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 DIVISIDERING:

> CASE NO. 8221 Order No. R-7659

AFPLICATION OF DINERO CPERATING 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 11, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this <u>6th</u> day of September, 1984, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the gremises,

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, Finero Operating Company, seeks a determination that its Big Chief Com. Well No. 1, located in Unit F of Section 22, Township 22 South, Range 28 East, NMPM, Dublin Ranch-Morrow Gas Pool, 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 Big Chief Com. Well No. 1 is located in an area where the Morrow formation has exhibited an extreme susceptibility to damage due to the shutting in of producing wells.

(4) That when the well was restricted to a producing rate of less than 100 MCF per day, it took more than two months for the well to recover its full production capability.

(5) 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 workover.

-2-Case Nc. 8221 Order Nc. R-7659

(6) That the evidence presented indicates that said Big Chief Com. Well No. 1 should be produced at a rate of 115 MCFD in order to avoid killing the well and losing reserves.

(7) That to prevent waste, applicant's Big Chief Com. Well Nc. 1 should be designated a hardship gas well and be given priority access to the available market for gas.

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

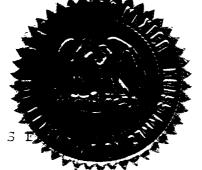
IT IS THEREFORE ORDERED:

(1) That the Big Chief Com. Well No. 1 located in Unit F of Section 22, Township 22 South, Range 28 East, NMPM, Dublin Fanch-Morrow Gas Pocl, Eddy County, New Mexico, is hereby resignated as a hardship gas well subject to the following larms and conditions:

- (a) The well will be given priority access to the available gas market;
- (b) The minimum approved flow rate for the weil shall be 115 MCFD;
- (c) The hardship classification shall be retained only through August 31, 1985, 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) 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 hereinabove_designated.



STATE OF NEW MEXICO OID CONSERVATION DIVISION

DOE D. RAMEY, Director