

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. 8178
Order No. R-7535

APPLICATION OF BELCO DEVELOPMENT
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 May 9, 1984,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of May, 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, Belco Development Corporation,
seeks a determination that its Union Mead Com Well No. 3
located in Unit J of Section 5, Township 22 South, Range 27
East, NMPM, Eddy County, New Mexico, is a hardship gas well
which should be granted priority access to pipeline takes in
order to avoid waste.

(3) That said Union Mead Com Well No. 3 was completed in
1973, produced relatively small volumes of water until 1979,
and thereafter experienced substantial increases in water
production.

(4) That when the well is shut in, extensive swabbing is
required to return it to production.

(5) That the applicant has replaced the original tubing
string with one of lesser diameter to obtain better flow
characteristics from the formation.

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(6) That the Union Mead Com well is completed in the South Carlsbad-Morrow Gas Pool.

(7) That the Morrow formation is fluid sensitive and that reserves therefrom may be lost if said well is shut-in or if the well must be killed for further workover.

(8) That production testing demonstrates that said Union Mead Com Well No. 3 should be produced at a rate of 700 MCFD in order to lift the water from the formation.

(9) That said well is currently overproduced in the South Carlsbad-Morrow Gas Pool and should not be permitted to produce at a rate in excess of 700 MCFD until such overproduction is made up.

(10) That to prevent waste, applicant's Union Mead Com Well No. 3 should be designated a hardship gas well and be given priority access to the available market for gas.

(11) That such classification should be subject to the limitations described in Rule 412 of the Division's Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the Belco Development Corporation Union Mead Com Well No. 3 located in Unit J of Section 5, 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;
- (b) The well shall accumulate overproduction and underproduction but shall not be shut-in because of overproduction;
- (c) The minimum approved flow rate for the well shall be 700 MCFD;
- (d) The well shall not be produced at a rate in excess of 700 MCFD so long as it is overproduced on a cumulative basis;
- (e) The hardship classification shall be retained only through May 31, 1985, unless the operator obtains an extension thereof under the terms of Division Rule 412 A; and,

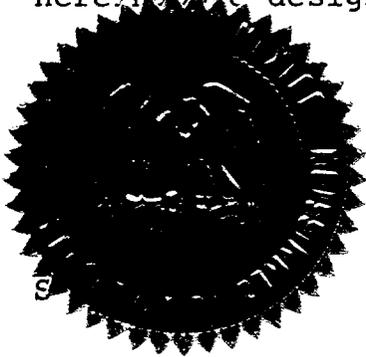
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(f) The well shall be subject to all terms and provisions of Division Rule 412.

(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 hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Kamey
JOE D. KAMEY,
Director