



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

November 1, 1985

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Re: CASE NO. 8610
ORDER NO. R-3072

Applicant:

Hondo Drilling Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

R. L. STAMETS
Director

RLS/fc

Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD

Other John Nance

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. 8610
Order No. R-8072

APPLICATION OF HONDO DRILLING
COMPANY 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 July 2, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 31st day of October, 1985, 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) Cases 8609, 8610, and 8611 were consolidated for purposes of receiving testimony.

(3) The applicant, Hondo Drilling Company, seeks a determination that its Alscott Federal Well No. 1, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of Section 31, Township 18 South, Range 29 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.

(4) The Alscott Federal Well No. 1 is currently an economically marginal producing well with an average producing rate of approximately 7.35 MCFD.

(5) When the well is shut in, extensive swabbing is required to return it to production.

(6) The costs incurred to swab the well are substantial and cause operation of the well to be at a loss.

(7) Though the testimony at the hearing showed remaining producible reserves in said well to be quite low, such reserves should not be unnecessarily wasted.

(8) The Alscott Federal Well No. 1 is completed in the North Turkey Track-Cisco Gas Pool.

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

(10) 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 Alscott Federal Well No. 1 located 1650 feet from the North line and 1980 feet from the East line (Unit G) of Section 31, Township 18 South, Range 29 East, NMPM, North Turkey Track-Cisco 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 minimum approved flow rate for the well shall be 8 MCFD;
- (c) The hardship classification shall be retained only through November 1, 1986, 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 herein designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. Stamets
R. L. STAMETS
Director