

(5) The evidence presented indicates that this Morrow zone exhibits characteristics of a depleted low pressure/low volume reservoir, is susceptible to formation damage after shut-in, and is fluid sensitive.

(6) Presently there are no liquids being produced from this well and attempts to unload fluids by swabbing and the use of soap sticks have been unsuccessful. There are indications, however, that produced water is present in the formation at perforations and is causing the clays in the zone to swell, thereby restricting permeability and causing a loss of production.

(7) The evidence presented indicates that said Little Jewel Com Well No. 1 can be adequately produced at a rate of 350 MCF per day without causing the compressor to shut down and lose suction.

(8) The subject well is currently classified as a marginal well in the South Carlsbad-Morrow (Prorated) Gas Pool.

(9) No interested party appeared at the hearing to object to this application.

(10) At the time of the hearing the applicant requested that a provision be considered allowing administrative approval of an increase in the minimum flow rate for the well upon proper showing to the Division Director that such an increase is necessary and justified.

(11) To prevent waste, applicant's Little Jewel Com Well No. 1 should be designated a hardship gas well and be given priority access to the available market for gas.

(12) 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 Baruch-Foster Corporation Little Jewel Com Well No. 1, located 1980 feet from the North line and 1900 feet from the West line (Unit F) of Section 31, Township 22 South, Range 27 East, NMPM, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, is hereby designated as a hardship gas well subject to the following terms and conditions:

- (a) The well will be given priority access to the available gas market;