

PADILLA & SNYDER

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May 8, 1986

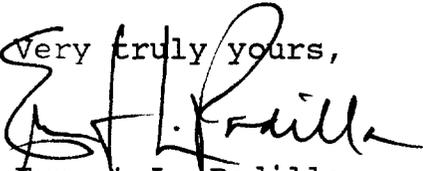
Mr. Richard L. Stamets
Division Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Re: Case 8865 - Order R-8211

Dear Mr. Stamets:

Enclosed for filing and your consideration are (1) the Application for Hearing de novo and Motion for Stay and (2) proposed Order staying the effect of Order R-8211, on behalf of Santa Fe Exploration Company.

Should you need additional information, please let me know.

Very truly yours,

Ernest L. Padilla

ELP:jmo
Enclosures

Copies: William F. Carr, Esq. (w/ enclosures)
Mr. Paul Burshell (w/ enclosures)
Mr. Steve L. Simmons (w/ enclosures)

BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SANTA FE EXPLORATION
COMPANY FOR HARDSHIP GAS WELL CLASS-
IFICATION; EDDY COUNTY, NEW MEXICO.

CASE 8865

APPLICATION FOR HEARING DE NOVO
AND MOTION FOR STAY

Applicant Santa Fe Exploration Company, by its attorneys, requests a hearing de novo as a result of the issuance of Order R-8211 on April 25, 1986.

Applicant further requests a stay of said order upon the following grounds:

1. Following issuance of Order R-8211, Applicant has received notice from its pipeline purchaser, El Paso Natural Gas Company, that its Exxon State Com Well No. 1 will be shut-in due to adverse natural gas market conditions.

2. Upon information and belief, El Paso Natural Gas Company, also the pipeline purchaser of natural gas from adjoining natural gas wells capable of significantly higher natural gas production than the Exxon State Com Well No. 1, does not intend to curtail the production from said adjoining wells.

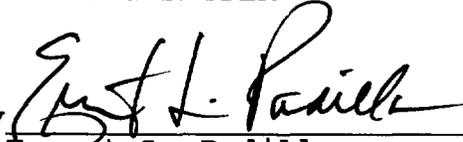
3. Pending a hearing before the Oil Conservation Commission, the correlative rights of adjoining oil and gas interest owners will not be impaired because the Exxon State Com Well No. 1 is not capable of high production and averages approximately 40 Mcf per day.

4. Prolonged shut-in periods of the Exxon State Com Well No. 1 may irreparably damage the producing zone and force premature abandonment of the well, thus precluding recovery of natural gas reserves which would otherwise be recovered.

Respectfully submitted,

PADILLA & SNYDER

By



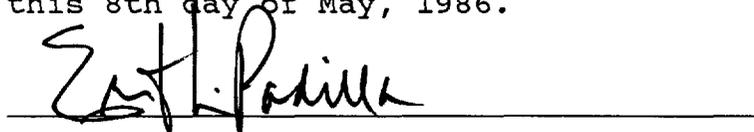
Ernest L. Padilla
Post Office Box 2523
Santa Fe, New Mexico 87504-2523
(505) 988-7577
Attorneys for Applicant
Santa Fe Exploration Company

This is to certify that the undersigned caused a true and correct copy of the foregoing Application for Hearing de novo and Motion for Stay to be mailed first class and postage prepaid to:

William F. Carr, Esq.
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Mr. Paul Burshell
El Paso Natural Gas Company
Post Office Box 1492
El Paso, Texas 79978

this 8th day of May, 1986.



BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF SANTA FE EXPLORATION
COMPANY FOR HARDSHIP GAS WELL CLASS-
IFICATION; EDDY COUNTY, NEW MEXICO.

CASE 8865

ORDER OF THE DIVISION

The Motion for Stay of Santa Fe Exploration Company having been considered by the Division and the Division being otherwise informed;

IT IS HEREBY ORDERED that Order R-8211 is hereby stayed and suspended pending a hearing and order of the Oil Conservation Commission on the request for de novo hearing by Santa Fe Exploration Company.

OIL CONSERVATION DIVISION

By _____
Richard L. Stamets
Division Director

WILLIAM G. McCOY, P.E.
Petroleum Consultant
Exploration • Development • Operations

P O. Box 9730
Santa Fe, New Mexico 87504

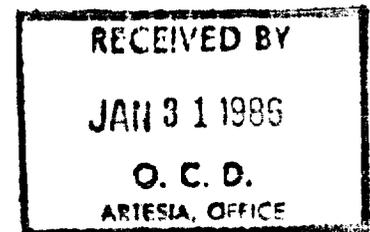
[505] 983-6416

January 30, 1986

Case 8865

New Mexico Oil Conservation Division
P.O. Drawer DD
Artesia, New Mexico 88210

Re: Hardship Gas Well
Santa Fe Exploration Co.
No.1 Exxon Comm
Unit L, Sec.2, T-20-S, R-25-E
Eddy County, New Mexico



Gentlemen:

Attached is an application for Hardship Gas Well classification on the captioned. This date we have received a letter from El Paso proposing to shutin this well due to market conditions. Santa Fe Exploration Co. feels that this shutin will damage the well and prevent full recovery of the remaining reserves creating waste.

Santa Fe Exploration Co. will run a log off test on the well and accumulate additional information to file a request for hearing before the Oil Conservation Commission in Santa Fe at an early date.

Very truly yours,

A handwritten signature in cursive, appearing to read "W. G. McCoy".

WM/gw

Encl-3

Side 1
JAN 31 1986

O. C. D.
ARTESIA, OFFICE

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Case 8865

Operator Santa Fe Exploration Co. Contact Party W.G. McCo
Address P.O. Box 1136 Roswell, NM 88201 Phone No. 505-623-2733
Lease Exxon State Commwell No. 1 UT L Sec. 2 TWP 20S RGE 25E
Pool Name Cemetery Morrow Minimum Rate Requested 100 MCFPD
Transporter Name El Paso Natural Gas Purchaser (if different) _____

Are you seeking emergency "hardship" classification for this well? 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

If failure to obtain a hardship gas well classification would result in premature abandonment, calculate the quantity of gas reserves which would be lost

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).

Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.

Submit any other appropriate data which will support the need for a hardship classification.

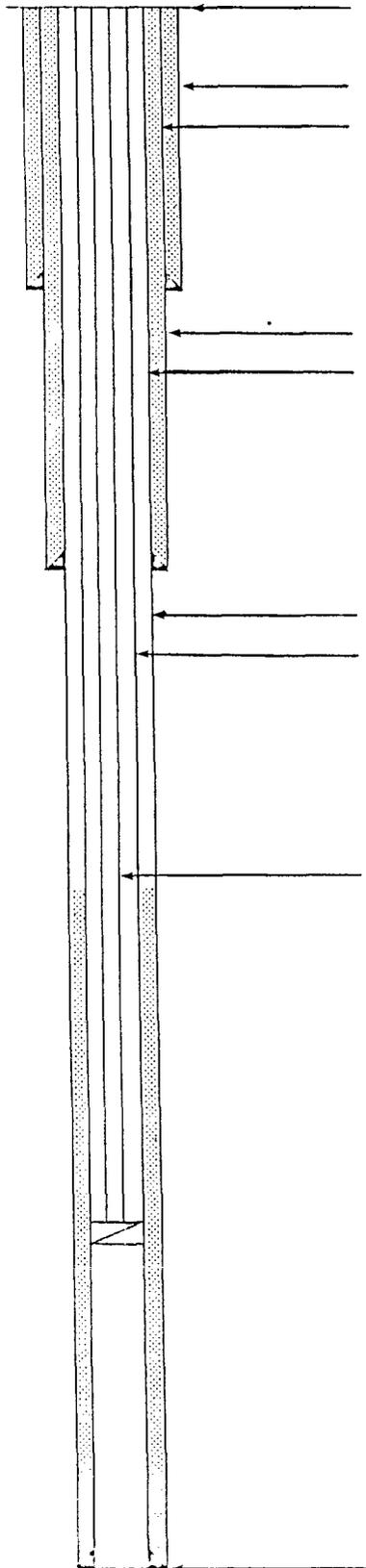
If the well is in a prorated pool, please show its current under- or over-produced status.

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.

SANTA FE EXPLORATION CO.

No.1 Exxon State Comm
Unit L, Sec.2, T-20-S, R-25-E
Eddy County, New Mexico

RECEIVED BY
JAN 31 1986
O. C. D.
ARTESIA, OFFICE



Elev. 3422.1 G.L. _____ K.B.

Hole Size: 17-1/2"

SURFACE CASING:

Size 13-3/8" Weight: 48# Grade: H-40
Set at 342' Cmt'd 375 + 250 sxs.
Circulate Yes- 50 sx Tested 1000#-30" OK
Remarks First Cement did not circulate
1" with 250 sx. to circulate

Hole Size: 12-1/4"

INTERMEDIATE CASING:

Size 8-5/8" Weight 24# Grade K-55
Set at 1350' Cmt'd 750 sxs.
Circulate Yes - 75 s Tested 1000# - 30" OK
Top Cement _____ Calc. _____ Temp. Sur. _____
Remarks _____

Hole Size: 7-7/8"

PRODUCTION CASING:

Size 4-1/2" Weight 11.60 Grade N-80
Set at 9850 Cmt'd 400 sxs.
Top Cement 8640' Calc. _____ Temp. Sur. X
Remarks _____

TUBING:

Size 2-3/8" Weight 4.70# Grade N-80
No. Joints _____ Set at 9310'
Packer Baker L/S Set at 9280'
Remarks _____

PERFS: 9495, 97, 99, 9503, 05, 09, 11, 9541, 45
9517, 51, 55, 57, 59 1 shot/ft
9440, 43, 46, 49, 51, 61, 63, 65, 67, 69
1 shot/ft.

Total Depth 9850' PB Depth 9756'