



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

July 12, 1985

50 YEARS



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Schalk Development Company
P. O. Box 25825
Albuquerque, New Mexico 87125

Gentlemen:

Under the provisions of Rule 412A and pursuant to your request, the hardship gas well authority granted by Division Order No. R-7749 is hereby continued in effect until May 31, 1986.

Sincerely,

R. L. STAMETS
Director

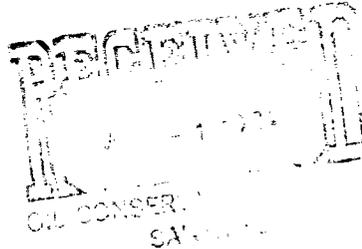
RLS/fd

cc: Northwest Pipeline Co.

SCHALK DEVELOPMENT CO.
P.O. BOX 25825
ALBUQUERQUE, NEW MEXICO 87125

April 29, 1985

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501



Re: Order R-7749
Hardship Gas Well Classification
Schalk Development Company
Schalk 62 #1 Well
Rio Arriba County, New Mexico

Case 8337

L. J. T. a.

Gentlemen:

We hereby request the extension for one year of the Hardship Gas Well classification of the subject well as provided in Rule 1 (e) of Order R-7749 and Rule 412 A of the RULES AND REGULATIONS.

I hereby certify that the producing conditions have not substantially changed from those presented as testimony in Case 8337 on October 17, 1984.

If further information is needed, please contact us.

Yours very truly,

SCHALK DEVELOPMENT COMPANY

Steve Schalk

SS/lc

cc: Northwest Pipeline Corporation
P. O. Box 8900
Salt Lake City, Utah 84104-0900

SCHALK DEVELOPMENT CO.

P.O. BOX 25825

ALBUQUERQUE, NEW MEXICO 87125

July 2, 1985

Mr. Richard Stamets
Division Director
State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Order R-7749

Dear Mr. Stamets:

In response to a conversation I had yesterday with Gilbert Quintana, I am enclosing a copy of a letter dated April 29, 1985 which was sent by Schalk Development Co. and requested an extension of the order referenced above. We were aware of the necessity of filing this letter by May 31, 1985, so this letter was sent in April, 1985.

As Northwest has indicated that they may shut this well in, we felt that we should check into the status of the order referenced above.

Please contact me at 247-2294 if you need any further information.

Very truly yours,

SCHALK DEVELOPMENT COMPANY



Claudia Short

CS/lj

Enclosure

SCHALK DEVELOPMENT CO.
P.O. BOX 25825
ALBUQUERQUE, NEW MEXICO 87125

April 29, 1985

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Order R-7749
Hardship Gas Well Classification
Schalk Development Company
Schalk 62 #1 Well
Rio Arriba County, New Mexico

Gentlemen:

We hereby request the extension for one year of the Hardship Gas Well classification of the subject well as provided in Rule 1 (e) of Order R-7749 and Rule 412 A of the RULES AND REGULATIONS.

I hereby certify that the producing conditions have not substantially changed from those presented as testimony in Case 8337 on October 17, 1984.

If further information is needed, please contact us.

Yours very truly,

SCHALK DEVELOPMENT COMPANY

Steve Schalk

SS/lc
cc: Northwest Pipeline Corporation
P. O. Box 8900
Salt Lake City, Utah 84104-0900



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

December 20, 1984

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 3337
ORDER NO. R-7749

Applicant:

Schalk Development Co.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

R. L. STAMETS
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other _____

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. 8337
Order No. R-7749

APPLICATION OF SCHALK DEVELOPMENT
CO. FOR HARDSHIP GAS WELL CLASSIFICATION,
RIO ARRIBA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on October 17,, 1984, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 19th 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, Schalk Development Co., seeks a determination that its Schalk 62 Well No. 1, located in Unit P of Section 33, Township 32 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 Schalk 62 Well No. 1 was completed in the Basin Dakota Pool in 1973, produced relatively small volumes of water until May, 1982, 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 has tried unsuccessfully to utilize a plunger lift system in the well to remove the build-up of water in the wellbore.

(6) Reduction of the current tubing size in the well would be ineffective in obtaining better flow characteristics from the formation because of the high volumes of produced water needed to be lifted from the wellbore.

(7) Approximately \$15,000 has been expended in swabbing and treatment costs to restore the well to production. Production was interrupted because of loading up of water in the wellbore due to production curtailments by the pipeline.

(8) Evidence was presented to show that a substantial amount of remaining recoverable gas reserves may be lost if said well continues to be shut-in because of pipeline curtailments or further workovers.

(9) Production testing demonstrates that the Schalk 62 Well No. 1 should be produced at a rate of 35 MCFD in order to lift the water from the formation.

(10) Said well is currently not overproduced in the Basin-Dakota Pool, but should not be permitted to produce at a rate in excess of 35 MCFD should the well become overproduced in said pool and until such overproduction is made up.

(11) To prevent waste, applicant's Schalk 62 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 Schalk 62 Well No. 1 located in Unit P of Section 33, Township 32 North, Range 5 West, NMPM, Basin-Dakota Pool, Rio Arriba 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 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 35 MCFD;

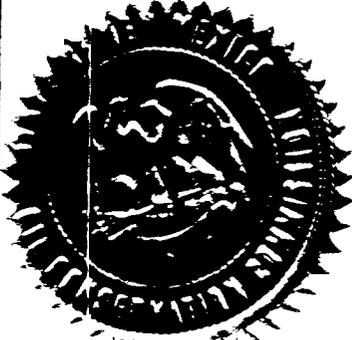
(d) The well shall not be produced at a rate in excess of 35 MCFD so long as it is overproduced on a cumulative basis;

(e) 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,

(f) 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.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. Stamets
R. L. STAMETS,
Director