

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. 8759
Order No. R-8142

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 9, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 5th day of February, 1986, 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) The applicant, Penroc Oil Corporation, seeks a determination that its Madera Com Well No. 1, located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 11, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

(3) Said Madera Com Well No. 1 was completed in March, 1974, produced relatively small volumes of water until May, 1983, and thereafter experienced substantial increases in water production.

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

(5) The Madera Com Well No. 1 is completed in the Antelope Ridge-Morrow Gas Pool producing through the perforated interval from 11,524 feet to 13,744 feet.

(6) The Antelope Ridge-Morrow Gas Pool is a non-prorated pool, and the production from said pool is subject to market demand.

(7) Evidence at the hearing indicates the remaining recoverable gas reserves in the well to be 1,005,142 Mcf.

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

(9) The economic condition of the well is such that any mechanical attempt to alleviate the waterloading problem is cost prohibitive at this time.

(10) Production history indicates that said Madera Com Well No. 1 should be produced at a rate of 200 MCFD in order to lift the water from the formation.

(11) To prevent waste, applicant's Madera 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:

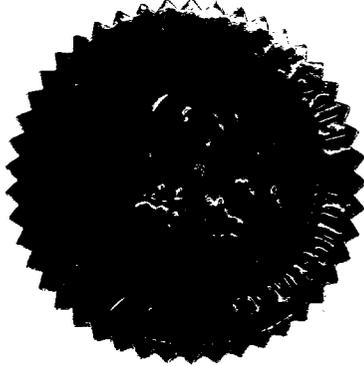
(1) The Madera Com Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 11, Township 24 South, Range 34 East, NMPM, Antelope Ridge-Morrow Gas Pool, Lea County, New Mexico, is hereby designated as a hardship gas well subject to the following terms and conditions:

- (a) The well will be given priority access to the available gas market;
- (b) The minimum approved flow rate for the well shall be 200 MCFD;
- (c) The hardship classification shall be retained only through February 1, 1987, 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 hereinabove designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS
Director