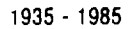




50 YEARS



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Re: CASE NO. 8717
ORDER NO. R-3064

Corinne Grace

Sincerely,

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other _____

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. 8717
Order No. R-8064

APPLICATION OF CORINNE GRACE
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 October 9, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 1st day of November, 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) The applicant, Corinne Grace, seeks a determination that its City of Carlsbad Well No. 1 located 660 feet from the South line and 1980 feet from the East line of Section 25, Township 22 South, Range 26 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) Said City of Carlsbad Well No. 1 was completed in February of 1985, produced relatively small volumes of water until April of 1985, and thereafter experienced increases in water production that may potentially damage the permeability of the well if allowed to be shut-in.

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

(5) The applicant replaced the original orifice plate with one of lesser diameter to obtain better flow

characteristics from the formation, but replaced it with the original when negative results were obtained.

(6) The City of Carlsbad Well No. 1 is completed in the South Carlsbad-Morrow Gas Pool.

(7) The Morrow formation is fluid sensitive and testimony indicated that 1,701 MMCF of gas reserves therefrom may be lost if said well is shut-in or if the well must be killed for further workover.

(8) Production testing demonstrates that the City of Carlsbad Well No. 1 should be produced at a rate of 750 MCFD in order to lift the water from the formation.

(9) Said well is currently not overproduced in the South Carlsbad-Morrow Gas Pool, but should any overproduction occur the well shall not be permitted to produce at a rate in excess of 750 MCFD until any such overproduction is made up.

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

(11) 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 City of Carlsbad Well No. 1 located 660 feet from the South line and 1980 feet from the East line of Section 25, Township 22 South, Range 26 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 750 MCFD;
- (d) The well shall not be produced at a rate in excess of 750 MCFD so long as it is overproduced on a cumulative basis;

(e) The hardship classification shall be retained only through October 31, 1986, unless the operator obtains an extension thereof under the terms of Division Rule 412 A; and,

(f) 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



R. L. STAMETS,
Director

S E A L