PADILLA & SNYDER

ATTORNEYS AT LAW

200 W. MARCY, SUITE 212

P.O. BOX 2523

SANTA FE, NEW MEXICO 87504-2523

(505) 988-7577

May 8, 1986

Mr. Richard L. Stamets
Division Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Re: Case 8865 - Order R-8211

Dear Mr. Stamets:

Enclosed for filing and your consideration are (1) the Application for Hearing <u>de novo</u> and Motion for Stay and (2) proposed Order staying the effect of Order R-8211, on behalf of Santa Fe Exploration Company.

Should you need additional information, please let me know.

Ernest L. Padilla

ELP:jmo Enclosures

Copies: William F. Carr, Esq. (w/ enclosures)

Mr. Paul Burshell (w/ enclosures)
Mr. Steve L. Simmons (w/ enclosures)

BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SANTA FE EXPLORATION COMPANY FOR HARDSHIP GAS WELL CLASS-IFICATION; EDDY COUNTY, NEW MEXICO.

CASE 8865

APPLICATION FOR HEARING DE NOVO AND MOTION FOR STAY

Applicant Santa Fe Exploration Company, by its attorneys, requests a hearing <u>de novo</u> as a result of the issuance of Order R-8211 on April 25, 1986.

Applicant further requests a stay of said order upon the following grounds:

- 1. Following issuance of Order R-8211, Applicant has received notice from its pipeline purchaser, El Paso Natural Gas Company, that its Exxon State Com Well No. 1 will be shut-in due to adverse natural gas market conditions.
- 2. Upon information and belief, El Paso Natural Gas Company, also the pipeline purchaser of natural gas from adjoining natural gas wells capable of significantly higher natural gas production than the Exxon State Com Well No. 1, does not intend to curtail the production from said adjoining wells.
- 3. Pending a hearing before the Oil Conservation Commission, the correlative rights of adjoining oil and gas interest owners will not be impaired because the Exxon State Com Well No. 1 is not capable of high production and averages approximately 40 Mcf per day.

4. Prolonged shut-in periods of the Exxon State Com Well No. 1 may irreparably damage the producing zone and force premature abandonment of the well, thus precluding recovery of natural gas reserves which would otherwise be recovered.

Respectfully submitted,

PADILLA & SNYDER

Expest L. Padilla

Post Office Box 2523

Santa Fe, New Mexico 87504-2523

(505) 988-7577

Attorneys for Applicant

Santa Fe Exploration Company

This is to certify that the undersigned caused a true and correct copy of the foregoing Application for Hearing de novo and Motion for Stay to be mailed first class and postage prepaid to:

William F. Carr, Esq. Post Office Box 2208 Santa Fe, New Mexico 87504-2208

Mr. Paul Burshell El Paso Natural Gas Company Post Office Box 1492 El Paso, Texas 79978

this 8th day of May, 1986.

BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SANTA FE EXPLORATION COMPANY FOR HARDSHIP GAS WELL CLASS-IFICATION; EDDY COUNTY, NEW MEXICO.

CASE 8865

ORDER OF THE DIVISION

The Motion for Stay of Santa Fe Exploration Company having been considered by the Division and the Division being otherwise informed;

IT IS HEREBY ORDERED that Order R-8211 is hereby stayed and suspended pending a hearing and order of the Oil Conservation Commission on the request for <u>de novo</u> hearing by Santa Fe Exploration Company.

OIL CONSERVATION DIVISION

Richard L. Stamets
Division Director

WILLIAM G. McCOY. P.E.

Petroleum Consultant

Exploration • Development • Operations

P.O. Box 9730 Santa Fe. New Mexico 87504

[505] 983-6416

January 30, 1986

Case 8865

New Mexico Oil Conservation Division P.O. Drawer DD Artesia, New Mexico 88210

Re: Hardship Gas Well Santa Fe Exploration Co. No.1 Exxon Comm

Unit L, Sec.2, T-20-S, R-25-E

Eddy County, New Mexico

Gentlemen:

RECEIVED BY

JAN 3 1 1986

O. C. D.

ARIESIA, OFFICE

Attached is an application for Hardship Gas Well classification on the captioned. This date we have received a letter from El Paso proposing to shutin this well due to market conditions. Santa Fe Exploration Co. feels that this shutin will damage the well and prevent full recovery of the remaining reserves creating waste.

Santa Fe Exploration Co. will run a log off test on the well and accumulate additional information to file a request for hearing before the Oil Conservation Commission in Santa Fe at an early date.

Very truly yours,

WM/gw

Enc1-3

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STATE OF NEW MEXICO THERGY AND MINERALS DEPARTMENT

Santa Fe, New Mexico 87501 Case 8865 OIL CONSERVATION DIVIDION

POPE RECEIVED BY Side 1

> O. C. D. ARTESIA, OFFICE

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

perator Santa Fe Exploration Co.	Contact Party W.G. McCo
diress P.O. Box 1136 Roswell, NM 8820	1 Phone No. 505-623-2733
wase Exxon State Commwell No. 1 UT	L Sec. 2 TWP 20S RGE 25E
col Name Cemetary Morrow	Minimum Rate Requested 100 MCFPD
ransporter Name El Paso Natural Gas	Purchaser (if different)
re you seeking emergency "hardship" classificat	tion for this well? X yes no
splicant must provide the following informational qualifies as a hardship gas well.	n to support his contention that the subject

- 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)
- Decument that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
 - Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
 - Mechanical condition of the well(provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
 - the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.

Present historical data which demonstrates conditions that can lead to waste. Such data should include:

- Permanent loss of productivity after shut-in periods (i.e., formation damage).
- 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.
- Actual cost figures showing inability to continue operations without special relief

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:

- Minimum flow or "log off" test; and/or
- 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.

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

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

intach 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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SANTA FE EXPLORATION CO.

No.1 Exxon State Comm Unit L, Sec.2, T-20-S, R-25-E Eddy County, New Mexico JAN 3 1 1986

O. C. D. ARTESIA, OFFICE

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		Set at <u>9850</u> Cmt'd <u>400</u> sxs.
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