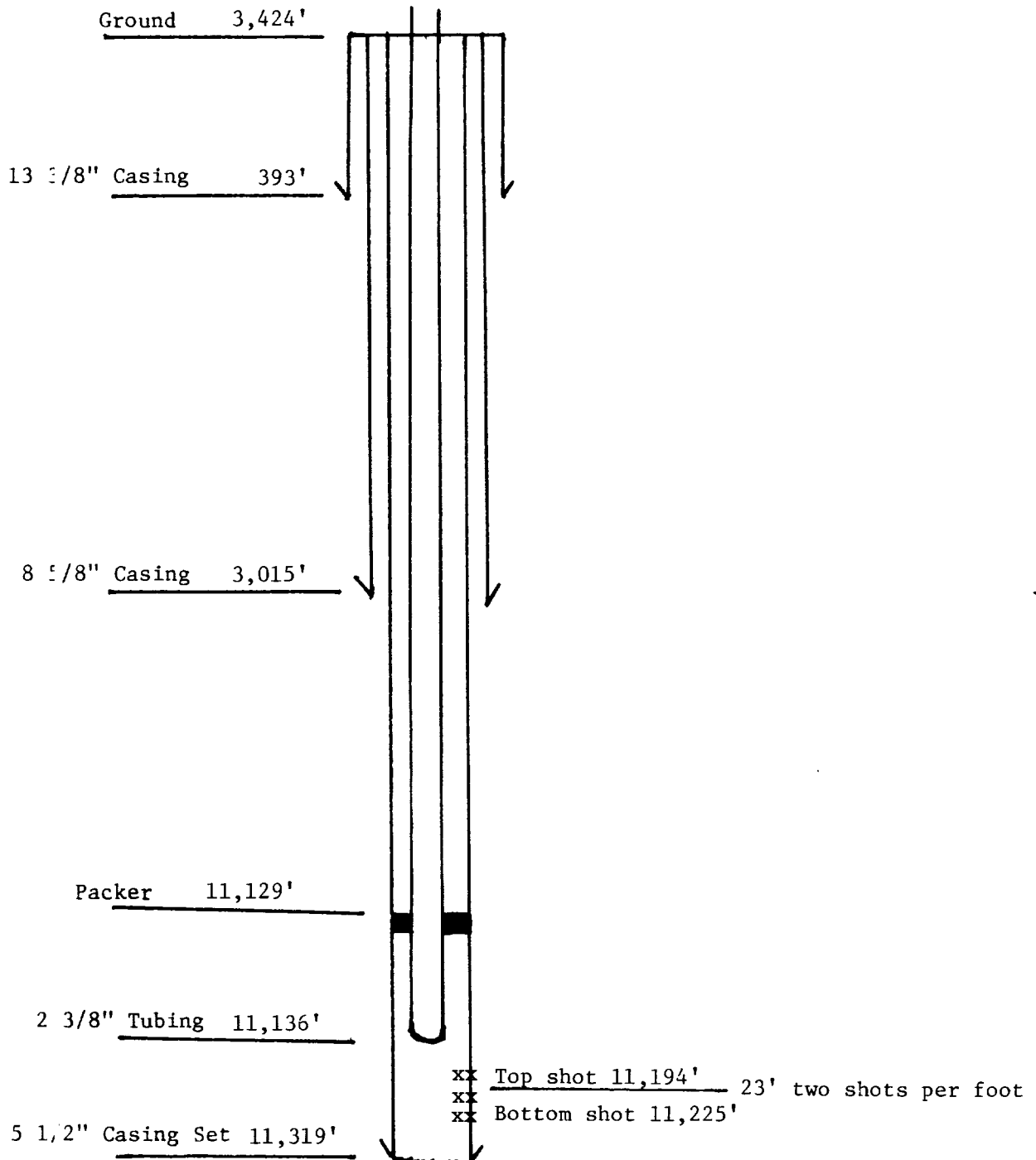
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

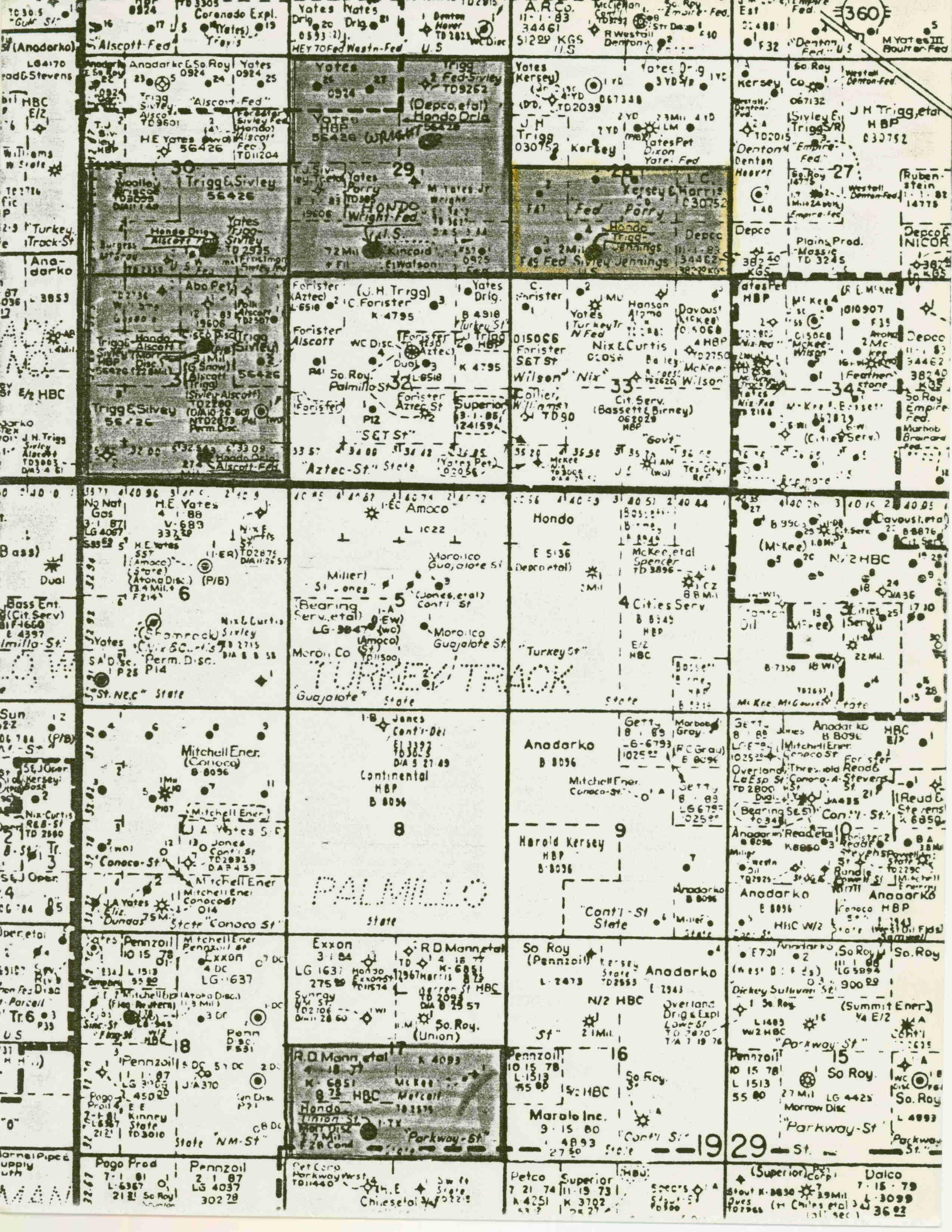
Lease Trigg Jennings Federal Com. Well Number 1

U.S. Lease #29-030752, 30-034462, 71-067348, and 71-067348A

Location S/2 of Section 28, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less

County Eddy, New Mexico.







HONDO DRILLING COMPANY

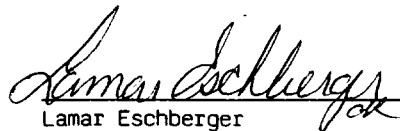
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Lease: *TRIGG JENNINGS*
Well & Location: *1, SEC 28, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. J. H. Trigg
Box 520
Roswell, NM 88201
2. Yates Drilling
207 S. 4th.
Artesia, NM 88210
3. Depco
1000 Petroleum Bldg.
110 16th. Street
Denver, CO 80802
4. Yates Petroleum
207 S. 4th.
Artesia, NM 88210
5. Cities Service
P. O. Box 1919
Midland, Texas 79702
6. C. Forrister
Box 161
Artesia, NM 88210
7. El Paso Natural Gas Co.
Box 1492
El Paso, TX 79978


Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *TRIGG JENNINGS*
Well & Location: *1, SEC. 28, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *SOUTH HALF OF SECTION 28, 320 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *TRIGG JENNINGS NO. 1* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231

6

PHONE
394-3435
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N° 3446

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4¼% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Manning called
2-15-85 about
hard ship well -
signed by jurisdiction
agency - will leave wells on
as of now -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alcott #1, Alcott #2,
Alcott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shuttling
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*

Case 8614

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker
Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 684-6381
Lease TRIGG JENNINGS Well No. 1 UT N Sec. 28 TWP 18-5 RGE 29-E
Well Name NORTH TURKEY TRACT MORROW Minimum Rate Requested 285 mcf/day
Transporter Name EL PALO NATURAL GAS CO. 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.

1) 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.

3) 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

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."

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.

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.

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Any interested party may review the data submitted at either the Santa Fe office or the appropriate OCD District Office.

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.

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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.

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.

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.

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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *TRIGG JENNINGS*
Well No.: *1, SEC. 28, T-18-S, R-29-E*
Pool Name: *NORTH TURKEY TRACT MORROW*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

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In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 285 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is 285 MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Trigg Jennings #1
Sec. 28, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
August, 84	10,009	322.9
September	9,406	313.5
October	9,082	293.0
November	8,029	267.6
December	8,673	279.8
January, 85	<u>7,200</u>	<u>232.3</u>
Total for Six Months	52,399	284.9 Average/Day

Note:

Shutting in and El Paso's high line pressure has killed this well.



HONDO DRILLING COMPANY

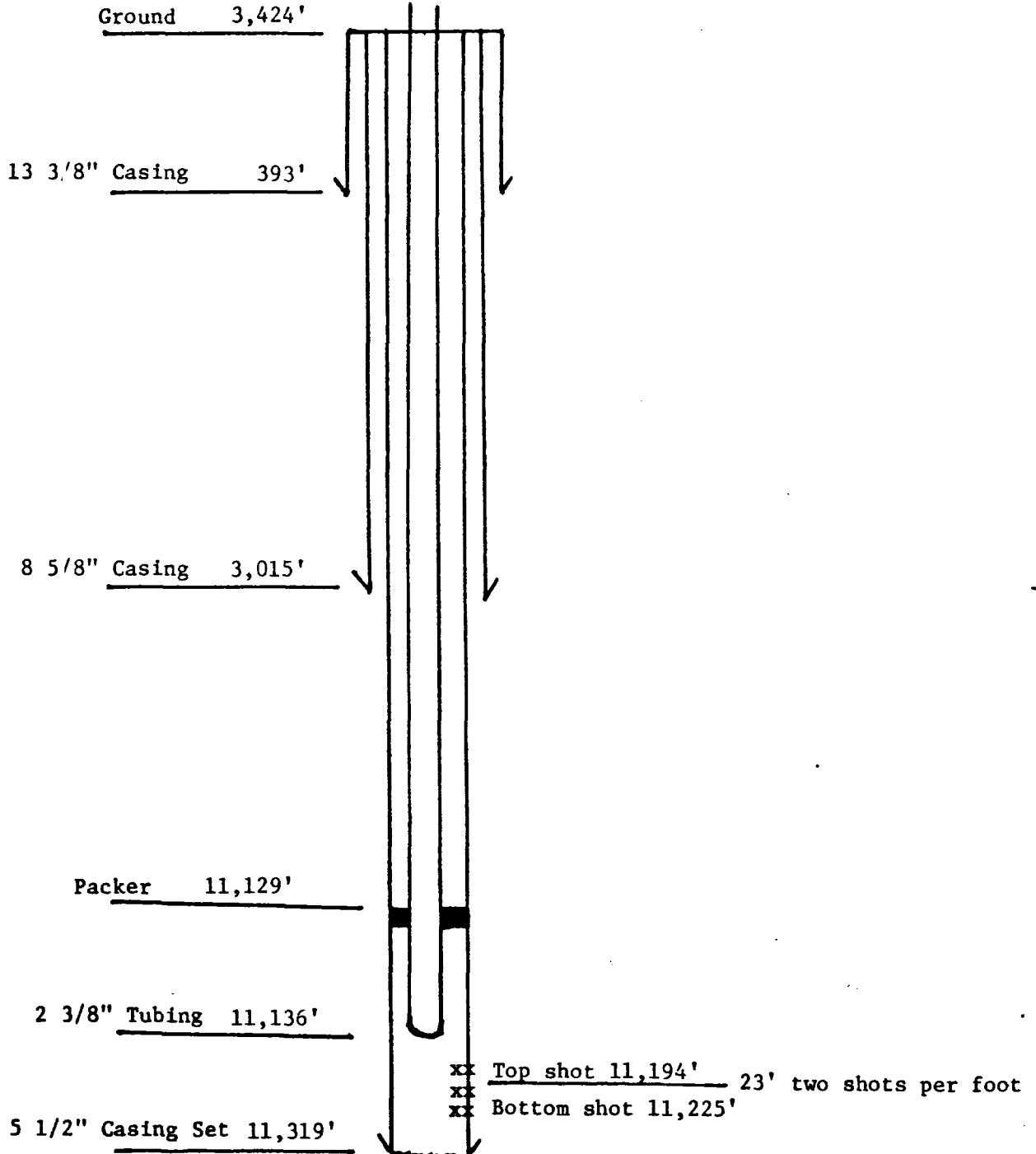
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Lease Trigg Jennings Federal Com. Well Number 1

U.S. Lease #29-030752, 30-034462, 71-067348, and 71-067348A

Location S/2 of Section 28, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less

County Eddy, New Mexico.





HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division

Drawer DD

Artesia, NM 88210

Re: Lease: *TRIGG JENNINGS*

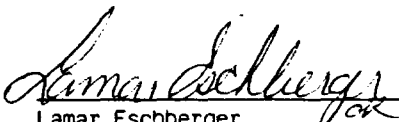
Well & Location: *1, SEC 28, T-18-S, R-29-E*

Pool: *NORTH TURKEY TRACT MORROW*

County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. J. H. Trigg
Box 520
Roswell NM 88201
2. Yates Drilling
207 S. 4th.
Artesia NM 88210
3. Depco
1000 Petroleum Bldg.
110 16th. Street
Denver, CO 80802
4. Yates Petroleum
207 S. 4th.
Artesia, NM 88210
5. Cities Service
P. O. Box 1919
Midland, Texas 79702
6. C. Forrister
Box 161
Artesia, NM 88210
7. El Paso Natural Gas Co.
Box 1492
El Paso, TX 79978


Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *TRIGG JENNINGS*
Well & Location: *1, SEC. 28, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *SOUTH HALF OF SECTION 28, 336 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *TRIGG JENNINGS NO. 1* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857

EUNICE, NEW MEXICO 88231



PHONE
394-3438
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N^o 3446

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or
Purchase Order No.

Lease & Well No. Wright #1 Swab Unit #14

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Manning called
2-15-85 about
hard ship well -
signed by jurisdiction
agency - will leave wells on
2-25 now -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alcott #1, Alcott #2,
Alcott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shutting
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*

Case 861A

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker
Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 684-6381
Lease TRIGG JENNINGS Well No. 1 UT N Sec. 28 TWP 18-5 RGE 29-E
Well Name NORTH TURKEY TRACT MCKINLEY Minimum Rate Requested 285 mcf/day
Transporter Name EL PASO NATURAL GAS CO. 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.

1) 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.

3) 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

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).

Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.

Submit any other appropriate data which will support the need for a hardship classification.

If the well is in a prorated pool, please show its current under- or over-produced status.

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

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."

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.

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.

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.

Any interested party may review the data submitted at either the Santa Fe office or the appropriate OCD District Office.

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.

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.

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.

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.

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.

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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915]682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *TRIGG JENNINGS*
Well No.: *1, SEC. 28, T-18-S, R-29-E*
Pool Name: *NORTH TURKEY TRACT (MORROW)*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.


In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 285 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is 285 MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 29, 1985

Hondo Drilling Company
Trigg Jennings #1
Sec. 28, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
August, 84	10,009	322.9
September	9,406	313.5
October	9,082	293.0
November	8,029	267.6
December	8,673	279.8
January, 85	<u>7,200</u>	<u>232.3</u>
Total for Six Months	52,399	284.9 Average/Day

Note:

Shutting in and El Paso's high line pressure has killed this well.



HONDO DRILLING COMPANY

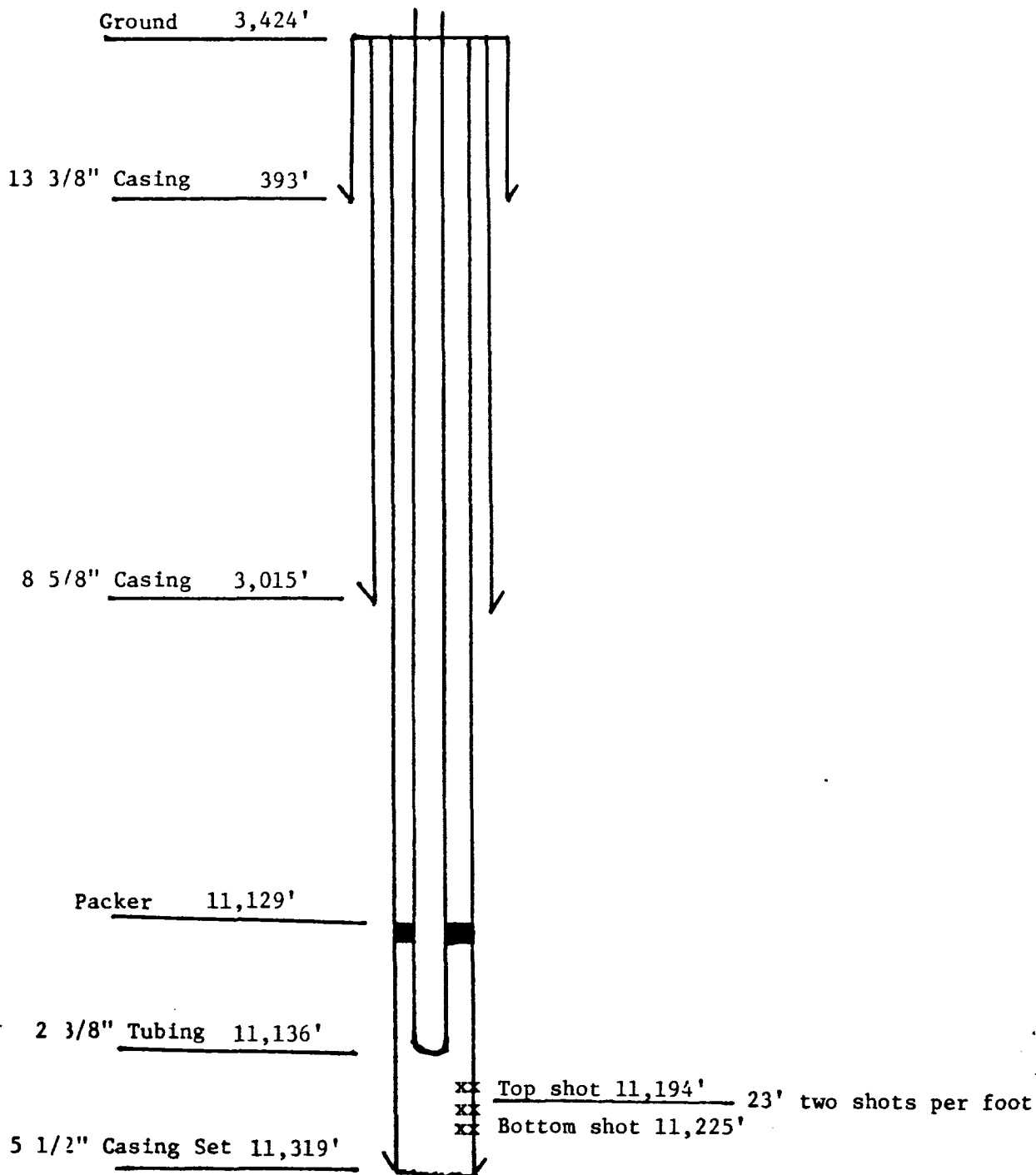
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Lease Trigg Jennings Federal Com. Well Number 1

U.S. Lease #29-030752, 30-034462, 71-067348, and 71-067348A

Location S/2 of Section 28, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less

County Eddy, New Mexico.





HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division

Drawer DD

Artesia, NM 88210

Re: Lease: *TRIGG JENNINGS*


Well & Location: *1, SEC 28, T-18-S, R-29-E*

Pool: *NORTH TURKEY TRACT MORROW*

County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. J. H. Trigg
Box 520
Roswell, NM 88201
2. Yates Drilling
207 S. 4th.
Artesia, NM 88210
3. Depco
1000 Petroleum Bldg.
110 16th. Street
Denver, CO 80802
4. Yates Petroleum
207 S. 4th.
Artesia, NM 88210
5. Cities Service
P. O. Box 1919
Midland, Texas 79702
6. C. Forrister
Box 161
Artesia, NM 88210
7. El Paso Natural Gas Co.
Box 1492
El Paso, TX 79978


Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *TRIGG JENNINGS*
Well & Location: *1, SEC. 28, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MCKENZIE*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *SOUTH HALF OF SECTION 28, 320 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *TRIGG JENNINGS NO. 1* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231

PHONE
394-3438
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N^o 3446

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or
Purchase Order No.

Lease & Well No. Wright #1 Swab Unit #14

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4¼% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Manning called
2-15-85 about
hard ship well -
signed by jurisdiction
operator - will leave wells on
2-20-85 -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alcott #1, Alcott #2,
Alcott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shuttling
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*

RECEIVED
APR 26 1985

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker Ans'd
 Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 684-6381
 Lease WRIGHT FEDERAL Well No. 1 UT N Sec. 29 TWP 18-5 RGE 29-E
 Pool Name NORTH TURKEY TRACT (MORROW) Minimum Rate Requested ~~10000~~
 Transporter Name EL PASO NATURAL GAS CO. 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.

- 1) 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.
- 3) 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.

HONDO DRILLING COMPANY
 CASE NO. 8611 - WRIGHT #1
 7/2/85 EXAMINER HEARING

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 30 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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer 00
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas well
Lease: *WRIGHT FEDERAL*
Well No.: *1, SEC. 29, T-18-S, R. 24-E*
Pool Name: *NORTH TURKEY TRACT MORA'CU*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

ILLEGIBLE

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 1000 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is 1000 MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Wright Federal #1
Sec. 29, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
--------------------	----------------------	----------------------------

This well was killed by El Paso's high line pressure and shut-ins. The well was recompleted in the middle zone 3-5-85 and produces 1000 MCF/day. El Paso has notified us that they are shutting this well in. See copy of Sundry Notice attached.

(November 1963)
Formerly 9-331)

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

LEASE DESIGNATION AND SERIAL NO.

NM 0925 and ~~NM 12206~~

SUNDRY NOTICES AND REPORTS ON WELLS FEB 18 1985

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		7. UNIT AGREEMENT NAME	
2. NAME OF OPERATOR HONDO DRILLING COMPANY		8. FARM OR LEASE NAME Wright Federal Com	
3. ADDRESS OF OPERATOR Drawer 2516, Midland, Texas 79702-2516		9. WELL NO. #1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below At surface 1,980' FWL and 660' FSL, Unit N, Sec. 29, T-18-S, R-29-E		10. FIELD AND POOL, OR WILDCAT North Turkey Track	
14. PERMIT NO.		15. ELEVATIONS (Show whether of, BT, CA, etc.) 3,455'	
		12. COUNTY OR PARISH Eddy	13. STATE New Mexico

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF	<input type="checkbox"/>	PULL OR ALTER CASING	<input type="checkbox"/>
FRACTURE TREAT	<input type="checkbox"/>	MULTIPLE COMPLETION	<input type="checkbox"/>
SHOOT OR ACIDIZE	<input checked="" type="checkbox"/>	ABANDON*	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	CHANGE PLANS	<input type="checkbox"/>
(Other)			

SUBSEQUENT REPORT OF:

WATER SHUT-OFF	<input type="checkbox"/>	REPAIRING WELL	<input type="checkbox"/>
FRACTURE TREATMENT	<input type="checkbox"/>	ALTERING CASING	<input type="checkbox"/>
SHOOTING OR ACIDIZING	<input type="checkbox"/>	ABANDONMENT*	<input type="checkbox"/>
(Other)			

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Specify state all pertinent details and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

We propose to test the Morrow Zone, Depth 10,940' to 10,950' in the next 30 days.

Pull 2 3/8" tubing and 5 1/2" Guiberson Production Packer out of hole and set 5 1/2" Elite 17/20 lb. Bridge plug at 11,000'. Cement top of Bridge plug with Dump Bailer. *35' of cement*

Run Van system explosive package, set Guiberson Production Packer at 10,865' and perforate well from 10,940' to 10,950' with 4" O.D. Steel Carrier Gun with 4 shots per foot.

Acidize well with 1,500 gallon 7 1/2% Hydrochloric Acid and Test Well.

18. I hereby certify that the foregoing is true and correct

SIGNED

[Signature]

TITLE

President

DATE February 6, 1985

(This space for Federal or State office use)

APPROVED BY

[Signature]

TITLE

ASST. DIR.

DATE

2-15-85

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

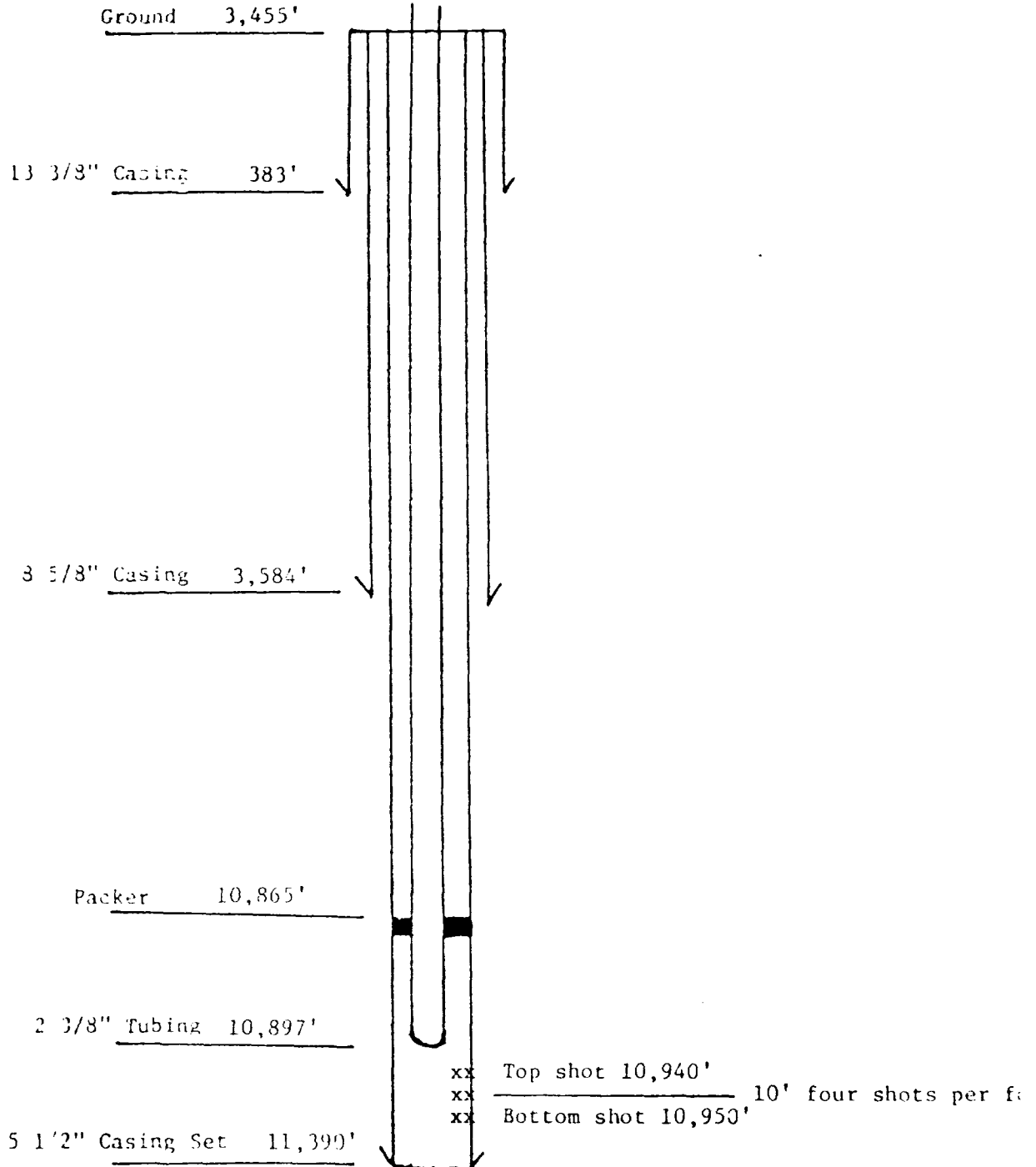


HONDO DRILLING COMPANY

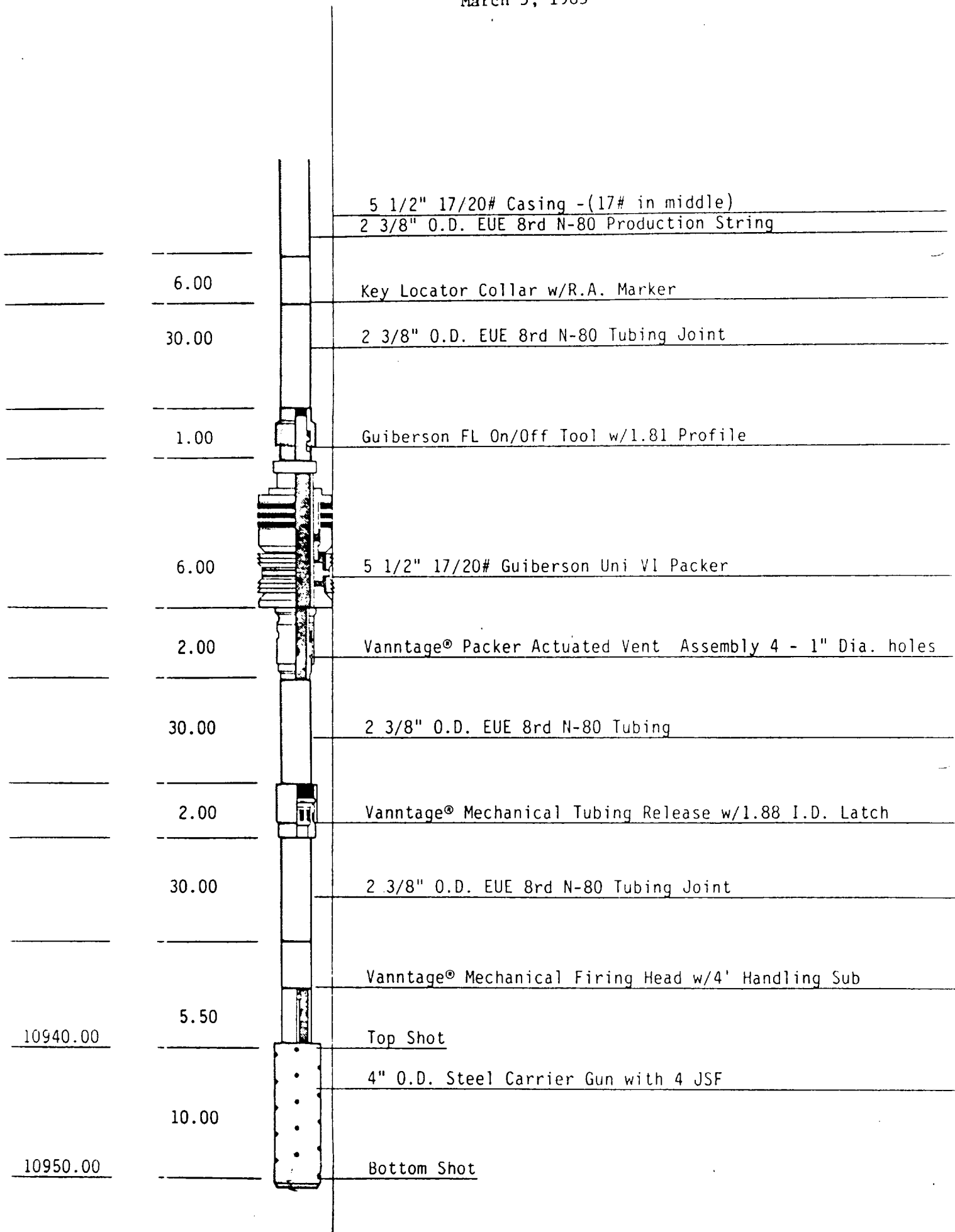
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702 2516 • (915) 682 9401

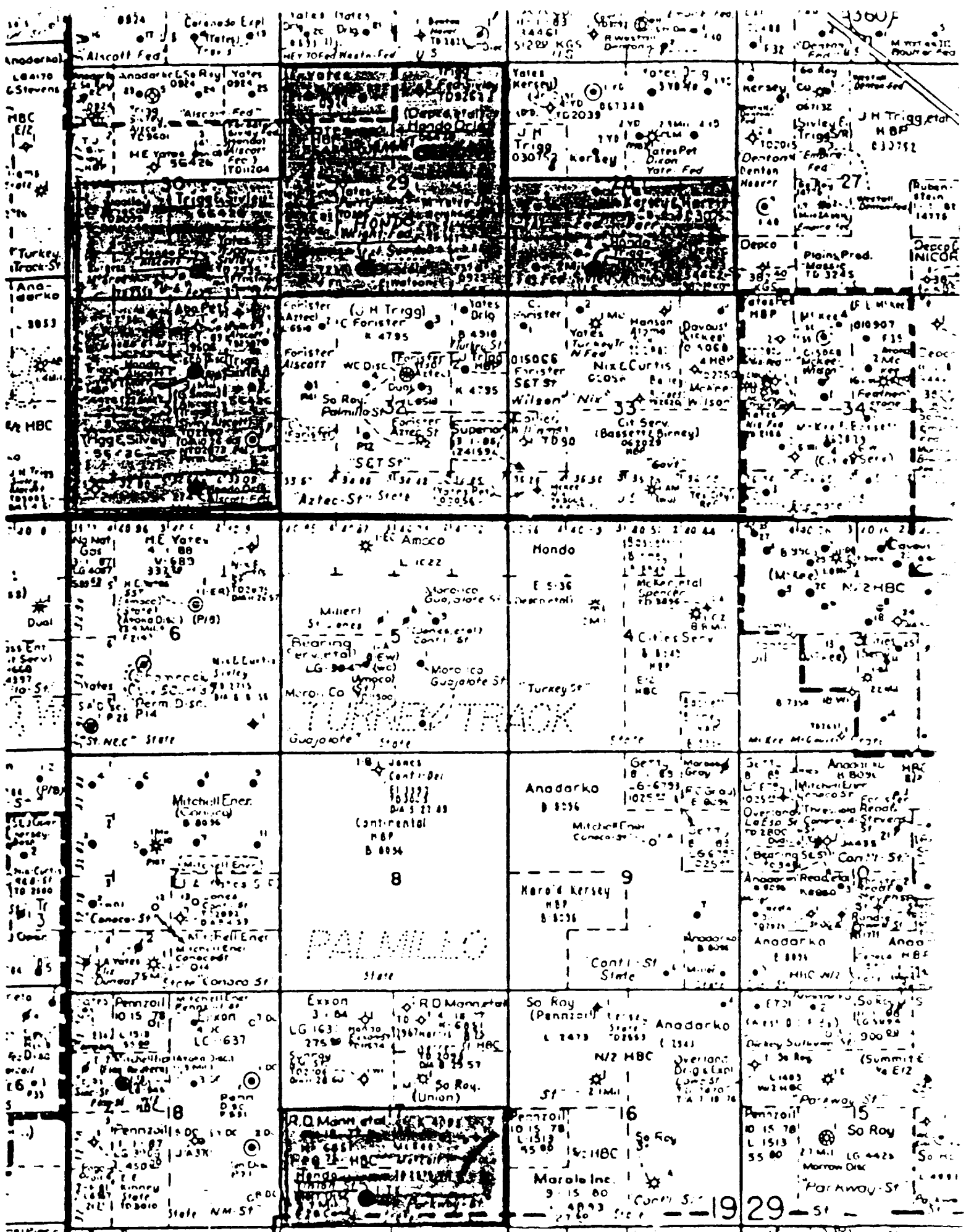
Lease Wright Federal Com. Well Number 1

Location U.S. Lease #NM-19606 - NW/4 SW/4 and U.S. Lease #NM-0925 - NE/4 SE/4, S/2 SW/4, SE/4 Section 29, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less
County Eddy, New Mexico.



Hondo Drilling Co.
 Wright Fed. #1
 Eddy County, New Mexico
 March 5, 1985







HONDO DRILLING COMPANY

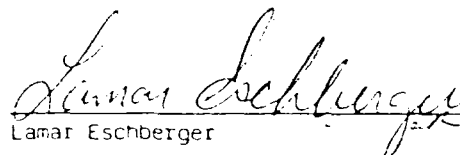
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Lease: *WRIGHT FEDERAL*
Well & Location: *1, SEC 29, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. Yates Drilling Co.
207 S. 4th.
Artesia, NM 88210
2. J. H. Trigg
Box 52C
Roswell, NM 88201
3. Depco
1000 Pet. Bldg.
110 16th Street
Denver, CO 80802
4. Yates Petroleum
207 S. 4th.
Artesia, NM 88210
5. C. Forister
P. O. Box 161
Artesia, NM 88210
6. El Paso Natural Gas Co.
Box 1492
El Paso, TX 79978



Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702 2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well & Location: *1, SEC 29, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *SOUTH HALF SECTION 29, 320 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *WRIGHT FEDERAL NO. 1* well to be placed in the Hardship Gas well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

ILLEGIBLE

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231

PHONE
394-3435
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N^o 3446

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or
Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84 #7819

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Manning called
2-15-85 about
hard ship well -
signed by jurisdiction
operator - will leave wells in
operator's name -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alscott #1, Alscott #2,
Alscott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shuttling
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*

MACK CHASE, INC.

P.O. DRAWER V • ARTESIA, NEW MEXICO 88210
OFFICE
 505/746-3692 TELEPHONES FAX 505/746-6500

INVOICE NO. 15092 PAGE 1

DATE	LEASE	WELL NO.	LOCATION
02/12/85	1000000000	10	
WELL OWNER		CUSTOMER'S ORDER NO.	CONTRACTOR
			GEORGE D. BULLARD

BILL TO:
 MACK CHASE DRILLING COMPANY
 P.O. DRAWER 2714
 MIDLAND, TX 79701
CITY AND STATE

RECEIVED
 MAR 14 1985
 Ans'd.....

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
02-08-0001	7 1/2" HOLE RIG W/CRANE	2.00	60.00	120.00
02-08-0001	04 5/8" HOLE RIG	1.00	22.00	22.00
TOTALS				

ILLEGIBLE

GUS TOTAL \$ 142.00
 TAX

INVOICE

PAYABLE IN 30 DAYS

MACK CHASE, INC.

P.O. DRAWER V • ARTESIA, NEW MEXICO 88210
OFFICE 505/746-3692 TELEPHONES MITE 505/746-6500

INVOICE NO. 15084

PAGE 1

DATE	LEASE	WELL NO.	LOCATION
07/11/85	NIGHT REG	41	
WELL OWNER		CUSTOMER'S ORDER NO.	CONTRACTOR
			GEORGE D. PULLARD

BILL TO:
 MAILING ADDRESS: HUNDO IRONING COMPANY
 P.O. BOX 1051A
 WILKINSON, OK 73761
 CITY AND STATE:

RECEIVED
 MAR 14 1985
 Ans'd.....

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
3-4-85	10-00000103 PRL DEFRICK 271 MEN	11.50	100.00	1151.00
3-5-85	10-00000103 PRL DEFRICK 271 MEN	13.50	100.00	1351.00
3-6-85	10-00000103 PRL DEFRICK 271 MEN	9.00	100.00	900.00
ILLEGIBLE				
TOTALS				

INVOICE

PAYABLE IN 30 DAYS

SUB TOTAL \$

TAX 0375



P.O. DRAWER V • ARTESIA, NEW MEXICO 88210

OFFICE
505 / 746-3692

TELEPHONES
505 / 746-6550

RECEIVED
MAR 15 1985
Ans'd.....

INVOICE NO. 21479 PAGE 1

DATE	LEASE	WELL NO.	LOCATION
03/12/85	WRIGHT FLD	01	
WELL OWNER		CUSTOMER'S ORDER NO.	CONTRACTOR
			ROBERT D. SWINARD

BILL TO:
MAILING ADDRESS
CITY AND STATE

WONDO DRILLING COMPANY
P.O. DRAWER 2714
ROSWELL, N.M. 87701

DATE	DESCRIPTION	DAYS	RATE	AMOUNT
	82-00000100 BOP - WITH CENTER ROSE BANG 4" SERIES 5 DAY MIN	1.00	115.00	115.00
	81-00000100 8-45 PING BASKET	1.00	13.00	13.00
ILLEGIBLE				
		TOTALS →		
			SUB TOTAL \$	128.00
			TAX	16.00

INVOICE
PAYABLE IN 30 DAYS

INVOICE

BO MONK PIPE TESTING COMPANY, INC.

POST OFFICE BOX 1767 PHONE (505) 393-3813
HOBBS, NEW MEXICO 88241 392-3936

RECEIVED

MAR 7 1985

DATE ^{As'd} ~~MARCH 9~~ 1985

INV. NO. 6013

CONTRACT NO. _____

C. O. NO. _____

Hordo Drilling Co.
Drawer 2516
Midland, Texas 79701

LEASE: Wright Fed. Comm.
WELL NO.: 1

2 3/8" tubing tested 8000# above slips	10,860' @ .12	\$1,303.20
2 3/8" tubing drifted	10,860' @ .01	108.60
Derrick man charge	10,860' @ .03	325.80
2 3/8" test cups used	6 @ 24.25	145.50
Day rental on safety shield	1 @ 10.00	10.00
Round trip from Hobbs to location	122 @ 1.25	152.50
		<u>\$2,045.60</u>
	4 1/2% N.M. Tax	86.94

\$2,132.54

BAD COUPLINGS: 1 leak
HOLES: 1

THANK YOU

TERMS: NET 30 DAYS NO DISCOUNT ALLOWED.
1 1/2% per month interest charged on past due accounts. Annual rate of 18%.



SWEATT CONSTRUCTION CO.

GENERAL DIRT WORK

OIL FIELD ROADS - PITS - LOCATIONS

P.O. Box 827

ARTESIA YARD 746-3434

ARTESIA, NEW MEXICO 88210

INVOICE

NO. 3-8506

RECEIVED
MAR 14 1985
Ans'd.....

DATE March 11, 1985

Archie Tidwell - General Manager
Pushers
Clyde Dillon
Bill Porter

SOLD TO: Hondo Drilling
Drawer 2516
Midland, Tx 79702

LOCATION Wright #1

WORK ORDER NO. Orderd by George Bullard

WORK PERFORMED: Backfill pit and smooth up

Table with 5 columns: Date, Description, Rate, Hrs., Amount. Row 1: 3/7/85, D6 Dozer, 64.00, 2 1/2, 160. Row 2: 3.75% NM tax, 6. Row 3: Total, 166.

Thank you



SWEATT CONSTRUCTION CO.

INVOICE

GENERAL DIRT WORK
OIL FIELD ROADS - PITS - LOCATIONS

NO. 3-8505

P.O. Box 827

ARTESIA YARD 746-3434

ARTESIA, NEW MEXICO 88210

RECEIVED

MAR 14 1985

DATE March 11, 1985

Ans'd.....

Archie Tidwell - General Manager
Pushers
Clyde Dillon
Bill Porter

SOLD TO: Hondo Drilling
Drawer 2516
Midland, Tx 79702

LOCATION Wright #1

WORK ORDER NO. Ordered by George Bullard

WORK PERFORMED: Dig pit. Fill cellar with pea gravel

Date	Description	Rate	Hrs.	Amount
3/1/85	D65E Dozer	67.00	2 1/2	167.50
	12 yd. dump truck	43.00	2	86.00
	6 yds. pea gravel @\$20.70			124.20
	Sub Total			377.70
	3.75% NM tax			14.10
	Total			391.80

Thank you

UGI



UNION SUPPLY CO.

P.O. BOX 85
MIDLAND TEXAS 79702-0085
PHONE (915) 684-8841

ORIGINAL

SALES INVOICE

RECEIVED

MAR 20 1985

Ans'd.....

CUSTOMER NUMBER
678

DATE
3/18/85

PAGE
1

STORE NUMBER
001-028664-01

INVOICE NUMBER
ARTESIA N.M.

SOLD TO: MONDO DRILLING COMPANY
DRAWER 2516
MIDLAND,

67824

TX 79701

SHIP TO: WRIGHT FED COMM #1
OR
LEASE WELL
LOCATION

CUSTOMER P.O. NUMBER
RDR

ORDERED BY
J OLIVER

SHIP VIA
P/U SRTCD

LEASE OR WELL INSTRUCTIONS

SOLD BY
MINE

MGR APP

TAX AREA
NM01

EXEMPT
REASON

F.O.B.
W/P

PAYMENT TERMS
NET 30 DAYS

QUANTITY SOLD	UNION SUPPLY ITEM #	ITEM DESCRIPTION	UNIT LIST PRICE	FACTOR	LINE NET AMOUNT
1.000	EA 0370733	PIPE NIPPLE 1/4" X 2" XH SMLS	36 2.6200	.4242	1.11
1.000	EA 0140871	FS ELL 1/4" 90 DEG 2000#	5.3000	.3700	1.95
1.000	EA 0700048	NEEDLE VALVE 1/4" #H500-22 AGCO	8.5000	.9000	7.65

SUBJECT TO TERMS AND CONDITIONS PRINTED ON REVERSE SIDE

RECEIVED BY X

INVOICE NET
SALES TAX
INVOICE TOTAL

.0425

UGI



UNION SUPPLY CO.

P.O. BOX 85
MIDLAND TEXAS 79702-0085
PHONE (915) 684-8841

ORIGINAL

SALES INVOICE

CUSTOMER NUMBER 678	DATE 3/07/85	PAGE 1	STORE NUMBER 001-028530-01	INVOICE NUMBER ARTESIA N.M. RECEIVED
------------------------	-----------------	-----------	-------------------------------	---

SOLD TO: HONDD DRILLING COMPANY
DRAWER 2516
MIDLAND,

TX 79701

SHIP TO: WRIGHT FED #1
OR
LEASE-WELL
LOCATION

MAR 12 1985
Ans'd.....

CUSTOMER P.O. NUMBER NDR	ORDERED BY GEORGE	SHIP VIA F/U	LEASE OR WELL INSTRUCTIONS
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SOLD BY CK	MGR. APP	TAX AREA NM01	EXEMPT REASON	FOB W/P	PAYMENT TERMS NET 30 DAYS
---------------	----------	------------------	---------------	------------	------------------------------

QUANTITY SOLD	UNION SUPPLY ITEM #	ITEM DESCRIPTION	UNIT LIST PRICE	FACTOR	LINE NET AMOUNT
6.000	EA 0093141	TUBING CPLG 2" EUE BRD N80	19.3100	.7700	89.22
1.000	EA 00728.1	THD COMPOUND BAKERSEAL 2 GAL PAIL	82.0000	.9000	73.80
1.000	RL 0324471	TAPE DUCT 2" X 60 YD #C-519	6.6500	.9000	5.99
1.000	EA 0255431	WOODS GAUGE 4 1/2" #W-2 5000#	130.0000	.3900	50.79
1.000	EA 0321101	BRUSH #2 TUBING DOPE	4.0000	.7000	2.80
1.000	EA 0255246	US GAUGE 1 1/2" P500 1/8" CBM 30#	16.0000	.3900	6.24
1.000	EA 0763361	WILLIAMS #1161 7/16" COMB WRENCH	8.7400	.6000	5.24

*Credit To Be issued on
6 N80 Collars \$89.22*

INVOICE NET	233.00
SALES TAX	2.24
INVOICE TOTAL	235.24

Bill 49

UGI



UNION SUPPLY CO.

P.O. BOX 85
MIDLAND TEXAS 79702-0085
PHONE (915) 884-8841

ORIGINAL

CREDIT MEMO

CUSTOMER NUMBER 473	DATE 3/18/85	PAGE 1	STORE NUMBER 001-028963-01	INVOICE NUMBER ARTESIA N.M.
------------------------	-----------------	-----------	-------------------------------	--------------------------------

RECEIVED
MAR 20 1985
Ans'd.....

SOLD TO: HONDD DRILLING COMPANY DRAWER 2516 MIDLAND, TX 79701	SHIP TO: OR LEASE WELL LOCATION RE: 28530
---	---

CUSTOMER P.O. NUMBER NDR	ORDERED BY GEORGE	P/U	SHIP VIA	LEASE OR WELL INSTRUCTIONS
-----------------------------	----------------------	-----	----------	----------------------------

SOLD BY: MIKE	MGR APP	TAX AREA NM01	EXEMPT REASON	F.O.B. W/P	PAYMENT TERMS NET 30 DAYS
------------------	---------	------------------	---------------	---------------	------------------------------

QUANTITY SOLD	UNION SUPPLY ITEM #	ITEM DESCRIPTION	UNIT LIST PRICE	FACTOR	LINE NET AMOUNT
6.000-	EA 0093141	TUBING CPLG 2" EUE BRD N80	19.3100	.7700	89.02
WE CREDIT YOUR ACCOUNT FOR THE ABOVE RETURNED MATERIAL					

SUBJECT TO TERMS AND CONDITIONS PRINTED ON REVERSE SIDE	INVOICE NET
RECEIVED BY X	SALES TAX
	INVOICE TOTAL

92.08

GEO Vann, Inc.



RECEIVED

MAR 15 1985

Ans'd.....DATE OF SERVICE

INVOICE NO 1 0 9 7 5 1

DATE 3/4/85

3/4/85

Payment Remittance:
P.O. Box 100401
Houston, Texas 77212

All Other Correspondence:
P.O. Box 4449
Houston, Texas 77210
713 492-8787

CUSTOMER P.O./AFE NO

COMPANY HONDO DRILLING COMPANY

WELL NAME WRIGHT FEDERAL #1

To

HONDO DRILLING COMPANY
DRAWER 2516
MIDLAND, TEXAS 79701

FIELD

COUNTY EDDY STATE NEW MEXICO

REF. FSO # 16153-C

TERMS: NET 30 DAYS - 1 1/2 % PER MONTH SERVICE CHARGE AFTER 60 DAYS

DESCRIPTION	AMOUNT
FIELD SERVICE ORDER # 16153-C	\$290.00
SUB TOTAL	\$290.00
4 1/2 % NEW MEXICO STATE AND COUNTY TAX	12.33
AMOUNT DUE	\$302.33

DEVELOPERS OF THE VANN SYSTEM OF ENGINEERED WELL COMPLETIONS ORIGINAL

GEO Vann, Inc.



RECEIVED

MAR 22 1985

Ans'd.....

30077

INVOICE NO 1 0 9 7 5 2

DATE 3/6/85

DATE OF SERVICE 3/5-6/85

Payment Remittance:
P.O. Box 100401
Houston, Texas 77212

All Other Correspondence:
P.O. Box 4449
Houston, Texas 77210
713 492-8787

CUSTOMER P.O./AFE NO.

COMPANY HONDO DRILLING COMPANY

WELL NAME WRIGHT FED. #1

TO

HONDO DRILLING COMPANY
DRAWER 2516
MIDLAND, TEXAS 79702

FIELD

COUNTY EDDY STATE NEW MEXICO

REF FSO 8104-A, 8627-B

TERM. NET 30 DAYS - 1 1/2% PER MONTH SERVICE CHARGE AFTER 60 DAYS.

DESCRIPTION	AMOUNT
FIELD SERVICE ORDER # 8104-A	\$5,950.40
FIELD SERVICE ORDER # 8627-B	<u>2,047.00</u>
SUB TOTAL OF "A" AND "B"	\$7,997.40
4 1/2% NEW MEXICO STATE AND COUNTY TAX	<u>339.89</u>
AMOUNT DUE	<u>\$8,337.29</u>

DEVELOPERS OF THE VANNSYSTEM OF ENGINEERED WELL COMPLETIONS
ORIGINAL

GEO Vann, Inc.



RECEIVED

MAR 18 1985

INVOICE NO 1 0 9 7 3 7

DATE 3/5/85

Ans'd.....
DATE OF SERVICE

3/5/85

Payment Remittance:
P.O. Box 100401
Houston, Texas 77212

All Other Correspondence:
P.O. Box 4449
Houston, Texas 77210
713 492-8787

CUSTOMER P.O./AFE NO

COMPANY HONDO DRILLING COMPANY

WELL NAME WRIGHT FED. #1

FIELD WILDCAT

COUNTY EDDY STATE NEW MEXICO

REF. FSO # 16185-C

TERMS NET 30 DAYS - 1 1/2 % PER MONTH SERVICE CHARGE AFTER 60 DAYS

TO

HONDO DRILLING COMPANY
DRAWER 2516
MIDLAND, TEXAS 79701

TO

FIELD WILDCAT

COUNTY EDDY STATE NEW MEXICO

REF. FSO # 16185-C

DESCRIPTION	AMOUNT
FIELD SERVICE ORDER # 16185-C	\$5,500.35
SUB TOTAL	\$5,500.35
4 1/2% NEW MEXICO STATE AND COUNTY TAX	233.76
AMOUNT DUE	\$5,734.11

DEVELOPERS OF THE VANN SYSTEM OF ENGINEERED WELL COMPLETIONS
ORIGINAL



ARTESIA
#29

FIELD SERVICE ORDER C

No. 016185

Charge To HUMDO DRILLING CO
 Invoice Address DRAWER 2516
 City MADRID State TEXAS Zip 79701
 Well No. WRIGHT FLD #1
 Field WILBERT County LEWY State N.M.

DATE(S) OF SERVICE 3-5-85
 CUSTOMER P.O./AFE NO. _____
 SERVICEMEN BRADY 4000 MORTIS 2000
 INVOICE NO. _____
 CUST. CODE / M/R 107501 # 247123

IMPORTANT

The undersigned hereby agree that GEO Vann, Inc. (GEO) shall undertake the furnishing of the herein described services, equipment, materials and products. In consideration of such undertaking the undersigned customer hereby agrees that the same be subject, solely and entirely, to the TERMS AND CONDITIONS WHICH ARE SET FORTH ON THE REVERSE SIDE HEREOF AND ARE MADE A PART OF THIS CONTRACT and which shall constitute the entire agreement between the customer and GEO. Customer acknowledges and understands that the prices for the services, equipment, materials and products furnished hereunder have been established by GEO in consideration of the fact that said Terms and Conditions apply to the furnishing of such services, materials and/or products. The undersigned representative of customer certifies that he has full authority and agency to enter into this Contract on behalf of the customer.

By: John S. Brady
 For GEO Vann, Inc.

By: George D. Bullard
 For Customer

	QUANTITY	PRICE/EA.	CODE	TOTAL
SERVICE CHARGE			44-109	550.00
PRESSURE CONTROL EQUIPMENT W/O GREASE			44-609	410.00
BRIDGE PLUG SETTING SERVICE			44-602	
DEPTH CHARGE	11050	0.16		1768.00
OPERATIONS CHARGE MINIMUM PRICE OF 5 1/2 MIN.				575.00
CEMENT PUMP BUILDER SERVICE 35'	11050	0.12	44-604	1326.00
OPERATIONS MINIMUM RAY LOGGING MINIMUMS (TUBING)			410-203	
DEPTH CHARGE	10,980	0.15		1632.00
OPERATIONS CHARGE MINIMUM		min		210.00
LESS DISCOUNT				4970.00
				Sub Total
				TOTAL

ILLEGIBLE

The services described above performed as directed by Mr. BULLARD & MR. OUTLAW

OFFICING SUBJECT TO CORRECTION BY OUR INVOICING DEPARTMENT

I certify that the above ordered services, equipment, materials and products have been received.

By: George D. Bullard
 Customer or Authorized Representative Date

Remarks

JIM'S WATER SERVICE OF COLORADO, INC.

P.O. BOX 718
 BRIGHTON, CO 80601
 (303) 649-6606

SALES INVOICE	DATE	NUMBER
	3/31/85	2-16244

495 - MONDO DRILLING

WRIGHT FED #1

RECEIVED
 APR 24 1985
 Ans'd.....

P.O. DRAWER 2516
 MIDLAND, TX 79702

TKT	DATE	DESCRIPTION	QUANTITY	PRICE	TOTAL
10074	3/31/85	KILL TRUCK	2.50	72.00	180.00
		KILL TRUCK	4.50	50.00	225.00
		KCL	11.00	19.00	209.00
		FRESH WATER PURCHASED	150.00	.10	15.00
10161	3/31/85	KILL TRUCK	1.00	72.00	72.00
		KILL TRUCK	2.00	50.00	100.00
		KCL	11.00	19.00	209.00
		FRESH WATER PURCHASED	150.00	.10	15.00
				SUB-TOTAL	1,925
				SALES TAX	38
				TOTAL	1,963.

.0375

Hondo Drilling Co. Wright

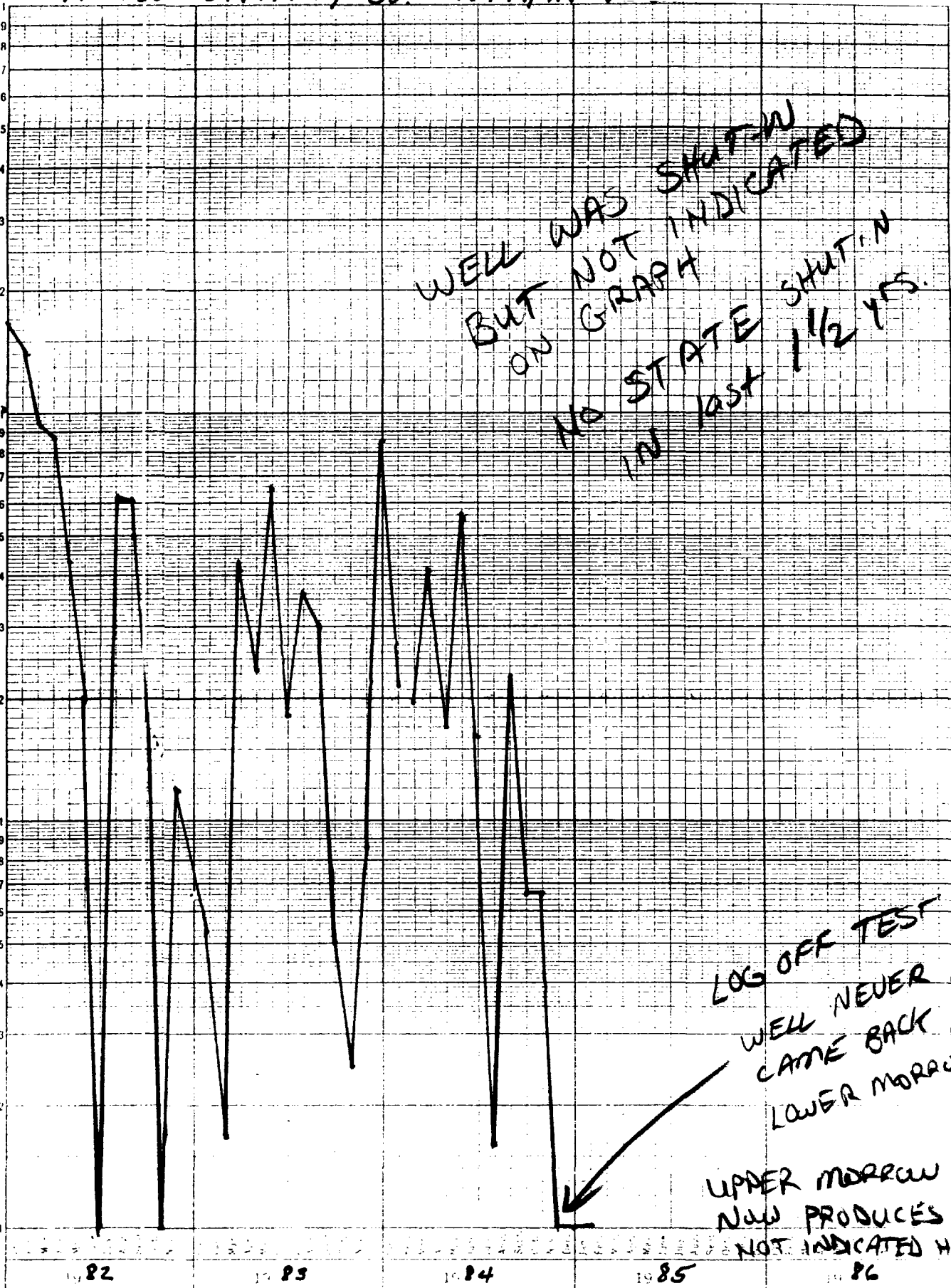
Monthly MCF Gas

WELL WAS SHUT IN
BUT NOT INDICATED
ON GRAPH

NO STATE SHUT IN
IN last 1 1/2 YRS.

LOG OFF TEST
WELL NEVER
CAME BACK
LOWER MORROW

UPPER MORROW
NOW PRODUCES
NOT INDICATED HERE





HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

WRIGHT FEDERAL #1

U.S. Lease #NM-19606 - NW/4 SW/4 and U.S. Lease #NM-0925 -
NE/4 SW/4, S/2 SW/4, SE/4 Section 29, T-18-S, R-29-E, N.M.P.M.,
Eddy County, New Mexico -- 320 acres, more or less

<u>Month</u>	<u>Gas Production</u>	<u>WI Income</u>	<u>Cost of Operations</u>	<u>Profit or Loss</u>
January 1984	2,271	\$ 3,600.73	\$ 1,268.51	\$ 2,332.22
February	1,929	3,068.04	3,558.82	(490.78)
March	4,098	6,518.75	1,366.50	5,152.25
April	1,723	2,722.72	1,859.34	863.38
May	5,506	8,840.72	1,279.26	7,561.46
June	1,607	2,590.04	1,664.88	925.16
July	160	254.72	1,420.15	(1,165.43)
August	2,591	4,159.26	1,019.95	3,139.31
September	2,247	3,649.82	1,252.27	2,397.55
October	653	3,930.81	1,779.41	2,151.40
November	611	999.18	1,042.06	(42.88)
December	57	(21,708.19)	7,348.93	(29,057.12)
January 1985	6	4.80	1,826.67	(1,821.87)
February	36	30.95	939.02	(908.07)
March	20,933	36,807.72	17,036.80	19,770.92
April	20,691	45,152.04	6,817.71	38,334.33
May	24,483	45,755.77	8,874.24	36,881.53

PRODUCTION FROM AN
ADDITIONAL MORROW ZONE

Case 8617

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker
Address Drawer 2515, Midland, Texas 79702 Phone No. 915-682-9401, 684-6381
Lease WRIGHT FEDERAL Well No. 1 UT N Sec. 29 TWP 18-S RGE 29-E
Pool Name NORTH TURKEY TRACT MORROW Minimum Rate Requested 1000 mcf/day
Transporter Name EL PASO NATURAL GAS CO. 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.

- 1) 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.
- 3) 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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915]682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well No.: *1, SEC. 29, T-18-S, R-29-E*
Pool Name: *NORTH TURKEY TRACT MORROW*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

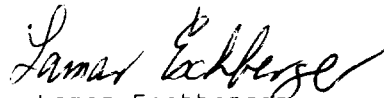
In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 1000 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is 1000 MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Wright Federal #1
Sec. 29, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
--------------------	----------------------	----------------------------

This well was killed by El Paso's high line pressure and shut-ins. The well was recompleted in the middle zone 3-5-85 and produces 1000 MCF/day. El Paso has notified us that they are shutting this well in. See copy of Sundry Notice attached.

(November 1983)
(Formerly 9-331)

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other Instructions on reverse side)
RECEIVED

EXPIRES AUGUST 31, 1985

6. LEASE DESIGNATION AND SERIAL NO.

NM 0925 ~~and 281-10606~~

6. IF INDIAN ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS 18 1985

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals.)

ANS'D.....

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR HONDO DRILLING COMPANY		8. FARM OR LEASE NAME Wright Federal Camp
3. ADDRESS OF OPERATOR Drawer 2516, Midland, Texas 79702-2516		9. WELL NO. #1
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface 1,980' FWL and 660' FSL, Unit N, Sec. 29, T-18-S, R-29-E		10. FIELD AND POOL, OR WILDCAT North Turkey Track
14. PERMIT NO.		11. SEC., T., R., M., OR BLE. AND SURVEY OR AREA Sec. 29, T-18-S, R-29-E
15. ELEVATIONS (Show whether DP, RT, GR, etc.) 3,455'		12. COUNTY OR PARISH Eddy
		13. STATE New Mexico

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDISE <input checked="" type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) _____	(Other) _____

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

We propose to test the Morrow Zone, Depth 10,940' to 10,950' in the next 30 days.

Pull 2 3/8" tubing and 5 1/2" Guiberson Production Packer out of hole and set 5 1/2" Elite 17/20 lb. Bridge plug at 11,000'. Cement top of Bridge plug with Dump Bailer. *35' of cement.*

Run Van system explosive package, set Guiberson Production Packer at 10,865' and perforate well from 10,940' to 10,950' with 4" O.D. Steel Carrier Gun with 4 shots per foot.

Acidize well with 1,500 gallon 7 1/2% Hydrochloric Acid and Test Well.

18. I hereby certify that the foregoing is true and correct

SIGNED *[Signature]* TITLE President DATE February 6, 1985

(This space for Federal or State (See top))

APPROVED *[Signature]* TITLE AREA MANAGER DATE 2-15-85

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

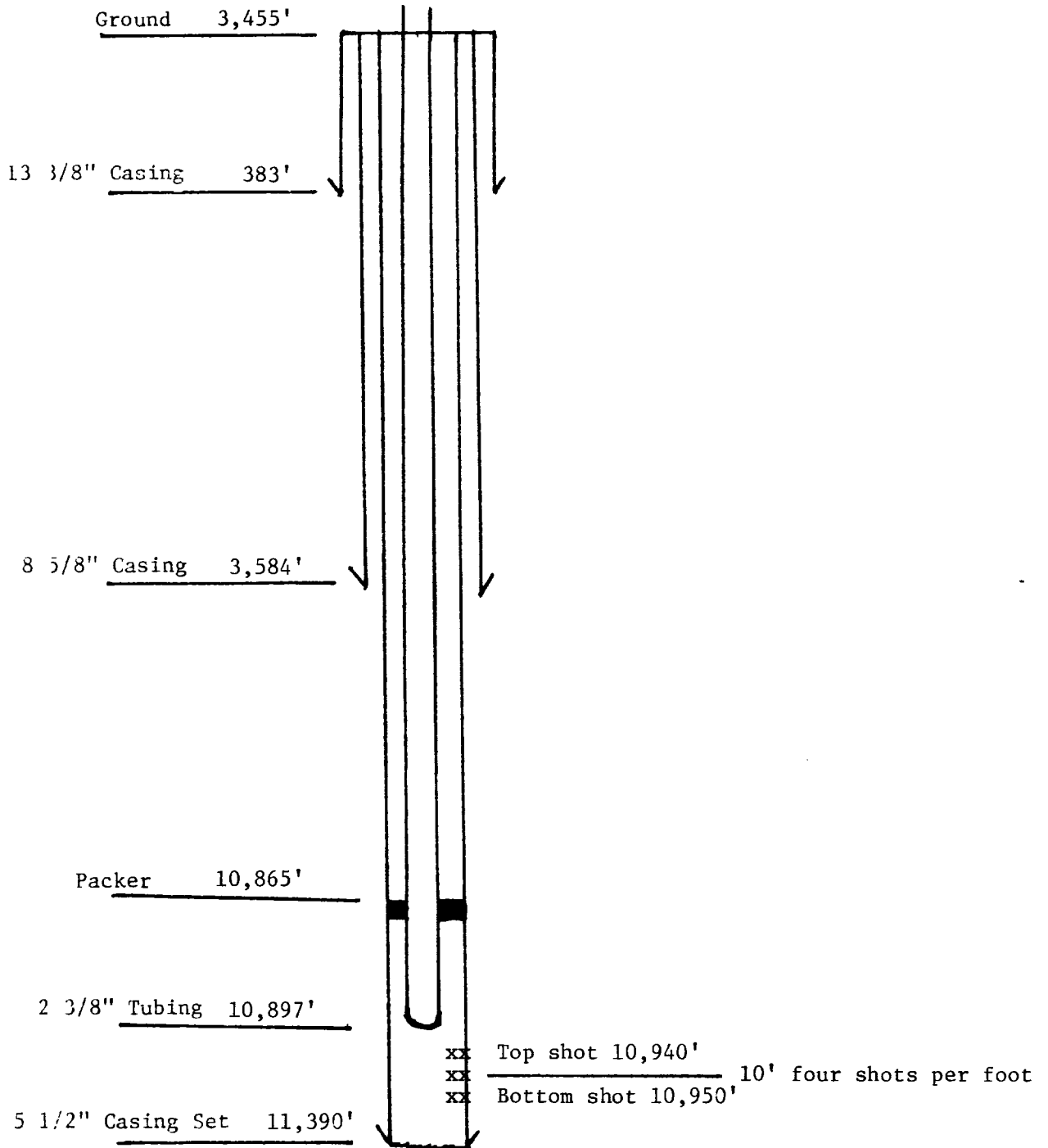


HONDO DRILLING COMPANY

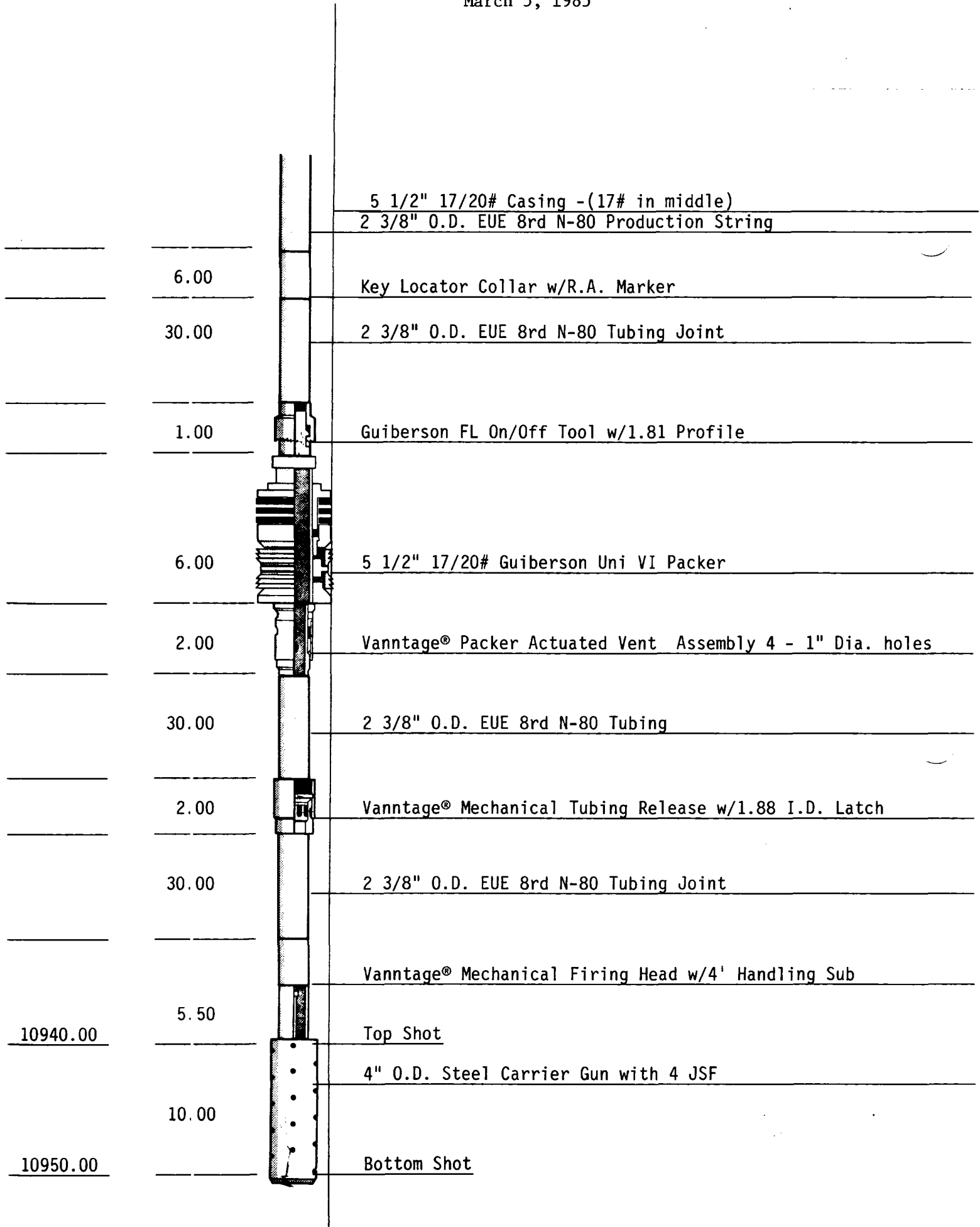
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

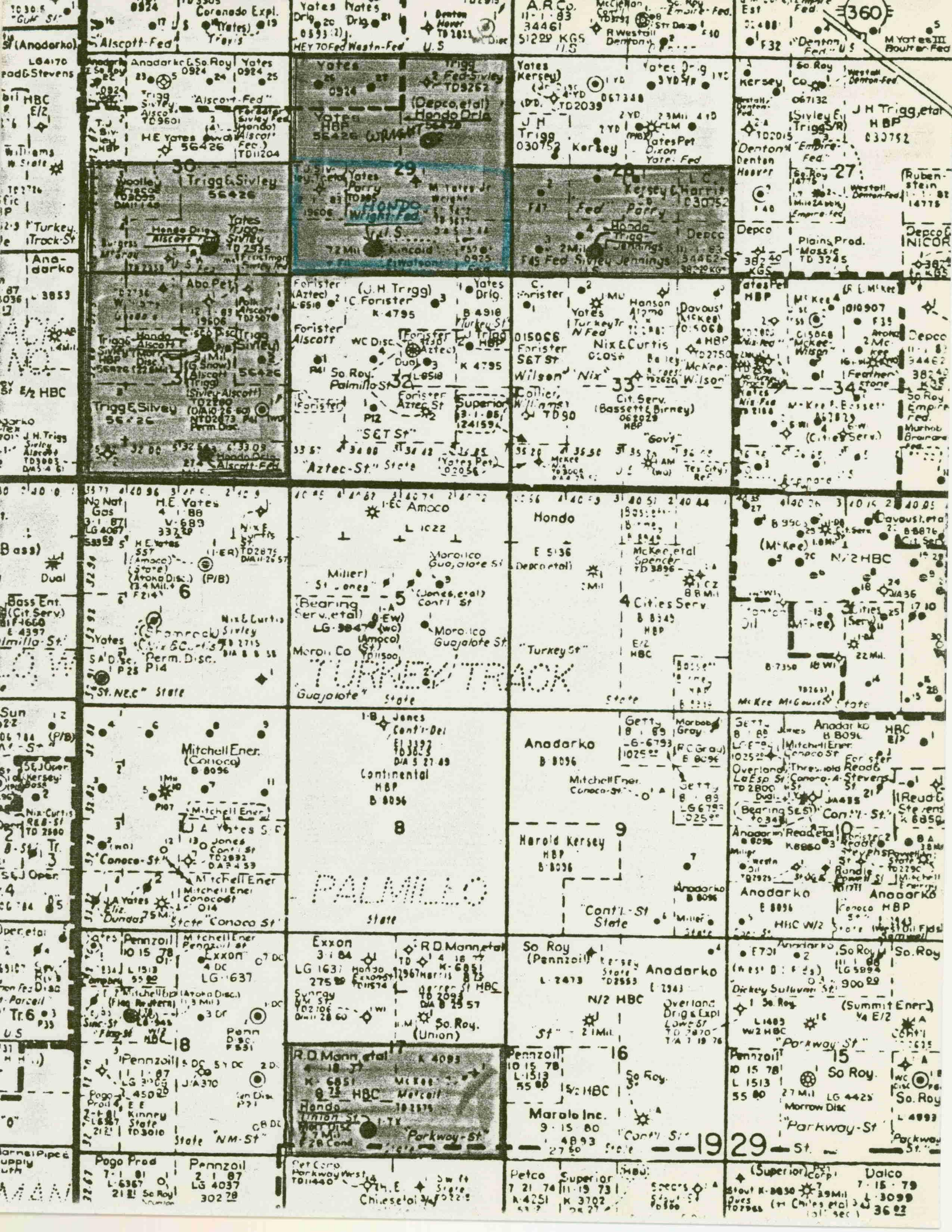
Lease Wright Federal Com. Well Number 1

Location U.S Lease #NM-19606 - NW/4 SW/4 and U.S. Lease #NM-0925 - NE/4 SE/4, S/2 SW/4, SE/4 Section 29, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less
County Eddy, New Mexico.



Hondo Drilling Co.
 Wright Fed. #1
 Eddy County, New Mexico
 March 5, 1985





360

0824 0825 0826 0827 0828 0829 0830 0831 0832 0833 0834 0835 0836 0837 0838 0839 0840 0841 0842 0843 0844 0845 0846 0847 0848 0849 0850 0851 0852 0853 0854 0855 0856 0857 0858 0859 0860 0861 0862 0863 0864 0865 0866 0867 0868 0869 0870 0871 0872 0873 0874 0875 0876 0877 0878 0879 0880 0881 0882 0883 0884 0885 0886 0887 0888 0889 0890 0891 0892 0893 0894 0895 0896 0897 0898 0899 0900

Alscott-Fed
Yates
Trigg
Kersey
HBC
Anadarko
So Roy
Morrison
Denton
Haver
J.H. Trigg, et al
HBP
830752

Trigg & Sivley
Yates
Hondo
Kersey
Depco
Plains Prod.
Mossie
TD 3245

Abco Pet
Trigg & Sivley
Forister
Aztec
Wilson
Nix & Curtis
Mckee
Wilson
33

Trigg & Sivley
Forister
Aztec
Superior
Wilson
Nix & Curtis
Mckee
Wilson
33

No Nat Gas
H.E. Yates
Nix & Curtis
Morrison
Guajalote St
Moron Co
Palisoo

Morrison
Guajalote St
Moron Co
Palisoo
TURKEY TRACK
Guajalote State

Mitchell Ener.
Conoco
B 8096
Continental
HBP
B 8096

Mitchell Ener.
Conoco
B 8096
Harold Kersey
HBP
B 8096

Exxon
R.D. Mann et al
So Roy
(Pennzoil)
Anadarko
N/2 HBC
Overland
Drig & Expl
Low-57
TD 3070
T/A 7 19 76

Pennzoil
R.D. Mann et al
HBC
Morrison
Parkway-St
Marolo Inc.
9-15-80
Conf. St

Pago Prod
Pennzoil
Petco Superior
Valco
Stout K-8030
Dues
7-15-79
3099
3622



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well & Location: *1, SEC 29, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *SOUTH HALF SECTION 29, 320 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *WRIGHT FEDERAL NO. 1* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer



HONDO DRILLING COMPANY

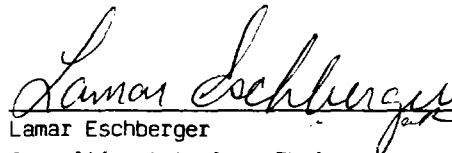
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Lease: *WRIGHT FEDERAL*
Well & Location: *1, SEC 29, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. Yates Drilling Co.
207 S. 4th.
Artesia, NM 88210
2. J. H. Trigg
Box 520
Roswell, NM 88201
3. Depco
1000 Pet. Bldg.
110 16th. Street
Denver, CO 80802
4. Yates Petroleum
207 S. 4th.
Artesia, NM 88210
5. C. Forister
P. O. Box 161
Artesia, NM 88210
6. El Paso Natural Gas Co.
Box 1492
El Paso, TX 79978


Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231

PHONE
394-3435
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N^o 3446

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84 #78.9

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Manning called
2-15-85 about
hard ship well -
signed by jurisdiction
agency - will leave wells on
as of now -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alcott #1, Alcott #2,
Alcott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shuttling
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Case 8614

Operator Hondo Drilling Company Contact Party Margaret Longanecker
Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 684-6381
Lease WRIGHT FEDERAL Well No. 1 UT N Sec. 29 TWP 18-S RGE 29-E
Pool Name NORTH TURKEY TRACT MORROW Minimum Rate Requested 1000 mcf/day
Transporter Name EL PASO NATURAL GAS CO. 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.

- 1) 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.
- 3) 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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well No.: *1, SEC. 29, T-18-S, R-29-E*
Pool Name: *NORTH TURKEY TRACT MORROW*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 1000 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is 1000 MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Wright Federal #1
Sec. 29, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
--------------------	----------------------	----------------------------

This well was killed by El Paso's high line pressure and shut-ins. The well was recompleted in the middle zone 3-5-85 and produces 1000 MCF/day. El Paso has notified us that they are shutting this well in. See copy of Sundry Notice attached.

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other Instructions on reverse side)

RECEIVED

LEASE DESIGNATION AND SERIAL NO.

NM 0925 ~~10-10-1986~~

IF INDIAN, ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS 18 1985

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals.)

ACS#1.....

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
HONDO DRILLING COMPANY

3. ADDRESS OF OPERATOR
Drawer 2516, Midland, Texas 79702-2516

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.
See also space 17 below)
At surface
1,980' FWL and 660' FSL, Unit N, Sec. 29,
T-18-S, R-29-E

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Wright Federal Comp

9. WELL NO.
#1

10. FIELD AND POOL, OR WILDCAT
North Turkey Track

11. SEC., T., R., M., OR B.L. AND SURVEY OR AREA
Sec. 29, T-18-S, R-29-E

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, ST, GR, etc.)
3,455'

12. COUNTY OR PARISH
Eddy

13. STATE
New Mexico

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF
FRACTURE TREAT
SHOOT OR ACIDIFY
REPAIR WELL
(Other)
PULL OR ALTER CASING
MULTIPLE COMPLETION
ABANDON*
CHANGE PLANS

WATER SHUT-OFF
FRACTURE TREATMENT
SHOOTING OR ACIDIZING
(Other)
REPAIRING WELL
ALTERING CASING
ABANDONMENT*

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. OPERATIONS PROPOSED OR COMPLETED (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

We propose to test the Morrow Zone, Depth 10,940' to 10,950' in the next 30 days.

Pull 2 3/8" tubing and 5 1/2" Guiberson Production Packer out of hole and set 5 1/2" Elite 17/20 lb. Bridge plug at 11,000'. Cement top of Bridge plug with Dump Bailer. *35' of cement.*

Run Van system explosive package, set Guiberson Production Packer at 10,865' and perforate well from 10,940' to 10,950' with 4" O.D. Steel Carrier Gun with 4 shots per foot.

Acidize well with 1,500 gallon 7 1/2% Hydrochloric Acid and Test Well.

18. I hereby certify that the foregoing is true and correct

SIGNED *[Signature]*

TITLE President

DATE February 6, 1985

(This space for Federal or State Office Use)

APPROVED *[Signature]*

TITLE AREA MANAGER

DATE 2-15-85

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

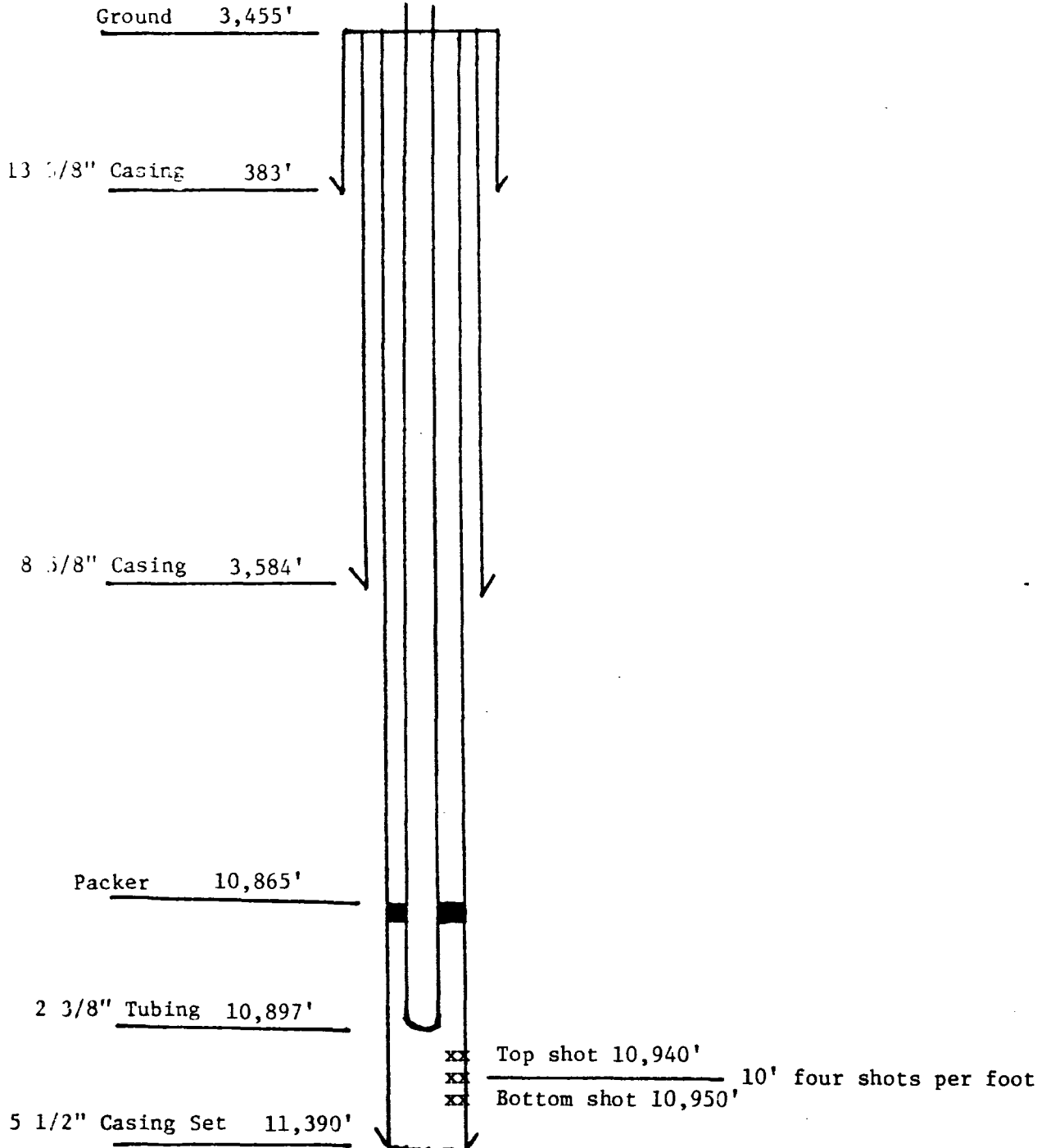


HONDO DRILLING COMPANY

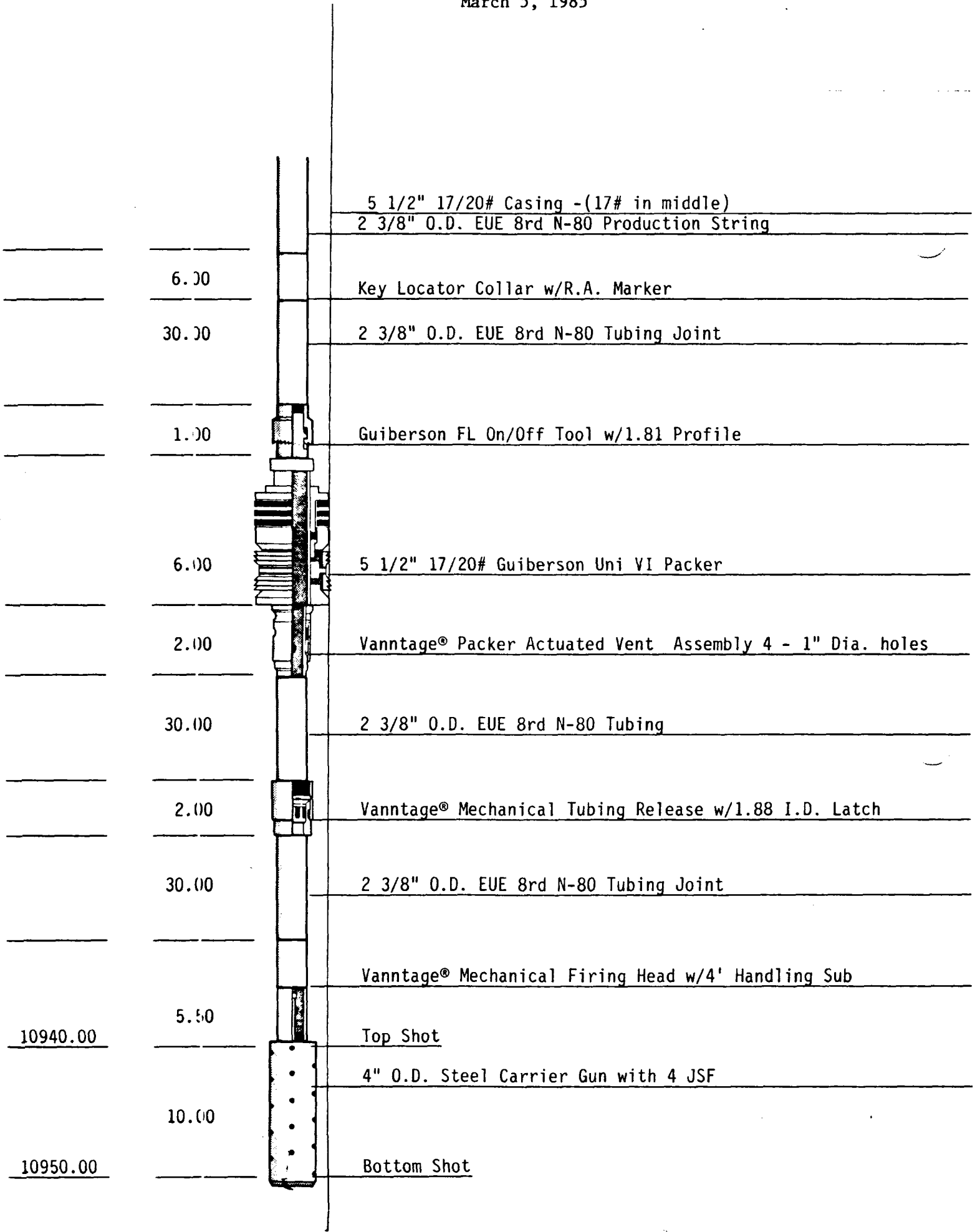
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Lease Wright Federal Com. Well Number 1

Location U.S. Lease #NM-19606 - NW/4 SW/4 and U.S. Lease #NM-0925 - NE/4 SE/4, S/2 SW/4,
SE/4 Section 29, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less
County Eddy, New Mexico.



Hondo Drilling Co.
 Wright Fed. #1
 Eddy County, New Mexico
 March 5, 1985





HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

Oil Conservation Division

Drawer DD

Artesia, NM 88210

Re: Lease: *WRIGHT FEDERAL*

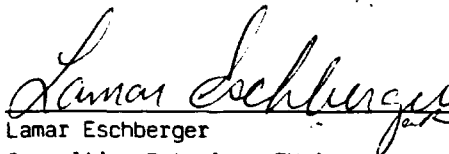
Well & Location: *1, SEC 29, T-18-S, R-29-E*

Pool: *NORTH TURKEY TRACT MORROW*

County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. Yates Drilling Co.
207 S. 4th.
Artesia, NM 88210
2. J. H. Trigg
Box 520
Roswell, NM 88201
3. Depco
1000 Petr. Bldg.
110 16th. Street
Denver, CO 80802
4. Yates Petroleum
207 S. 4th.
Artesia NM 88210
5. C. Forister
P. O. Box 161
Artesia, NM 88210
6. El Paso Natural Gas Co.
Box 1492
El Paso, TX 79978


Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well & Location: *1, SEC 29, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *SOUTH HALF SECTION 29, 320 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *WRIGHT FEDERAL NO. 1* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231

PHONE
394-3435
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N^o 3446

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84

#7819

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
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Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Mearns called
2-15-85 about
hard ship well -
signed by jurisdiction
agency - will leave wells on
2-20-85*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
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Re: Shut-in of Union TX State,
Alscott #1, Alscott #2,
Alscott #3, Wright #1,
Wright #2, and Trigg-
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Dear Mr. Lane:

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If there is any further information, please let me know.

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HONDO DRILLING COMPANY

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shutting
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*

Case 8617

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker
Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 684-6381
Lease WRIGHT FEDERAL Well No. 1 UT N Sec. 29 TWP 18-S RGE 29-E
Pool Name NORTH TURKEY TRACT MORROW Minimum Rate Requested 1000 mcf/day
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Are you seeking emergency "hardship" classification for this well? X yes _____ no

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HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
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In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 1000 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is 1000 MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Wright Federal #1
Sec. 29, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total</u> MCF	<u>Average/Day</u> MCF
--------------------	---------------------	---------------------------

This well was killed by El Paso's high line pressure and shut-ins. The well was recompleted in the middle zone 3-5-85 and produces 1000 MCF/day. El Paso has notified us that they are shutting this well in. See copy of Sundry Notice attached.

(November 1983)
(Formerly 9-331)

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other Instructions on reverse side)
RECEIVED

LEASE DESIGNATION AND SERIAL NO.
NM 0925 ~~18-29-E~~

SUNDRY NOTICES AND REPORTS ON WELLS 18 1985

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR HONDO DRILLING COMPANY		8. FARM OR LEASE NAME Wright Federal Camp
3. ADDRESS OF OPERATOR Drawer 2516, Midland, Texas 79702-2516		9. WELL NO. #1
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below) At surface 1,980' FWL and 660' FSL, Unit N, Sec. 29, T-18-S, R-29-E		10. FIELD AND POOL, OR WILDCAT North Turkey Track
14. PERMIT NO.		11. SEC. T. S. N., OR BLE. AND SURVEY OR AREA Sec. 29, T-18-S, R-29-E
15. ELEVATIONS (Show whether OF, BT, GR, etc.) 3,455'		12. COUNTY OR PARISH 13. STATE Eddy New Mexico

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input checked="" type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input type="checkbox"/>	(Other) <input type="checkbox"/>

(Note: Report results of multiple completion on Well Completion or Recoupletion Report and Log forms.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

We propose to test the Morrow Zone, Depth 10,940' to 10,950' in the next 30 days.

Pull 2 3/8" tubing and 5 1/2" Guiberson Production Packer out of hole and set 5 1/2" Elite 17/20 lb. Bridge plug at 11,000'. Cement top of Bridge plug with Dump Bailer. *35' of cement.*

Run Van system explosive package, set Guiberson Production Packer at 10,865' and perforate well from 10,940' to 10,950' with 4" O.D. Steel Carrier Gun with 4 shots per foot.

Acidize well with 1,500 gallon 7 1/2% Hydrochloric Acid and Test Well.

18. I hereby certify that the foregoing is true and correct

SIGNED *John D. Outlaw* TITLE President DATE February 6, 1985

(This space for Federal or State Use Only)

APPROVED BY *Charles S. Nelson* TITLE CARLETON DATE 2-15-85

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

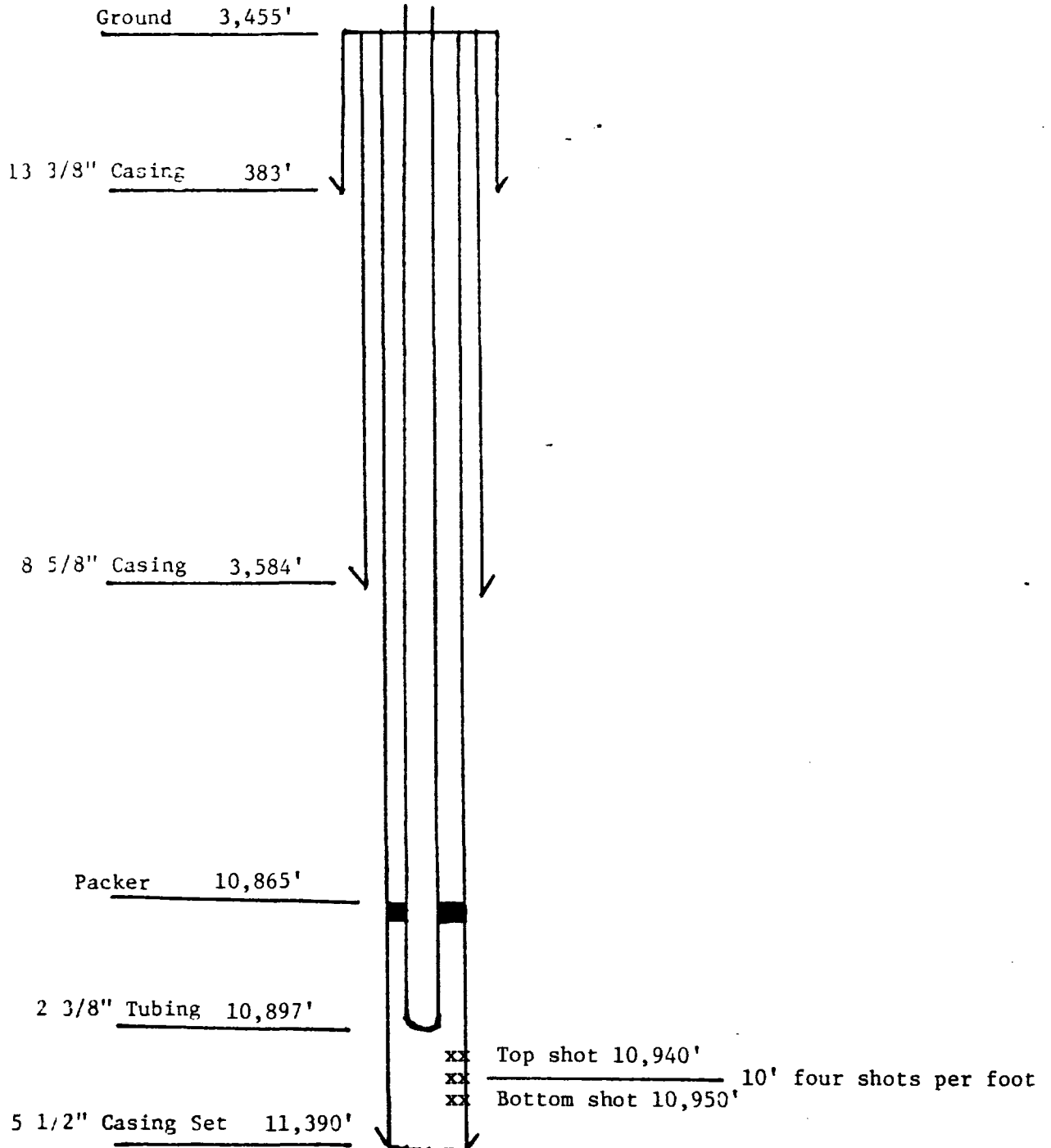


HONDO DRILLING COMPANY

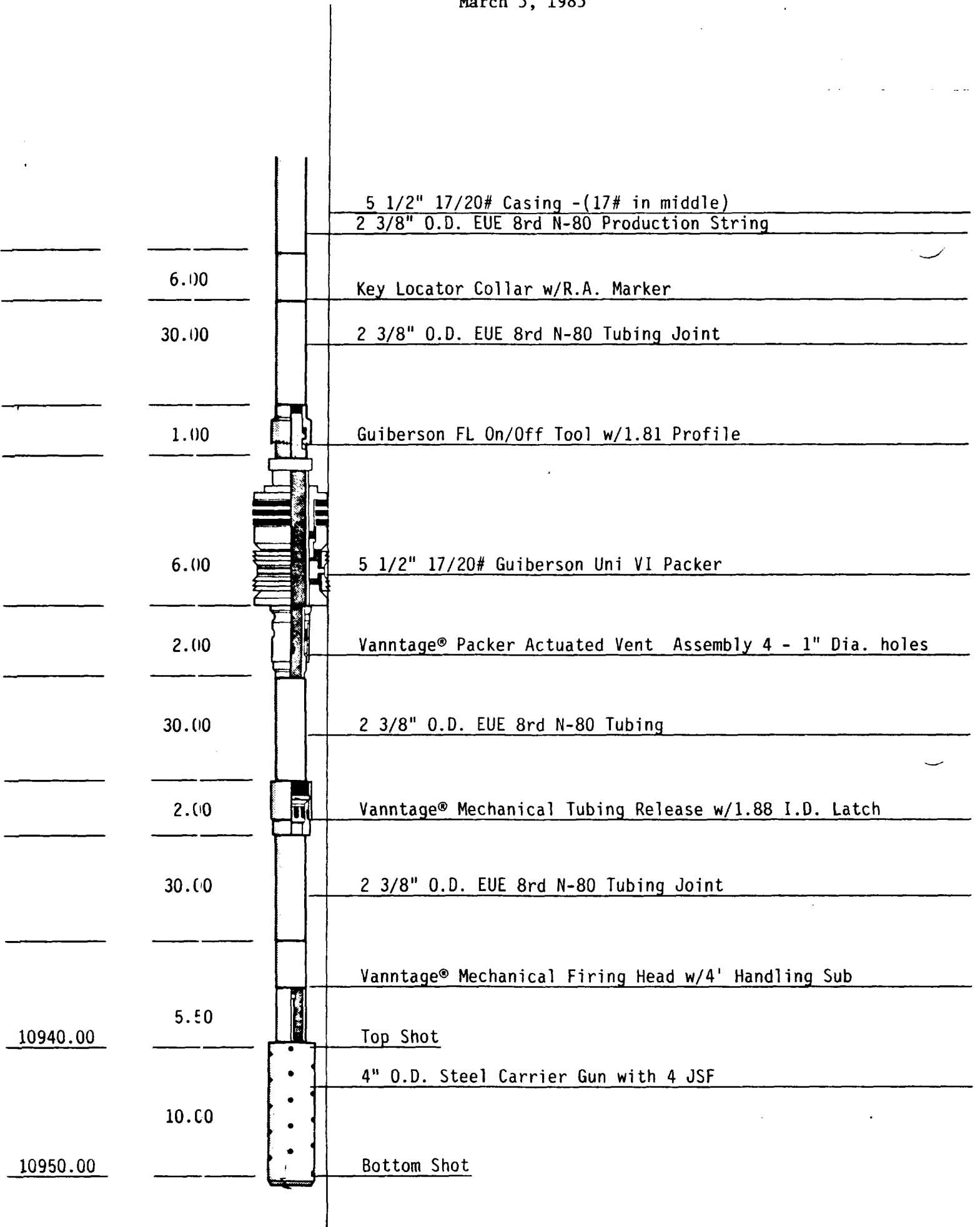
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

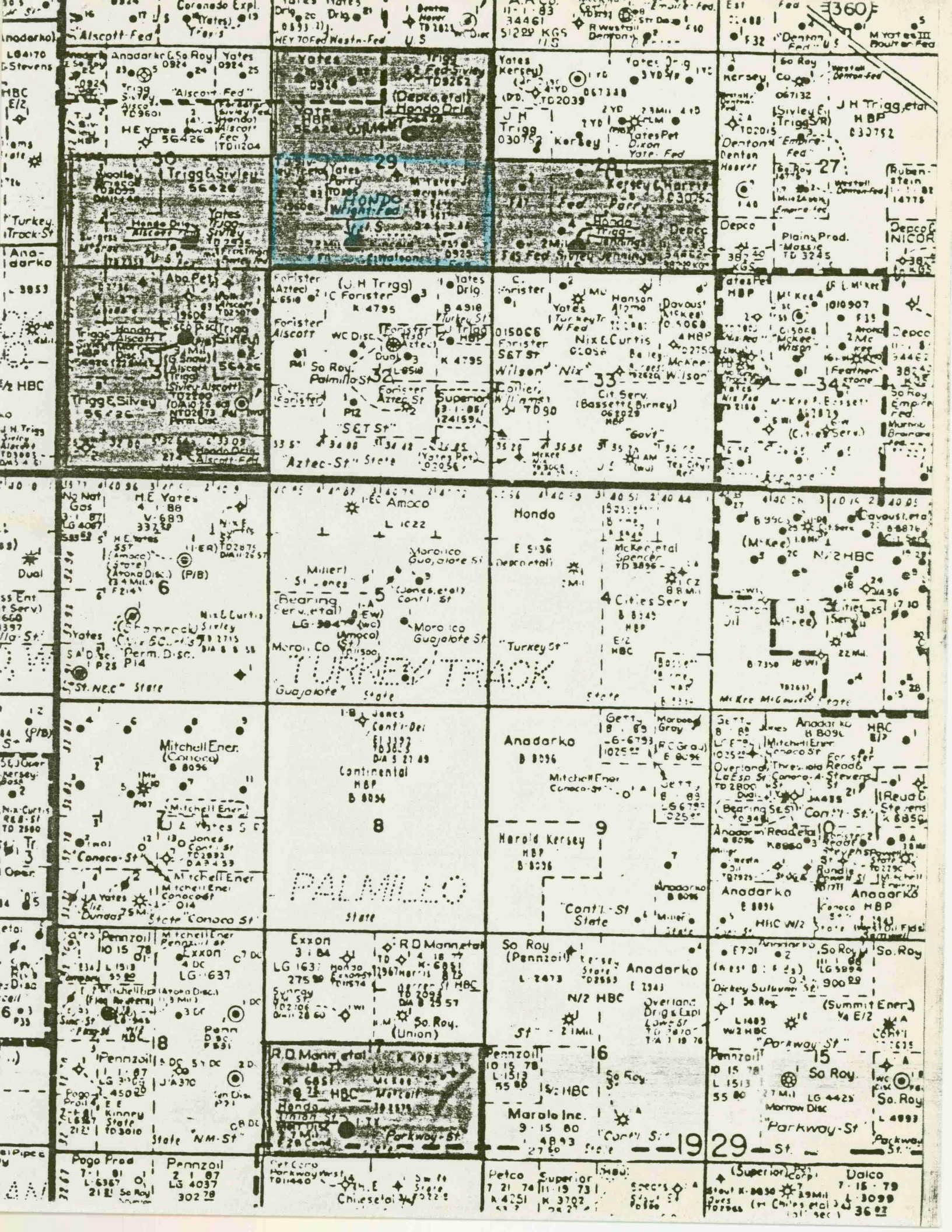
Lease Wright Federal Com. Well Number 1

Location U.S. Lease #NM-19606 - NW/4 SW/4 and U.S. Lease #NM-0925 - NE/4 SE/4, S/2 SW/4,
SE/4 Section 29, T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less
County Eddy, New Mexico.



Hondo Drilling Co.
 Wright Fed. #1
 Eddy County, New Mexico
 March 5, 1985







HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division

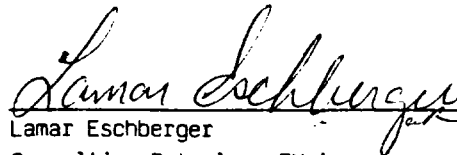
Drawer DD

Artesia, NM 88210

Re: Lease: *WRIGHT FEDERAL*
Well & Location: *1, SEC 29, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. Yates Drilling Co.
207 S. 4th.
Artesia NM 88210
2. J. H. Trigg
Box 520
Roswell, NM 88201
3. Depco
1000 Pet. Bldg.
110 16th. Street
Denver, CO 80802
4. Yates Petroleum
207 S. 4th.
Artesia, NM 88210
5. C. Forister
P. O. Box 161
Artesia, NM 88210
6. El Paso Natural Gas Co.
Box 1492
El Paso, TX 79978


Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915)682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well & Location: *1, SEC 29, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *SOUTH HALF SECTION 29, 320 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *WRIGHT FEDERAL NO. 1* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231

PHONE
394-3435
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N° 3446

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or
Purchase Order No.

Lease & Well No. Wright #1 Swab Unit #14

11-30-84 #7819 Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Manning called
2-15-85 about
hard ship well -
signed by jurisdiction
operator - will leave wells on
2-15-85*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alscott #1, Alscott #2,
Alscott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shuttling
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*

RECEIVED

APR 26 1985

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker
Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 6846381
Lease WRIGHT FEDERAL Well No. 2 UT 6 Sec. 29 TWP 18-S RGE 29-E
Pool Name NORTH TURKEY TRACT MORROW Minimum Rate Requested [REDACTED]
Transporter Name EL PASO NATURAL GAS CO. 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.

- 1) 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.
- 3) 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.

HONDO DRILLING COMPANY
CASE NO. 8611 - WRIGHT #2
7/2/85 EXAMINER HEARING
EXHIBIT NO. 1 (E)

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 10 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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well No.: *2, SEC 29, T-18-S, R 24-E*
Pool Name: *NORTH TURKEY TRACT MONROE*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

ILLEGIBLE

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 40 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is 40 MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Wright Federal #2
Sec. 29, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
August, 84	1200	38.7
September	1131	37.7
October	1177	38.0
November	1266	42.2
December	1318	42.5
January, 85	<u>1329</u>	<u>42.7</u>
Total for Six Months	7417	40.3 Average/Day

NOTE:

After shut-ins and El Paso's high line pressure this well will not come back, swabbing will be necessary.

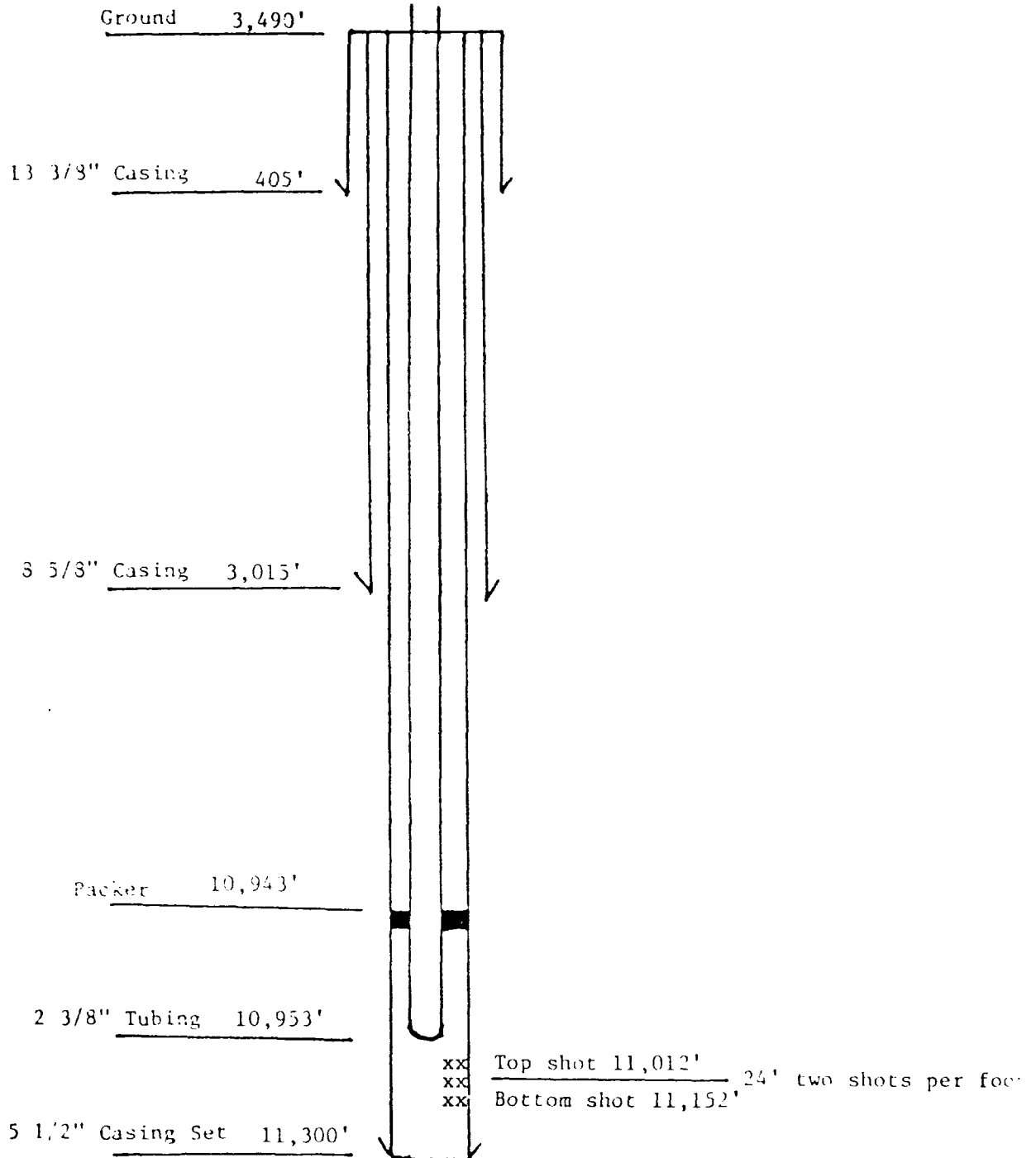


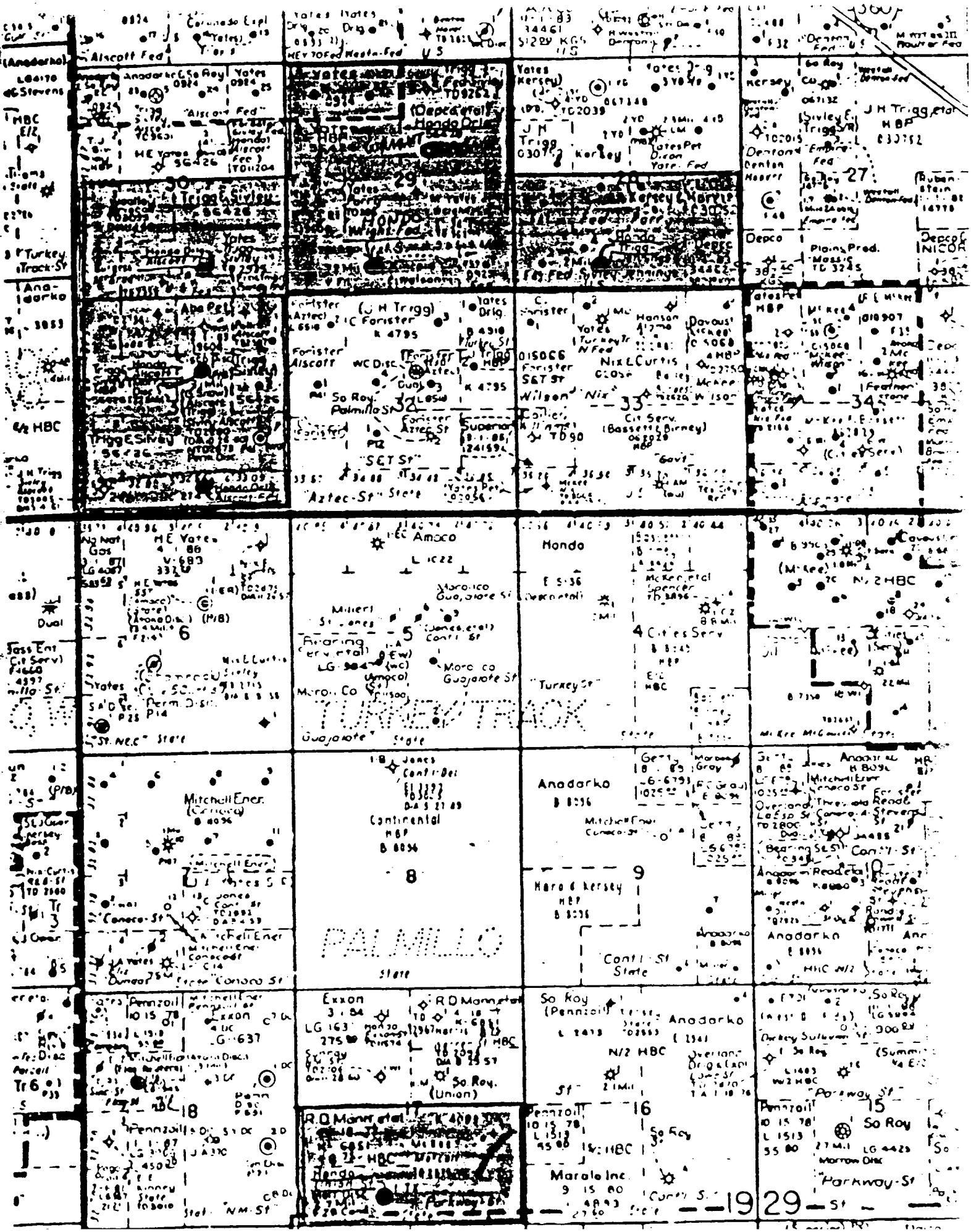
HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702 2516 • (915) 682-9401

Lease Wright Federal Com. Well Number 2

Location U.S. Lease #NM-0924 - NW/4 and U.S. Lease #NM-0925 - NE/4, Section 29,
T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less
County Eddy, New Mexico.







HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702 2516 • (915)682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well & Location: *2, SEC. 29, T-18-S, R. 27-E*
Pool: *NORTH TURKEY TRACT MOKKOW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *NW/4 AND NE/4 SEC 29, 320 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *WRIGHT FEDERAL NO 2* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

ILLEGIBLE



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division

Drawer DD

Artesia, NM 88210

Re: Lease: *WRIGHT FEDERAL*

Well & Location: *2, SEC 29, T-18-S, R-29-E*

Pool: *NORTH TURKEY TRACT MORROW*

County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. Yates Petroleum
207 S. 4th.
Artesia, NM 88210
2. Yates Drilling
207 S. 4th.
Artesia, NM 88210
3. J.H. Tring
Box 520
Roswell, NM 88201
4. Depco
1000 Petroleum Bldg.
110 16th Street
Denver, CO 80802
5. El Paso Natural Gas Co.
Box 1492
El Paso, TX 79978


Lamar Schlegel
Consulting Petroleum Engineer
HONDO DRILLING COMPANY

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231

PHONE
394.3435
393.1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N° 3446

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84 #7819 Rooded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Manning called
2-15-85 about
hardship well -
signed by jur. doctor
refused - will leave wells -
2-15-85*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alscott #1, Alscott #2,
Alscott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

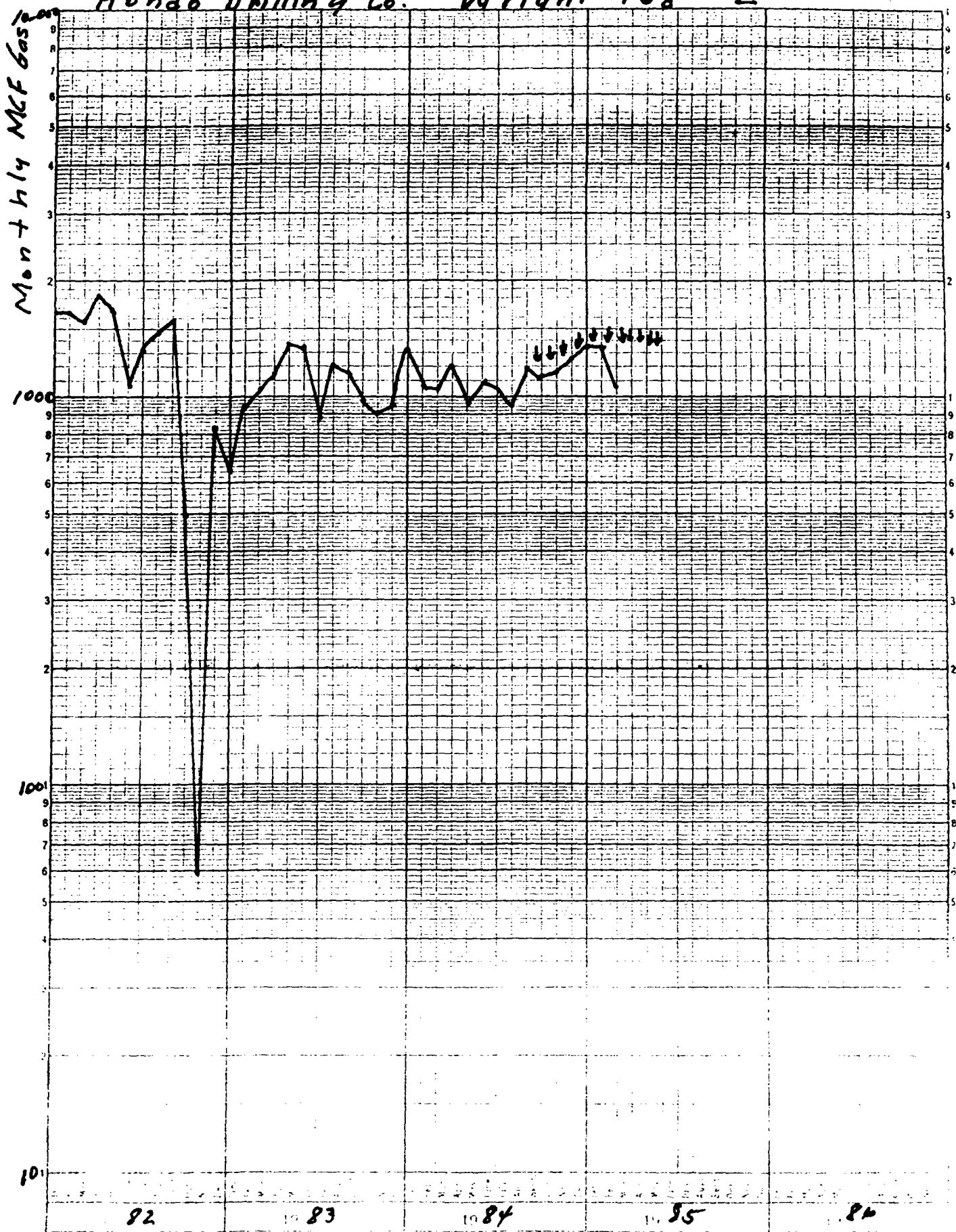
George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shut-in
wells in to test them -
Jerry Sexton
Oil Conservation Division
Albuquerque, NM*

Hondo Drilling Co. Wright Fed -



11.5 YEARS BY MONTHS 46 6693
1.5 X 3 LOG CYCLES
KRIEGER & FRER CO.
MADE IN U.S.A.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

WRIGHT FEDERAL #2

U.S. Lease #NM-0924 - NW/4 and U.S. Lease #NM-0925 -
NE/4, Section 29, T-18-S, R-29-E, N.M.P.M., Eddy County,
New Mexico -- 320 acres, more or less

<u>Month</u>	<u>Gas Production</u>	<u>WI Income</u>	<u>Cost of Operations</u>	<u>Profit or Loss</u>
January 1984	1,078	\$ 1,942.48	\$ 998.66	\$ 943.82
February	1,061	1,933.14	1,000.93	932.21
March	1,206	2,204.73	1,013.33	1,191.40
April	972	1,782.90	920.80	862.10
May	1,094	4,821.34	886.44	3,934.90
June	1,037	1,914.85	1,483.59	431.26
July	954	1,769.66	1,143.20	626.46
August	1,200	2,231.88	925.39	1,306.49
September	1,131	2,141.38	984.86	1,156.52
October	1,177	2,234.51	1,035.06	1,199.45
November	1,266	2,334.39	853.62	1,480.77
December	1,318	541.44	1,975.03	(1,433.59)
January 1985	1,325	2,537.79	1,270.27	1,267.52
February	1,065	2,043.77	1,539.96	503.81
March	1,049	1,981.45	1,372.92	608.53
April	854	1,615.58	1,155.56	460.02
May	1,500	2,849.03	1,329.23	1,519.80

Case 861A

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker

Address Drawer 2515, Midland, Texas 79702 Phone No. 915-682-9401, 684 6381

Lease WRIGHT FEDERAL Well No. 2 UT G Sec. 29 TWP 18-S RGE 29-E

Pool Name NORTH TURKEY TRACT MORROW Minimum Rate Requested ~~7000~~

Transporter Name EL PASO NATURAL GAS CO. 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.

- 1) 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.
- 3) 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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • [915] 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well No.: *2, SEC. 29, T-18-S, R-29-E*
Pool Name: *NORTH TURKEY TRACT MORROW*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 40 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is 40 MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Wright Federal #2
Sec. 29, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
August, 84	1200	38.7
September	1131	37.7
October	1177	38.0
November	1266	42.2
December	1318	42.5
January, 85	<u>1325</u>	<u>42.7</u>
Total for Six Months	7417	40.3 Average/Day

NOTE:

After shut-ins and El Paso's high line pressure this well will not come back, swabbing will be necessary.

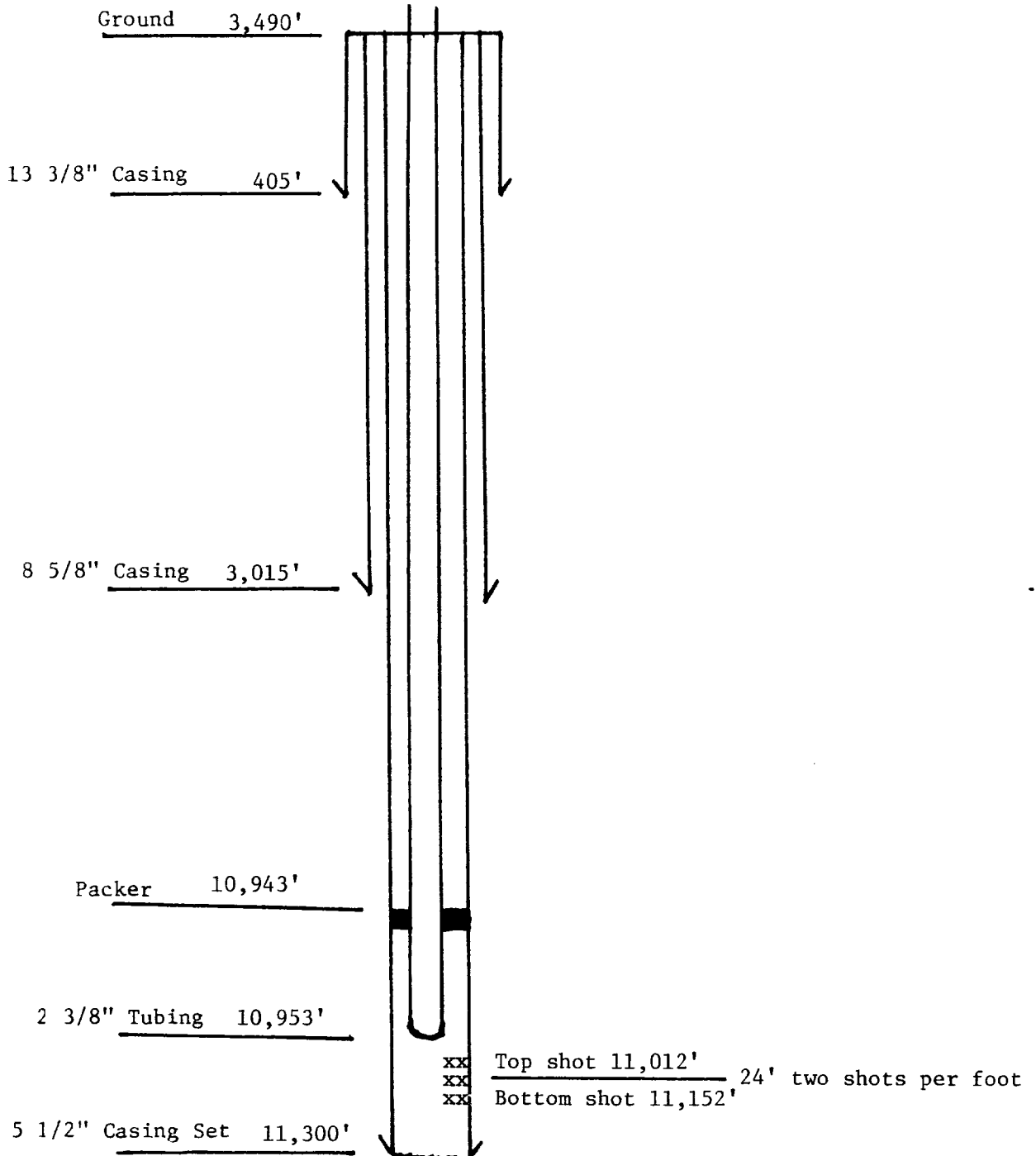


HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Lease Wright Federal Com. Well Number 2

Location U.S. Lease #NM-0924 - NW/4 and U.S. Lease #NM-0925 - NE/4, Section 29,
T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less
County Eddy, New Mexico.





360

Yates
0924
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HBP
56426

Yates
Kersey
11-1-83
34461
51229 KGS
11.5

So Roy
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067132
J H Trigg, et al
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HONDO DRILLING COMPANY

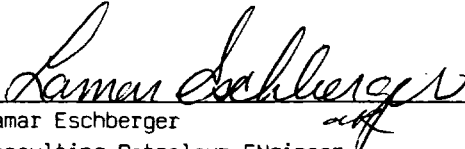
POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division
Drawer DD
Artesia, NM 88210

Re: Lease: *WRIGHT FEDERAL*
Well & Location: *2, SEC. 29, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. Yates Petroleum
207 S. 4th.
Artesia, NM 88210
2. Yates Drilling
207 S. 4th.
Artesia, NM 88210
3. J.H. Trigg
Box 520
Roswell, NM 88201
4. Depco
1000 Petroleum Bldg.
110 16th. Street
Denver, CO 80802
5. El Paso Natural Gas Co.
Box 1492
El Paso, TX 79978



Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well & Location: *2, SEC. 29, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *NW/4 AND NE/4 SEC. 29, 320 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *WRIGHT FEDERAL NO. 2* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857
EUNICE, NEW MEXICO 88231

PHONE
394-3438
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N^o 3446

TO:

Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84

#7819

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Manning called
2-15-85 about
hard ship well -
signed by jurisdiction
agency - will leave wells on
2-15-85 -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alcott #1, Alcott #2,
Alcott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shuttling
wells in to test them -
Jerry Sexton
Oil Conservation Division
Hobbs, NM*

Case 8612

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker
Address Drawer 2515, Midland, Texas 79702 Phone No. 915-682-9401, 6846381
Lease WRIGHT FEDERAL Well No. 2 UT G Sec. 29 TWP 18-S RGE 29-E
Pool Name NORTH TURKEY TRACT MORROW Minimum Rate Requested 40 mcf/day
Transporter Name EL PASO NATURAL GAS CO. 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.

- 1) 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.
- 3) 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.

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HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer D3
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
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El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

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The minimum flow rate we are requesting for this well is 40 MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Wright Federal #2
Sec. 29, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
August, 84	1200	38.7
September	1131	37.7
October	1177	38.0
November	1266	42.2
December	1318	42.5
January, 85	<u>1325</u>	<u>42.7</u>
Total for Six Months	7417	40.3 Average/Day

NOTE:

After shut-ins and El Paso's high line pressure this well will not come back, swabbing will be necessary.

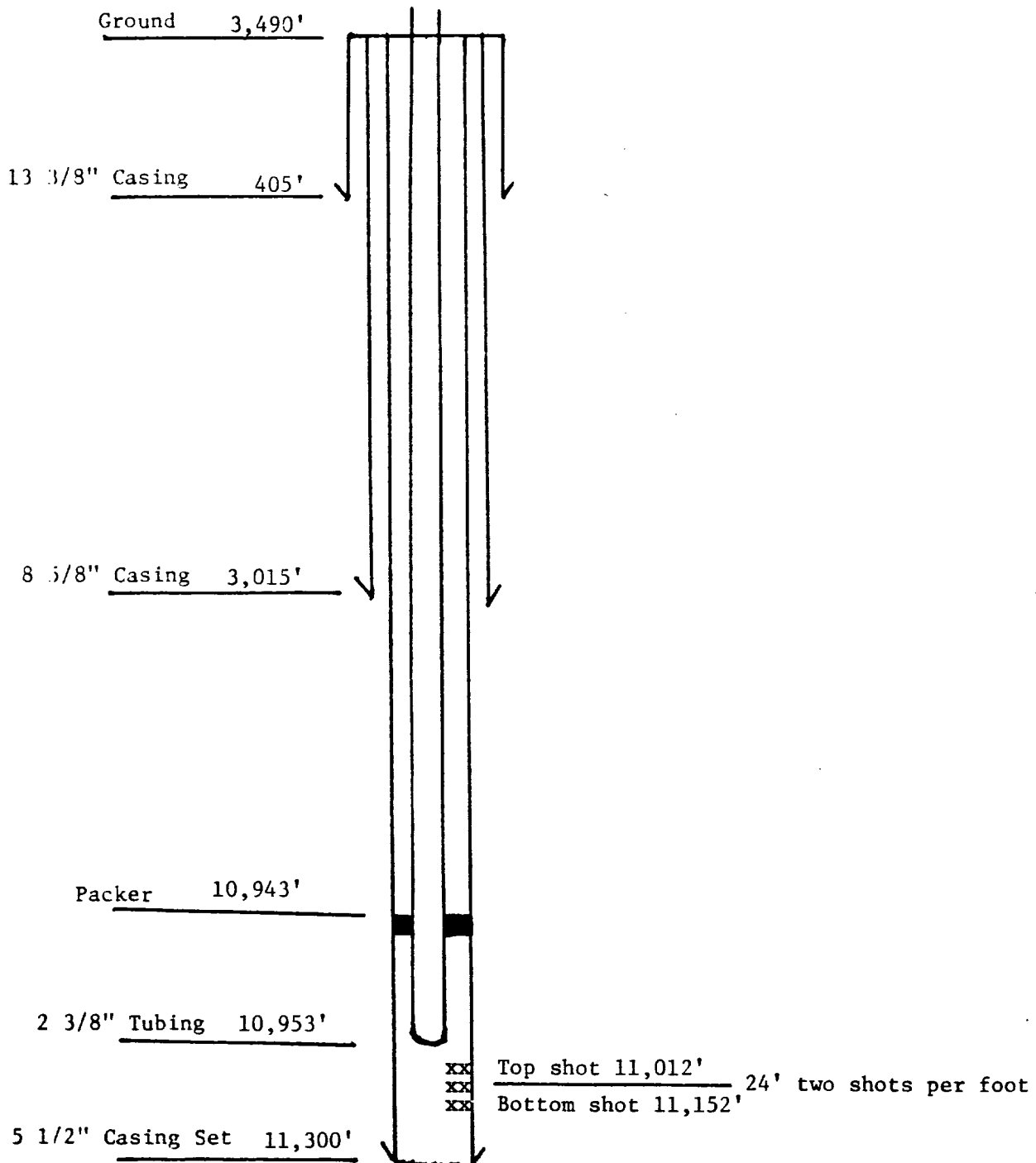


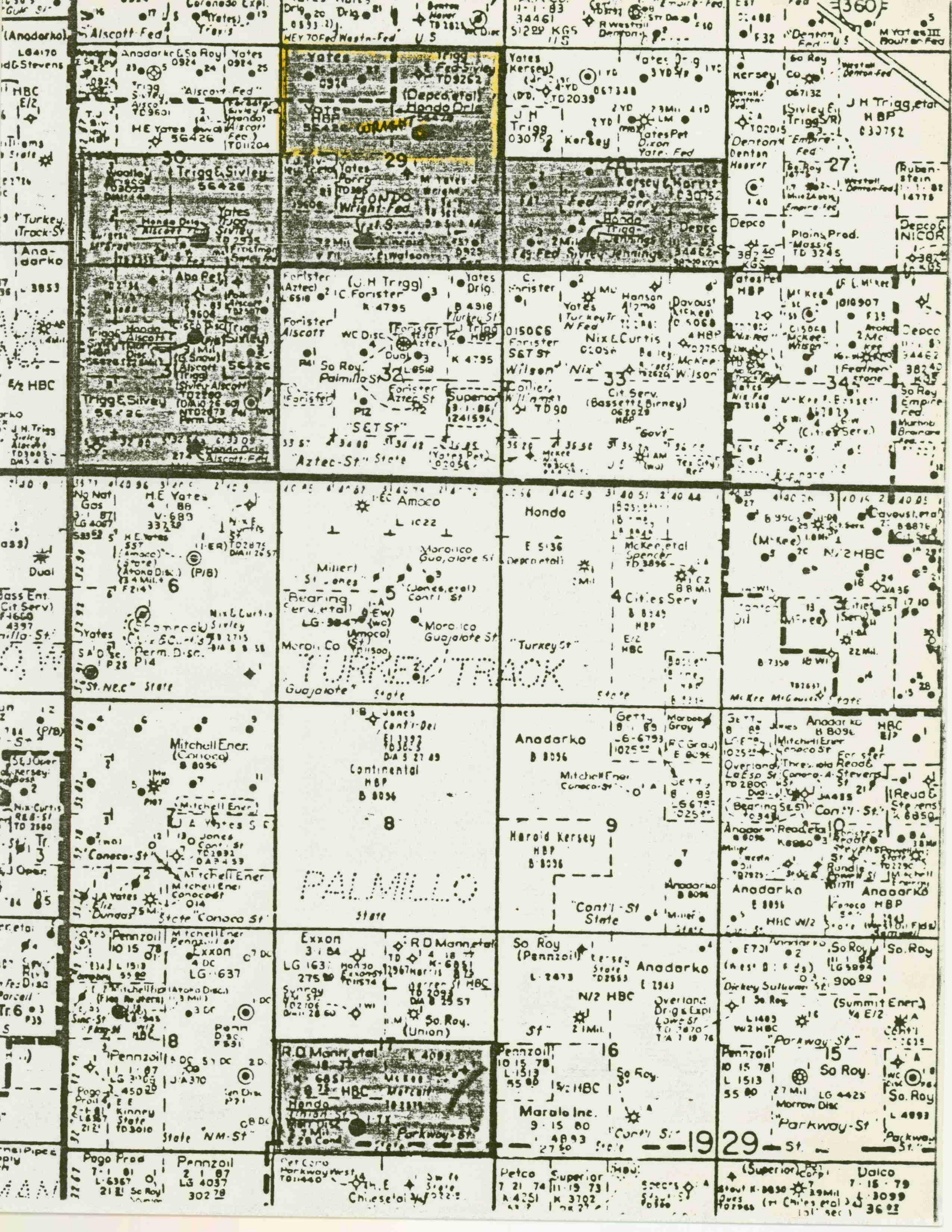
HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Lease Wright Federal Com. Well Number 2

Location U.S. Lease #NM-0924 - NW/4 and U.S. Lease #NM-0925 - NE/4, Section 29,
T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less
County Eddy, New Mexico.





Alscott Fed
Yates
0924

Yates
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MHP
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Trigg & Sibley
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Hondo
Wright Fed

Abdell
Trigg & Sibley
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Trigg & Sibley
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Hondo
Wright Fed

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HBC
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Mitchell Ener
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Exxon
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RD Mann et al
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HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well & Location: *2, SEC. 29, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *NW/4 AND NE/4 SEC. 29, 320 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *WRIGHT FEDERAL NO. 2* well to be placed in the Hardship Gas Well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer



HONDO DRILLING COMPANY


POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division
Drawer DD
Artesia NM 88210

Re: Lease: *WRIGHT FEDERAL*
Well & Location: *2, SEC. 29, T-18-S, R-29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. Yates Petroleum
207 S. 4th.
Artesia, NM 88210
2. Yates Drilling
207 S. 4th.
Artesia, NM 88210
3. J.H. Trigg
Box 520
Roswell, NM 88201
4. Depco
1000 Petroleum Bldg.
110 16th. Street
Denver, CO 80802
5. El Pasc Natural Gas Co.
Box 1492
El Pasc, TX 79978



Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857

EUNICE, NEW MEXICO 88231

PHONE
394-3435
393-1088

6

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N^o 3416

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or
Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84

#7819

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORRAINE • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Mearns called
2-15-85 about
hard ship well -
signed by jur. direction
agency - will leave wells
as is now -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alcott #1, Alcott #2,
Alcott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shut-in
wells in to test them -
Jerry Sexton
Oil Conservation Division
Albuquerque, NM*

Case 8612

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Hondo Drilling Company Contact Party Margaret Longanecker
Address Drawer 2516, Midland, Texas 79702 Phone No. 915-682-9401, 6846381
Lease WRIGHT FEDERAL Well No. 2 UT G Sec. 29 TWP 18-S RGE 29-E
Pool Name NORTH TURKEY TRACT MORROW Minimum Rate Requested 40 mcf/day
Transporter Name EL PASO NATURAL GAS CO. 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.

- 1) 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.
- 3) 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

2) 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.



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 27, 1985

Energy & Minerals Department
Oil Conservation Division
Drawer D)
Artesia, NM 88210

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well No.: *2, SEC. 29, T-18-S, R-24-E*
Pool Name: *NORTH TURKEY TRACT MORROW*

Gentlemen:

In reference to the well as captioned above, we are respectfully requesting that the well be classified as a hardship gas well under Rule 409 and/or Rule 410.

The purchaser/gatherer on this well is El Paso Natural Gas. The gathering system pressure now exceeds our contract limitation. El Paso Natural Gas Company has raised and lowered their line pressure on numerous occasions over the past twelve months to a point that this well (1) will no longer produce or (2) after being shut-in the well when opened cones water out of the reservoir which kills the well. If this well is allowed to produce on a continual basis the coning of water does not take place in the reservoir and the well will continue to flow. On a non-flowing well this situation has caused a 100% loss of revenue and has caused gas to be left in the reservoir never to be recovered which constitutes waste of hydrocarbons.

Enclosed please find our bottom hole diagram of the well. No down-hole problems are indicated in this well and remedial work is not indicated downhole. The use of smallbore tubing, plunger lifts or rod pumping units would not be effective if the well is subjected to periods of shut-in. Due to the low productivity of this well it is not economically feasible to install a compressor. If the gathering system line pressure was at the contract pressure or below, this would not be necessary.

In cases where we have swabbed our wells back, in this area, they have not been capable of producing the previous amount of gas due to the intrusion of water into the reservoir which permanently damages and restricts the flow of gas to the wellbore. We have enclosed a copy of our latest swabbing invoice for an area well. At the rate at which

El Paso Natural Gas raises and lowers the line pressure, it would be necessary to retain a swabbing unit in the area, for our wells, almost full time.

In the event a hardship gas well classification is not received on this well, we feel it would result in premature abandonment of this well. We estimate this well would continue to produce at a rate of 40 MCF per day for a minimum of 10 years. In the event we cannot produce the well at this rate, the economics of operating a non-producing well would force premature plugging and abandonment causing gas to be left in the reservoir never to be recovered.

The minimum flow rate we are requesting for this well is 40 MCF per day. This minimum flow rate was derived from well production history, the latest six months producing rate average. It is difficult to determine the production rate before and after shut-in periods as El Paso Natural Gas frequently raises and lowers the line pressure during a month's period of time.

We were notified this date that El Paso Natural Gas intends to cut this well off effective this date for an indefinite period of time. We feel we have done everything feasible as a prudent operator to minimize or eliminate damage to the reservoir and permanent loss of gas. We have checked our well for downhole problems and swabbed the well when it was indicated we could produce the well into El Paso's line. We have made numerous requests to El Paso Natural Gas to allow our wells to produce at a minimum rate and have received no cooperation from them.

All of the information submitted with this application is true and correct to the best of my knowledge. One copy of this application has been submitted to the appropriate Division District office at Artesia, New Mexico. Notice of the application has been given to El Paso Natural Gas Company and all offset operators, as per the plat enclosed with this application.

Yours truly,



Lamar Eschberger
Consulting Registered
Professional Engineer
Hondo Drilling Company

LE:sg
Enclosure



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

March 29, 1985

Hondo Drilling Company
Wright Federal #2
Sec. 29, T-18-S, R-29-E, NMPM
Eddy County, New Mexico

<u>Sales Month</u>	<u>Total MCF</u>	<u>Average/Day MCF</u>
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October	1177	38.0
November	1266	42.2
December	1318	42.5
January, 85	<u>1325</u>	<u>42.7</u>
Total for Six Months	7417	40.3 Average/Day

NOTE:

After shut-ins and El Paso's high line pressure this well will not come back, swabbing will be necessary.

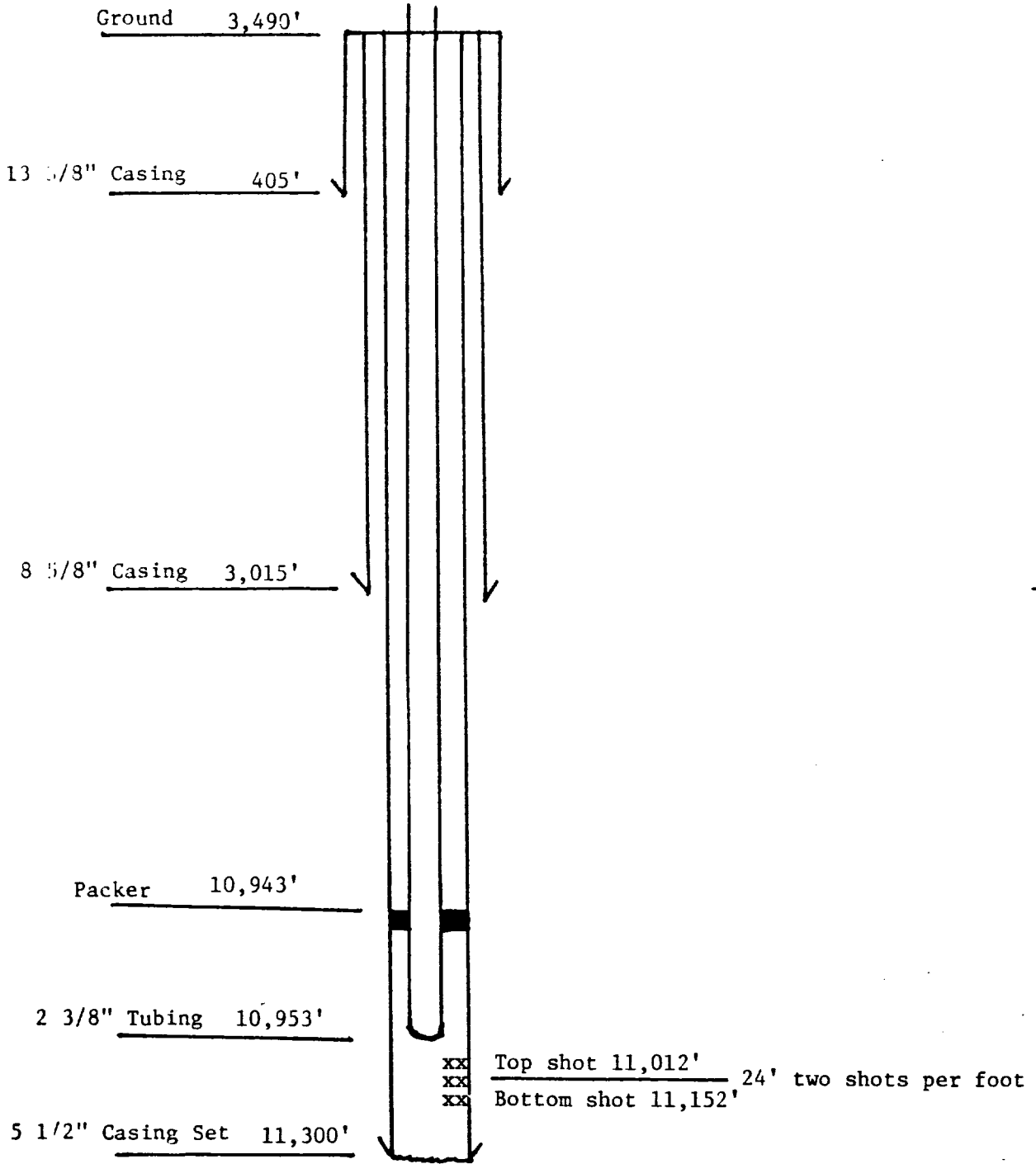


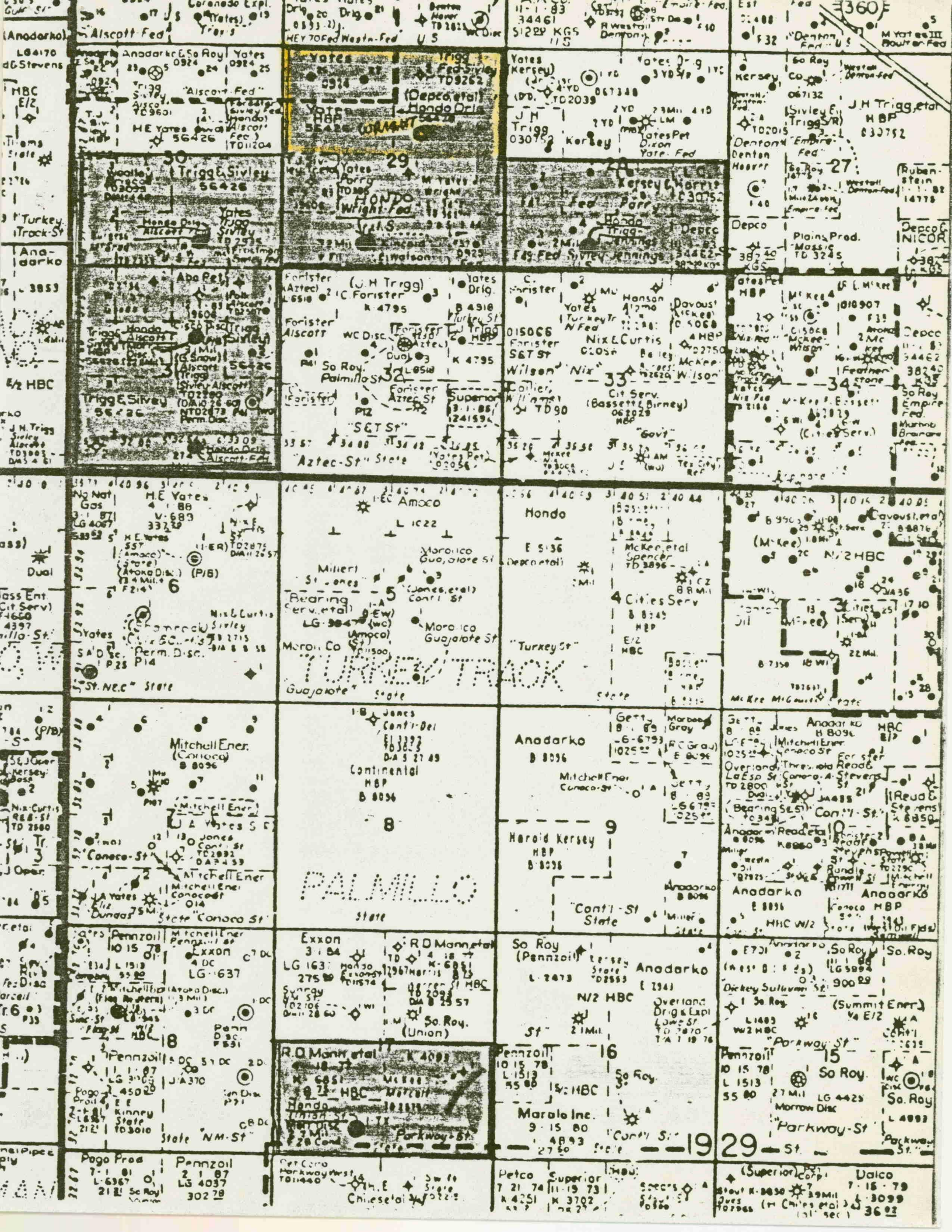
HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Lease Wright Federal Com. Well Number 2

Location U.S. Lease #NM-0924 - NW/4 and U.S. Lease #NM-0925 - NE/4, Section 29,
T-18-S, R-29-E, N.M.P.M. - 320 acres, more or less
County Eddy, New Mexico.





360

(Anadarko) L84170 dGStevens

MBC EIZ

Turkey Track

Anadarko

1/2 HBC

J.M. Trigg Sully

Dual

SA D Sc. Perm. Disc.

(P/B)

Nix & Curtis

1/2 HBC

Pennzoil

Pago Prod

Yates 0924

Hondo

Hondo

Forister

Forister

TURKEY TRACK

PALMILLO

Exxon

R.D. Mann et al

Petco Superior

Yates 34461

Kersey

Kersey

Forister

Forister

Hondo

Anadarko

So Roy

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Petco Superior

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Kersey

Hanson

Hanson

Mckee

Anadarko

So Roy

Pennzoil

(Superior) Corp



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

Oil Conservation Division

Drawer DD

Artesia, NM 88210

Re: Lease: *WRIGHT FEDERAL*

Well & Location: *2, SEC. 29, T-18-S, R-29-E*

Pool: *NORTH TURKEY TRACT MORROW*

County: *EDDY COUNTY, NM*

Copies of the "Application for Classification as Hardship Gas Well" for the well captioned above have been sent on this the 18th day of APRIL 1985 to the following parties:

1. Yates Petroleum
207 S. 4th.
Artesia, NM 88210
2. Yates Drilling
207 S. 4th.
Artesia, NM 88210
3. J.H. Trigg
Box 520
Roswell, NM 88201
4. Depeco
1000 Petroleum Bldg.
110 16th. Street
Denver, CO 80802
5. El Paso Natural Gas Co.
Box 1492
El Paso, TX 79978

Lamar Eschberger
Consulting Petroleum Engineer
HONDO DRILLING COMPANY



HONDO DRILLING COMPANY

POST OFFICE DRAWER 2516 • MIDLAND, TEXAS 79702-2516 • (915) 682-9401

April 12, 1985

Re: Application for Classification
as Hardship Gas Well
Lease: *WRIGHT FEDERAL*
Well & Location: *2, SEC. 29, T-18-S, R. 29-E*
Pool: *NORTH TURKEY TRACT MORROW*
County: *EDDY COUNTY, NM*

Gentlemen:

According to our records you are a diagonal offset operator to the captioned well operated by Hondo Drilling Company. The proration unit assigned to this well includes the *NW/4 AND NE/4 SEC. 29, 320 ACRES MORE OR LESS*.

Please be advised that Hondo has filed application with the New Mexico Oil Conservation Division for the *WRIGHT FEDERAL NO. 2* well to be placed in the Hardship Gas well Classification. This would allow the well not to be completely shut-in during periods of low gas demand. It is difficult to keep this well producing normally with the frequent purchaser shut-ins. It has already suffered formation damage because of previous shut-in periods.

If you have any questions let us hear from you.

Very truly yours,

Lamar Eschberger, Consulting Petroleum Engineer
HONDO DRILLING COMPANY

LE/aer

John Shockley - Swabbing Service, Inc.

P. O. BOX 1857

EUNICE, NEW MEXICO 88231

(6)

PHONE
394-3435
393-1088

JOHN SHOCKLEY, PRESIDENT

RECEIVED

INVOICE N° 3416

TO: Hondo Drilling Co.
P.O. Drawer 2516
Midland, Texas 79702
Attention: George Bullard

DEC 6 1984

Ans'd.....

Date December 5, 1984

Contract No.

AFE No.

Req. or

Purchase Order No.

Lease & Well No.

Wright #1 Swab Unit #14

11-30-84

#7819

Roaded unit to location, Rigged up, 0# on Csg., 0# on Tbg.,
First fluid at 9200', Swabbed appx. 8 Bbl. of water to
pit, Very light gas, Last fluid at 11,000', 0# on Csg.,
Closed well in, Rigged down.

Two Man Crew	7½ Hrs.	@	63.25	474.38
Swab Cups	6	@	15.50	93.00
OSR	2	@	9.75	19.50

	586.88
4½% NM Tax	24.94
	611.82

Job Complete
Thank You

TERMS: NET. DUE IN 30 DAYS.



HONDO DRILLING COMPANY

410 NORTH LORAINÉ • DRAWER 2516 • MIDLAND, TEXAS 79702 • (915) 682-9401

February 14, 1985

*Mr. Manning called
2-15-85 about
hard ship well -
signed by jurisdiction
operator - will leave wells on
as above -*

Mr. Bill G. Lane
Systems Dispatching
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: Shut-in of Union TX State,
Alcott #1, Alcott #2,
Alcott #3, Wright #1,
Wright #2, and Trigg-
Jennings wells

Dear Mr. Lane:

Enclosed is a copy of the exemptions on the above captioned wells from the State of New Mexico Energy and Minerals Department as per our conservation today. These reports were signed by Joe B. Murray, Field Well Testing Supervisor on August 24, 1984.

If there is any further information, please let me know.

Yours truly,

HONDO DRILLING COMPANY

George D. Bullard

George D. Bullard
Production Superintendent

GDB/ml

Enclosures

*Exempt from shuttling
wells in to test them -
Jerry Sutton
Oil Conservation Division
Hobbs, NM*