

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. 8221
Order No. R-7659

APPLICATION OF DINERO OPERATING 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 6th 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
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, Dinero 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 No. 8221
Order No. 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 No. 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 Rule 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 Ranch-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 minimum approved flow rate for the well 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
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director