



STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
 OIL CONSERVATION DIVISION  
 HOBBS DISTRICT OFFICE

October 22, 1985

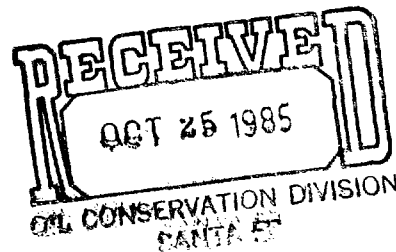
50 YEARS



1935 - 1985

**TONEY ANAYA**  
 GOVERNOR

POST OFFICE BOX 1980  
 HOBBS, NEW MEXICO 88240  
 (505) 393-6161



Mr. Sterling J. Talley, President  
 Penroc Oil Corporation  
 P. O. Drawer 831  
 Midland, Texas 79702

Re: Emergency Hardship Classification  
 Madera Com No. 1  
 Section 11, T-24-S, R-34-E  
 Lea County, New Mexico

*Case 8759*

Dear Mr. Talley:

Due to the production history of the subject well as outlined in your letter of October 14, 1985, and to the cost of swabbing the well after it has been shut in, it appears that an emergency hardship classification is warranted. We are, therefore, granting the emergency classification for a period of 90 days in accordance with Division Rule 411.

Yours very truly,

OIL CONSERVATION DIVISION

Jerry Sexton  
 Supervisor, District 1

mc  
 cc  Mr. R. L. Stamets, Director  
 Oil Conservation Division  
 Santa Fe, New Mexico

Mr. Ray McClure  
 El Paso Natural Gas Co.  
 El Paso, Texas

# PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79702

Telephone (915) 683-1861

October 14, 1985

Case 8759

Re: Emergency Hardship Classification  
Madera Comm. No. 1  
Eddy County, New Mexico

Oil Conservation Division  
P. O. Box 1980  
Hobbs, New Mexico 88240

Attention Mr. J. T. Sexton  
Supervisor

Gentlemen:

This is to request that the cationed well be granted an Emergency Hardship Classification for a period of 90 days. You will recall that we discussed this well by telephone last week.

The Madera Comm. No. 1 well was completed 3-15-74 with an initial potential flowing 1.440 MCFGPD and 74.5 barrels condensate from the Morrow formation through perforations 13,524-13,744 feet. Total depth being 14,100 feet.

Gas connection was made to the sales line of El Paso Natural Gas Company in June, 1974. Shut-in tubing pressure was 4259#.

It was necessary to install a compressor in late 1980.

The need for approval for an emergency hardship classification is not so much to simply be able to produce gas but more importantly, in this case, it is more an urgency to determine if the well can even be kept on production. The Madera Comm. is struggling to survive after it appeared all was lost because of repeated shut-ins that are all too frequent.

The well was shut-in several times for lack of market demand, sales line freezing, etc. the first 5 1/2 months of 1985. Early in the year the well averaged flowing 260 MCFGPD when open. In early June the daily average production was closer to 200 MCF. On June 20, 1985, the Madera was shut-in by El Paso for the annual shut-in tubing pressure test. When re-opened it would not flow. It was alternatedly shut-in for pressure buildup and then open to test with no success. On July 5, 6 and 7 the well

PENROC OIL CORPORATION  
Emergency Hardship Classification  
Madera Comm. No. 1  
Eddy County, New Mexico  
Oil Conservation Division  

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October 14, 1985  
Page 2.

was swabbed. No production was evidenced from this effort. More shut-in and open procedures followed. Then in August, 1985 the tubing was pulled, sliding seal packer assembly repaired, and tubing run back in well. Extensive swabbing followed with no results. After more alternate shut-in and blow down efforts the Madera was swabbed again in late September. After pressure buildup to 2800# the well has managed to produce a limited amount starting at 50 MCFGPD. As of the 11th of October it had slowly increased to 120 MCFGPD.

If this well were to be shut-in again at this time, evidence points out that it probably would not recover again. There is already damage to the formation, loss of producing capacity, loss of reserves, and is not economic enough to withstand the cost to repeat what has just been summarized.


If sufficient, continued production is evidenced, a request for hearing will be made to attempt for approval of a regular hardship gas well classification.

A notification of your emergency approval should be forwarded to El Paso Natural Gas Company, P. O. Box 1492, El Paso, Texas 79778 to the attention of Mr. Ray McClure.

Thank you for your consideration.

Very truly yours,

PENROC OIL CORPORATION

  
Sterling J. Talley  
President

SJT:msr

CC/Mr. Ray McClure  
El Paso Natural Gas Co.  
P. O. Box 1492  
El Paso, Texas 79778

Case 8759

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

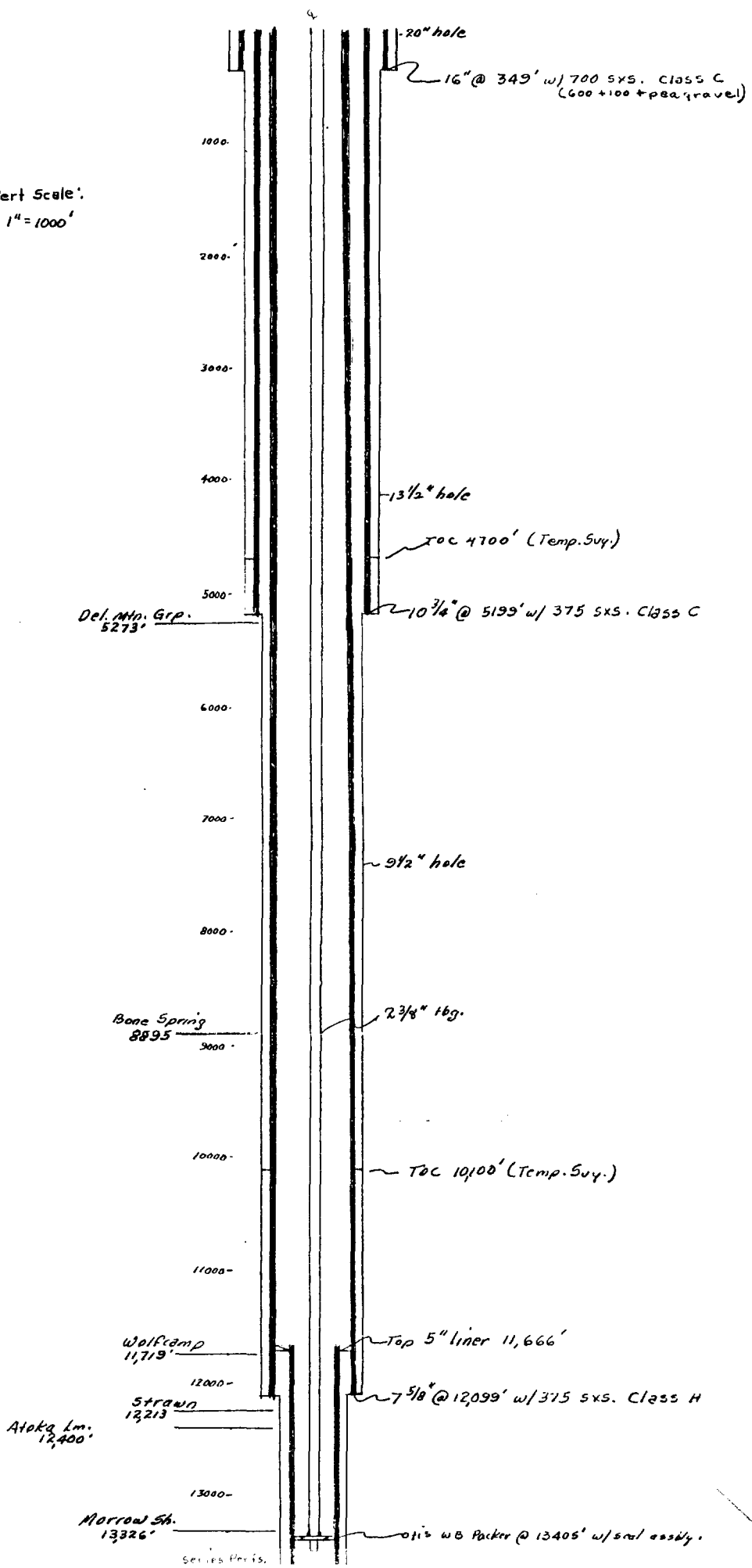
Operator PENROC OIL CORPORATION Contact Party S. J. TALLEY  
Address P O DRAWER 831 MIDLAND TX 79702 Phone No. 915-683-1861  
Lease MADERA COMM Well No. 1 UT C Sec. 11 TWP 24S RGE 34E  
Pool Name ANTELOPE RIDGE MORROW Minimum Rate Requested 225 MCFPD  
Transporter Name EL PASO NATURAL GAS COMPANY Purchaser (if different) -----  
Are you seeking emergency "hardship" classification for this well? X yes        no

Applicant must provide the following information to support his contention that the subject well qualifies as a hardship gas well.

- 1) Provide a statement of the problem that leads the applicant to believe that "underground waste" will occur if the subject well is shut-in or is curtailed below its ability to produce. (The definition of underground waste is shown on the reverse side of this form)
- 2) Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
  - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
  - b) Mechanical condition of the well (provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
    - i) the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
- 3) Present historical data which demonstrates conditions that can lead to waste. Such data should include:
  - a) Permanent loss of productivity after shut-in periods (i.e., formation damage).
  - b) Frequency of swabbing required after the well is shut-in or curtailed.
  - c) Length of time swabbing is required to return well to production after being shut-in.
  - d) Actual cost figures showing inability to continue operations without special relief
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, calculate the quantity of gas reserves which would be lost
- 5) Show the minimum sustainable producing rate of the subject well. This rate can be determined by:
  - a) Minimum flow or "log off" test; and/or
  - b) Documentation of well production history (producing rates and pressures, as well as gas/water ratio, both before and after shut-in periods due to the well dying, and other appropriate production data).
- 6) Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- 7) Submit any other appropriate data which will support the need for a hardship classification.
- 8) If the well is in a prorated pool, please show its current under- or over-produced status.
- 9) Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.



Vert Scale:  
1" = 1000'



Del. Mtn. Grp.  
5273'

Bone Spring  
8895'

Wolfcamp  
11,719'

Strawn  
12,213'

Atoka Lm.  
12,400'

Morrow Sh.  
13,326'

*Cont to 1/9/86*

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

KELLAHIN and KELLAHIN  
Attorneys at Law  
El Patio - 117 North Guadalupe  
Post Office Box 2265  
Santa Fe, New Mexico 87504-2265

Telephone 982-4285  
Area Code 505

December 5, 1985

RECEIVED  
DEC 5 - 1985  
OIL CONSERVATION DIVISION

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

"Hand Delivered"

Re: Penroc Oil Corporation  
Hardship Gas Well Application

Dear Mr. Stamets:

On behalf of Penroc Oil Corporation, we would appreciate you continuing Case 8759 from the Examiner docket of December 18, 1985, to the January 9, 1986 examiner docket. This application is for hardship gas well classification for the Madera Com Well No. 1 located in Unit C, Section 11, T24S, R34E, Antelope Ridge Morrow Gas Pool. The subject well is completed in the Morrow through perforations from 13,524 feet to 13,744 feet. I am advised that the well produced approximately 325 MCF a day in 1984 but has experienced significant problems as a result of extended shut-in periods beginning March to June, 1985. As a result of this shut-in, when the well was returned to production it was capable of only 193 MCF and 7 barrels of water a day during those days it produced in June, 1985. It was again shut-in for all of July and August and most of September. On September 29th production commenced at 52 mcf/day with October's production averaging 121 MCF and 4 barrels of water a day. As of November the well averaged 145 MCF and 5 barrels of water a day. The operator would like the month of December to see if the well has the capacity to restore itself to the daily producing rates that the well experienced before the shut-in periods of 1985.

This well has never paid out and the operator believes if the well is subject to another extended shut-in that it will further damage this well and its ability to produce its share of the gas reserves underlying this tract.

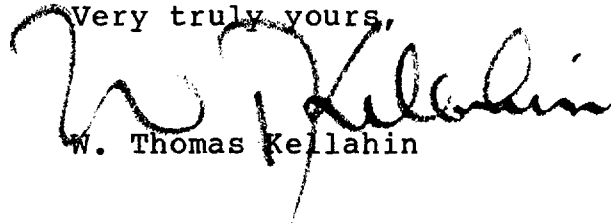
*Cont. to 1/9/86  
verbal from R.L.S. M.S.*

KELLAHIN and KELLAHIN

Mr. Richard L. Stamets  
December 5, 1985  
Page 2

Accordingly, we seek a continuance until January 9th to obtain additional production history from the well to determine if the hardship well classification is justified.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is written in a cursive style with a large, looping initial "W".

W. Thomas Kellahin

WTK:ca

cc: Sterling Talley  
Penroc Oil Corporation  
P. O. Drawer 831  
Midland, Texas 79701

El Paso Natural Gas Company  
Attn: H. L. Kendrick  
P. O. Box 1492  
El Paso, Texas 79978





**TONEY ANAYA**  
GOVERNOR

STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

December 30, 1985

50 YEARS



1935 - 1985

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88240  
(505) 393-6161

Mr. S. J. Talley  
Penroc Oil Corporation  
P. O. Drawer 831  
Midland, Texas 79702

Re: Hardship Gas Well Classification for  
Madera Comm Well No. 1, Unit C  
Section 11, T-24-S, R-34-E  
Lea County, New Mexico

Dear Mr. Talley:

I have examined the information contained in your Application for Classification as Hardship Gas Well for the subject well, and I concur that it qualifies for the Hardship Classification.

Yours very truly,

OIL CONSERVATION DIVISION

Jerry Sexton  
Supervisor, District 1

/mc



STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION

TONY ANAYA  
GOVERNOR

February 6, 1986

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. 3759  
ORDER NO. R-8142

Applicant:

Penroc Oil Corporation

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                           

Other H. L. Kendrick

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ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

*file  
case 8759*



January 5, 1987

GARREY CARRUTHERS  
GOVERNOR

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

Mr. Sterling J. Talley, Pres.  
Penroc Oil Corporation  
P. O. Drawer 831  
Midland, Texas 79702

RE: MADERA COM WELL NO. 1, HARDSHIP CLASSIFICATION,  
CASE NO. 8759, ORDER NO. R-8142

Dear Mr. Talley:

Your letter of January 2, 1987 has been received and reviewed concerning the captioned well in the Antelope Ridge Morrow Pool. Based on the information presented in your letter, the hardship classification is extended to February 1, 1988. The minimum flow rate is hereby reduced to 150 MCFD.

Please furnish the purchaser/transporter a copy of this letter.

Sincerely,

  
Charles Roybal  
Acting Director

CR:VTL:dp

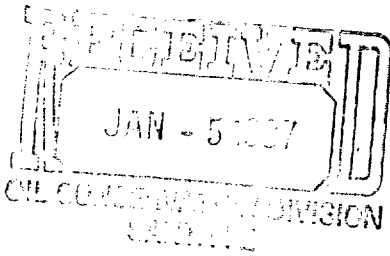
cc: W. T. Kellahin  
Copy enclosed for purchaser/transporter

# PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79702

Telephone (915) 683-1861

January 2, 1987



State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Re: Madera Com. Well No. 1  
Hardship Gas Well Classification  
Case No. 8759  
Order No. R-8142

Attention Mr. Victor T. Lyon

By virtue of the results of a hearing held on January 9, 1986, the Penroc Oil Corporation Madera Com. No. 1 well was designated as a hardship gas well. Term of said classification to run through February 1, 1987.

This is to request that the hardship gas well classification be extended one year to February 1, 1988.

Justification for the approval of this request is that the condition of the well has not improved during 1986 and all the facts of evidence presented at the hearing are still valid.

It was pointed out that the minimum approved flow rate approved for the well was 200 MCFD but the well has not produced that amount during the past year as it is has not been capable of doing so. In fact during April and July, 1986, it was difficult to maintain the well on line.

The following is a tabulation of the 1986 gas and water production.

<u>MONTH</u>	<u>GAS/MCF</u>	<u>WATER/BBLS</u>
January	3729	270
February	3531	252
March	3538	279
April	3067	232

PENROC OIL CORPORATION  
Madera Com. Well No. 1  
Hardship Gas Well Classification/Case # 8759  
Order No. R-8142  

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State of New Mexico/Energy & Minerals Dept.  
January 2, 1987  
Page 2.

gas and water production contiuned:

<u>MONTH</u>	<u>GAS/MCF</u>	<u>WATER/BBLs</u>
May	3817	269
June	3661	270
July	3112	248
August	4036	279
September	3895	260
October	3648	255
November	4138	279
December	4150	270

The Madera well has produced 44,324 MCG gas during 1986 which averages approximately 127 MCF gas per day produced. The approved flow rate should be in the 150 MCFGD range.

Efforts will possibly be made to increase the rate of flow over that of 1986 as the well has proved to be marginal from an economical standpoint.

May we have your approval?

Very truly yours,

PENROC OIL CORPORATION

  
Sterling J. Talley  
President

SJT:msr

CC: Mr. Thomas Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504

Case 8759

# PENROC

Penroc Oil Corporation / P. O. Box 5970 / Hobbs, New Mexico 88241 / Telephone (505) 397-3596 / Telecopier (505) 393-7051

March 13, 1989

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Attention: Mr. Victor T. Lyon

Re: Request for Extension of Hardship Classification  
Order No. ~~8759~~ R-8142 Case 8759  
Penroc Oil Corporation  
Madera Comm Well No. 1  
Antelope Ridge Morrow Pool  
Lea County, New Mexico

Dear Mr. Lyon:


PENROC OIL CORPORATION, the operator of the captioned well, requests an extension of Hardship Classification for the captioned well.

The undersigned certifies that conditions of the well and production has not improved since the issuance of the order and its extension. If anything, the condition of the well has deteriorated, as production is only 107 MCFD and 30 BWPD.

Your early approval to the extension of this hardship case will be greatly appreciated.

Sincerely,

PENROC OIL CORPORATION

  
M. Y. (Merch) Merchant  
President

MYM/lm

Penroc Oil Corporation

P O Box 5970

Hobbs NM 88341

Attn: M.Y. Merchant

Re Hardship Gas Well Classification - Madiera Cone Well no 1  
Antelope Ridge Morrow Pool, Lea County, NM Case 8745 Order  
no. R-8142

Dear Mr Merchant

Subject order apparently expired by its own terms and  
expiration of the one year extension ended February 1, 1988.  
However based on the information contained in your letter  
of March 13, 1989 the classification is hereby revised  
and extended to February 1, 1990. The minimum flow  
rate is reduced to 110 MCFD.

Please furnish copy of this letter to your transporter.

Y VT  
VT Lyon  
Dep Dir.

copy to Jerry Sexton  
Cathy Meyer  
case file