

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8216
Order No. R-7742

APPLICATION OF M. J. BRANNON FOR
HARDSHIP GAS WELL CLASSIFICATION,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on July 11, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 7th day of December, 1984, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, M. J. Brannon, seeks a determination that its Federal 20 Well No. 1R, located in Unit J of Section 20, Township 25 North, Range 9 West, NMPM, San Juan County, New Mexico, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

(3) Said Federal 20 Well No. 1R has experienced increases in water production since 1981.

(4) When the well is shut in, swabbing is required to return it to production.

(5) The applicant's attempt to shut off the excessive water production was unsuccessful.

(6) The Federal 20 Well No. 1R is completed in the Basin-Dakota Pool.

(7) Reserves may be lost if said well is shut-in or if the well must be killed for further workover.

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(8) Production testing demonstrates that said Federal 20 Well No. 1R should be produced at a rate of 130 MCFD in order to lift the water from the formation.

(9) Said well is currently classified as a marginal well in the Basin-Dakota Pool.

(10) To prevent waste, applicant's Federal 20 Well No. 1R should be designated a hardship gas well and be given priority access to the available market for gas.

(11) Such classification should be subject to the limitations described in Rule 412 of the Division's Rules and Regulations.

IT IS THEREFORE ORDERED THAT:

(1) The Federal 20 Well No. 1R located in Unit J of Section 20, Township 25 North, Range 9 West, NMPM, Basin-Dakota Pool, San Juan County, New Mexico, is hereby designated as a hardship gas well subject to the following terms and conditions:

- (a) The well will be given priority access to the available gas market;
- (b) If reclassified to non-marginal, the well shall accumulate overproduction and underproduction but shall not be shut-in because of overproduction;
- (c) The minimum approved flow rate for the well shall be 130 MCFD;
- (d) The well shall not be produced at a rate in excess of 130 MCFD so long as it is overproduced on a cumulative basis;
- (e) The hardship classification shall be retained only through December 1, 1985, unless the operator obtains an extension thereof under the terms of Division Rule 412 A; and,
- (f) The well shall be subject to all terms and provisions of Division Rule 412.

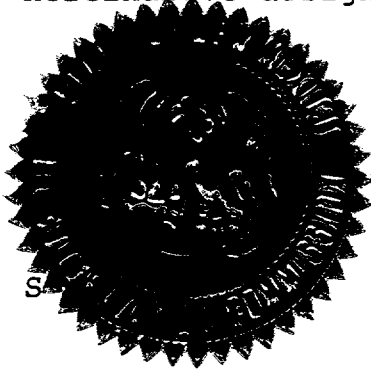
(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.



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A handwritten signature in cursive script, appearing to read "R. L. Stamets", written over the printed name.

R. L. STAMETS,
Director