

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. 8336
Order No. R-7736

APPLICATION OF KAISER-FRANCIS OIL
COMPANY 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 October 3, 1984, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 6th 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, Kaiser-Francis Oil Company, seeks a determination that its Pure Gold "A" Federal Well No. 1, located in Unit A of Section 21, Township 23 South, Range 31 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 Pure Gold "A" Federal Well No. 1 was completed in the Morrow Formation, produced relatively small volumes of water until January, 1983, and thereafter experienced substantial increases in water production.
- (4) When the well is shut in, extensive swabbing is required to return it to production.
- (5) The applicant was unable to replace the original tubing string with one of lesser diameter or use artificial lift devices to obtain better flow characteristics from the formation, because the well is too deep to unload fluids

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through small diameter tubing or uneconomical to utilize the artificial lift equipment.

(6) The Pure Gold "A" Federal Well No. 1 is completed in the West Sand Dunes-Morrow Pool.

(7) The Morrow formation is fluid sensitive and reserves therefrom may be lost if said well is shut-in or if the well must be killed for workover.

(8) Production testing demonstrates that said Pure Gold "A" Federal Well No. 1 should be produced at a rate of 350 MCFD in order to lift the water from the formation.

(9) To prevent waste, applicant's Pure Gold "A" Federal Well No. 1 should be designated a hardship gas well and be given priority access to the available market for gas.

(10) 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 Pure Gold "A" Federal Well No. 1 located in Unit A of Section 21, Township 23 South, Range 31 East, NMPM, West Sand Dunes-Morrow 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) The minimum approved flow rate for the well shall be 350 MCFD;
- (c) The hardship classification shall be retained only through May 31, 1985, unless the operator obtains an extension thereof under the terms of Division Rule 412 A; and,
- (d) The well shall be subject to all terms and provisions of Division Rule 412.

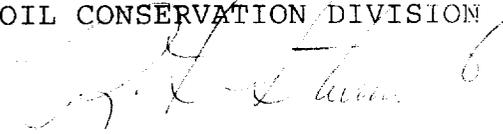
(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


R. L. STAMETS,
Director

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