

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 9104
Order No. R-8482

APPLICATION OF BARUCH-FOSTER CORPORATION
FOR HARDSHIP GAS WELL CLASSIFICATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 8, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 5th day of August, 1987, 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, Baruch-Foster Corporation, seeks a determination that its Little Jewel Com Well No. 1, located 1980 feet from the North line and 1900 feet from the West line (Unit F) of Section 31, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

(3) Said well was dually completed, pursuant to Administrative Order No. MC-1945 dated May 26, 1971, in the South Carlsbad-Strawn and South Carlsbad-Morrow Gas Pools in October 1971.

(4) Presently the well is on a compressor and producing only from the South Carlsbad-Morrow Gas Pool. This application should therefore consider hardship classification for the Morrow zone only.

(5) The evidence presented indicates that this Morrow zone exhibits characteristics of a depleted low pressure/low volume reservoir, is susceptible to formation damage after shut-in, and is fluid sensitive.

(6) Presently there are no liquids being produced from this well and attempts to unload fluids by swabbing and the use of soap sticks have been unsuccessful. There are indications, however, that produced water is present in the formation at perforations and is causing the clays in the zone to swell, thereby restricting permeability and causing a loss of production.

(7) The evidence presented indicates that said Little Jewel Com Well No. 1 can be adequately produced at a rate of 350 MCF per day without causing the compressor to shut down and lose suction.

(8) The subject well is currently classified as a marginal well in the South Carlsbad-Morrow (Prorated) Gas Pool.

(9) No interested party appeared at the hearing to object to this application.

(10) At the time of the hearing the applicant requested that a provision be considered allowing administrative approval of an increase in the minimum flow rate for the well upon proper showing to the Division Director that such an increase is necessary and justified.

(11) To prevent waste, applicant's Little Jewel Com Well No. 1 should be designated a hardship gas well and be given priority access to the available market for gas.

(12) 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 Baruch-Foster Corporation Little Jewel Com Well No. 1, located 1980 feet from the North line and 1900 feet from the West line (Unit F) of Section 31, Township 22 South, Range 27 East, NMPM, South Carlsbad-Morrow Gas Pool, Eddy 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;

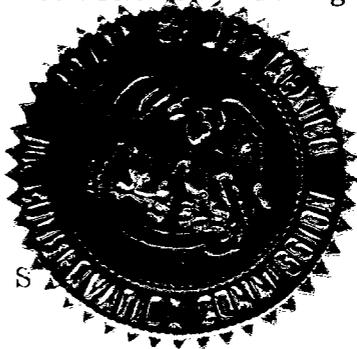
- (b) If reclassified to non-marginal, the well shall accumulate overproduction and underproduction but shall not be shut-in because of overproduction;
- (c) The minimum approved flow rate for the well shall be 350 MCFD;
- (e) The hardship classification shall be retained only until May 31, 1988, unless 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) The Director of the Division may grant an increase in the minimum flow rate for the well at any time upon a proper showing by the applicant that said increase is necessary to maintain production in the well and the following conditions are met:

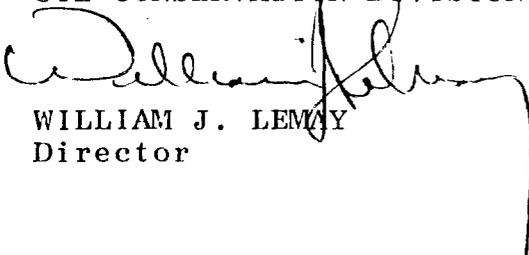
- (a) All offset operators and the transporter are notified by certified or registered mail of the applicant's intention to apply for an increase in the minimum flow rate for the well; and
- (b) No objection to the proposed increase is entered within a period of 15 days.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director