

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 8890 DE NOVO
Order No. R-8236-A

APPLICATION OF NORTHWEST
PIPELINE CORPORATION FOR
HARDSHIP GAS WELL CLASSIFI-
CATION, RIO ARriba COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 8:15 a.m. on August 7, 1986, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 4th day of September, 1986, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Northwest Pipeline Corporation, seeks a determination that its San Juan 29-5 Unit Well No. 91 located 1140 feet from the North line and 1840 feet from the East line (Unit B) of Section 35, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

(3) The matter came on for hearing at 8:15 a.m. on May 28, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner and, pursuant to his hearing, Order No. R-8236 was issued on June 4, 1986, which denied the application.

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(4) On June 23, 1986, application for Hearing De Novo was made by the applicant and the matter was set for hearing before the Commission.

(5) The matter came on for hearing de novo on August 7, 1986.

(6) The San Juan 29-5 Unit Well No. 91 was completed in July, 1980 in the Basin-Dakota Pool and produced thereafter through the perforated interval from 8,726 to 8,736 feet until shut-in for overproduction on September 19, 1984.

(7) When efforts were made to return the well to production, it was discovered that the well was logged off and the well was returned to production on December 3, 1985, only after extensive swabbing.

(8) Evidence at the hearing indicates the remaining recoverable gas reserves in the well to be 190.32 MMCF, and that 129.05 MMCF of gas reserves were lost while the well was shut-in from September, 1984 to December, 1985.

(9) Additional reserves may be lost if said well is further shut-in or if the well is killed for further workover.

(10) In addition, the economic condition of the well is such that any mechanical attempt to alleviate the water loading problem is cost prohibitive at this time.

(11) Production history indicates that the San Juan 29-5 Unit Well No. 91 should be produced at a rate of 28 MCFD in order to lift the water from the formation and prevent the well from further logging off.

(12) To prevent waste, applicant's San Juan 29-5 Unit Well No. 91 should be designated a hardship gas well and be given priority access to the available market for gas.

(13) 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 San Juan 29-5 Unit Well No. 91 located 1140 feet from the North line and 1840 feet from the East line (Unit B) of Section 35, Township 29 North, Range 5 West, NMPM, Basin-Dakota Pool, Rio Arriba County, New Mexico, is

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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 28 MCFD;

(c) The hardship classification shall be retained only through September 1, 1987, unless the operator obtains an extension thereof under the terms of Division Rule 412A; 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 Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member



R. L. STAMETS, Chairman and
Secretary

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