

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. 8593
Order No. R-8026

APPLICATION OF CORINNE B. GRACE
FOR HARDSHIP GAS WELL CLASSIFICATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on July 2, 1984, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 23rd day of September, 1985, 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, Corinne B. Grace seeks a determination that her Carlsbad Grace Well No. 1, located 1980 feet from the South line and 660 feet from the East line of Section 36, Township 22 South, Range 26 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) The subject well is completed in the South Carlsbad Strawn Gas Pool.

(4) The Carlsbad Grace Well No. 1 was completed May 4, 1972, produced relatively small volumes of water until November of 1984, and thereafter experienced successively larger volumes of water production.

(5) The well, after being shut-in, requires extensive swabbing or other remedial work to return it to production.

(6) The well produces smaller and smaller volumes of gas after each respective shut-in and return to production.

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(7) The applicant has performed changes in the operation of the well, including the installation of a compressor, in order to improve the production and flow characteristics of gas from the formation.

(8) The Strawn formation appears to be fluid sensitive and approximately 500 MMCF of potential reserves may be lost if said well is shut-in or if the well is killed for further workovers.

(9) A minimum flow rate test should be performed on the subject well in accordance with the instructions of the District Supervisor of the Division's Artesia District office.

(10) The results of said test should be reported to the Oil Conservation Division office and the minimum flow rate established from the test should be adopted as the official minimum flow rate.

(11) The subject well is currently not overproduced in the South Carlsbad-Strawn Gas Pool.

(12) Should the subject well ever become overproduced, it should not be permitted to produce at a rate in excess of the official minimum flowrate established in Finding No. (10) above and should continue producing at said rate until any overproduction is made up.

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

(14) 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 Carlsbad Grace Well No. 1 located 1980 feet from the South line and 660 feet from the East line of Section 36, Township 22 South, Range 26 East, NMPM, South Carlsbad - Strawn 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;

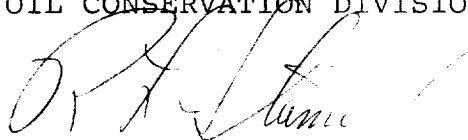
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- (b) The well shall accumulate overproduction and underproduction but shall not be shut-in because of overproduction;
 - (c) A minimum flow rate test run in accordance with the instructions of the Artesia District Office must be performed within 30 days on the subject well and the established flow rate from the test shall be adopted as the "official minimum flow rate" for the subject well.
 - (d) Said official minimum flow rate must be reported to the Oil Conservation Division's Santa Fe Division office on or before November 1, 1985, so the established flow rate may be incorporated into the records of this case.
 - (e) The well shall not be produced at a rate in excess of "official minimum flow rate" so long as it is overproduced on a cumulative basis;
 - (f) The hardship classification shall be retained only through September 1, 1986, unless the operator obtains an extension thereof under the terms of Division Rule 412 A; and,
 - (g) The well shall be subject to all terms and provisions of Division Rule 412.
- (2) That 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



R. L. STAMETS,
Director

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