

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. 8907
Order No. R-8302

APPLICATION OF MINERALS INC. FOR
HARDSHIP GAS WELL CLASSIFICATION
LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 28, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 15th day of September, 1986, 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, Minerals Inc., seeks a determination that its Llano "34" State Com Well No. 1, located 1650 feet from the South line and 660 feet from the East line in Unit I of Section 34, Township 21 South, Range 34 East, NMPM, East Grama Ridge Morrow Gas Pool, Lea County, New Mexico, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- (3) The subject well was completed on May 21, 1986 with a dual string of 2 3/8-inch tubing, both set in the Morrow formation. The uppermost completion, the perforated interval from 12,824 feet to 12,838 feet, had tubing set in a packer at 10,573 feet. The lowermost completion, the perforated interval from 12,986 feet to 13,170 feet, had tubing set in a packer at 12,875 feet.
- (4) In 1979 production from the uppermost zone "sanded off" with very fine grained sand particles. To remedy this problem the long tubing string was perforated above the second

packer, thereby commingling both the upper and lower zones within the dually completed wellbore.

(5) In 1983 the well began producing an excessive amount of water from the lower zone. To remedy this problem the well was killed, both tubing strings and packers were pulled, the lower zone plugged, and the well was recompleted with a single 2 3/8-inch tubing string in the upper zone.

(6) Extensive swabbing was then required to regain production from the upper zone.

(7) If this zone were allowed to "sand off" again or if the well was killed for proper completion techniques to be installed to eliminate this problem, an estimated 850 Mcf of remaining gas could be lost.

(8) Production testing demonstrates that said Llano "34" State Com Well No. 1 should be produced at a rate of 350 MCFD in order to lift the sand and water from the formation.

(9) No offset operator or effected party objected to this application.

(10) To prevent waste, applicant's Llano "34" State Com Well No. 1, should be designated a hardship gas well and be given priority access to the available market for gas for a period of one year, and annual extension thereafter upon showing that same is necessary to prevent waste.

(11) 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 Minerals, Inc. Llano "34" State Com Well No. 1 located 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 34, Township 21 South, Range 34 East, NMPM, East Grama Ridge-Morrow Gas Pool, Lea County, New Mexico, is hereby designated 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 September 15, 1987, 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.

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



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A handwritten signature in cursive script, appearing to read "R. L. Stamets", is written over the typed name.

R. L. STAMETS,
Director

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