



TONEY ANAYA  
GOVERNOR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

August 19, 1986

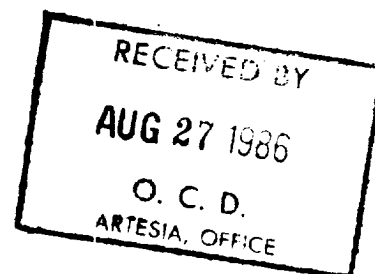


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Ms. Corinne Grace  
P. O. Box 1418  
Carlsbad, New Mexico 88220

Re: City of Carlsbad Well No. 1  
O-25-22S-26E, Eddy County



Dear Ms. Grace:

The referenced well in the South Carlsbad Morrow pool is overproduced 185,251 Mcf as of July 1, 1986. My memo dated August 1, 1986 describes the proper method of dealing with seriously overproduced wells, those marked (\*). Your well, however, does not carry the (\*) symbol, but your overproduction under the circumstances is even more serious than if it did carry the (\*).

Referenced well was granted Hardship Gas Well status by Order R-8064 dated November 1, 1985. Please note the following provisions of that order (emphasis added):

- (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 (this is the reason for no (\*).)
- (c) The minimum approved flow rate for the well shall be 750 MCF);
- (d) The well shall not be produced at a rate in excess of 750 MCFD so long as it is overproduced on a cumulative basis.
- (e) The hardship classification shall be retained only through October 31, 1986, unless the operator obtains an extension thereof under the terms of Division Rule 412A.