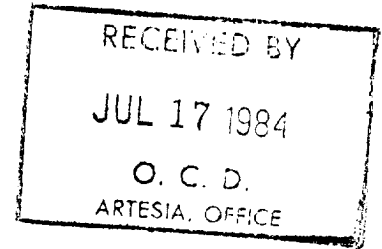


STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8211
Order No. R-7593

APPLICATION OF PENROC OIL
CORPORATION FOR HARDSHIP
GAS WELL CLASSIFICATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on June 20, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 16th day of July, 1984, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Penroc Oil Corporation, seeks a determination that its Angell Ranch Com Well No. 1 located 660 feet from the North line and 1980 feet from the East line of Section 33, Township 19 South, Range 28 East, NMPM, Winchester-Morrow Gas Pool, Eddy County, New Mexico, is a "Hardship Gas Well" which should be granted priority access to pipeline takes with a minimum sustainable flow rate of 450 MCFPD in order to avoid waste.

(3) That said Angell Ranch Com Well No. 1 was completed in December, 1976, in the Morrow formation through a series of perforations 10,912 feet to 10,956 feet with an initial potential of 3242 MCF gas per day, 24 barrels of condensate per day, and 48 barrels of water per day.

(4) That the applicant testified that water production declined to 10 to 15 barrels of water per day in 1979.

Case No. 8211
Order No. R-7593

(5) That in January, 1982, water production increased and the well is now producing between 15-31 barrels of water per day with an average gas production of 357 MCF of gas per day.

(6) That testimony was given that the water production is from the entire perforated interval in the Morrow formation.

(7) That the applicant did not present sufficient evidence to prove that the Morrow formation in this area is fluid sensitive or that any of the produced fluids would damage the formation if the well were shut in.

(8) That the applicant has not provided evidence showing that he has made all reasonable and economic attempts to eliminate or correct water production problems in the subject well.

(9) That the applicant failed to prove that waste would be caused if said well was not classified as a "Hardship Gas Well" and the application should be denied.

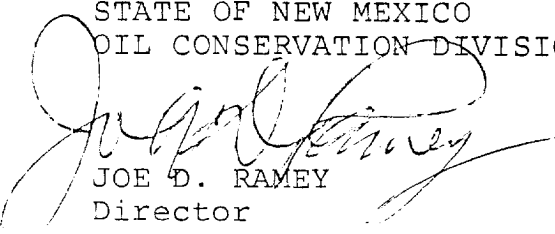
IT IS THEREFORE ORDERED:

(1) That the application of Penroc Oil Corporation for its Angell Ranch Com Well No. 1 located 660 feet from the North line and 1980 feet from the East line of Section 33, Township 19 South, Range 28 East, NMPM, Winchester-Morrow Gas Pool, Eddy County, New Mexico, to be classified as a "Hardship Gas Well" is hereby denied.

(2) That 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L
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