

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. 8947
Order No. R-8327

APPLICATION OF YATES PETROLEUM CORPORATION
FOR HARDSHIP GAS WELL CLASSIFICATION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 23, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 29th day of October, 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, Yates Petroleum Corporation, seeks a determination that its Box Canyon Unit Well No. 2, located 2080 feet from the North line and 1980 feet from the West line (Unit F) of Section 13, Township 21 South, Range 21 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) The Box Canyon Unit Well No. 2 was completed in the Little Box Canyon-Morrow Gas Pool in February, 1977.
- (4) The Morrow production in this well is from a water drive reservoir and has produced significant quantities of water since 1980. In July, 1980 a compressor was installed on the well to keep the gas flowing in the presence of the water.
- (5) The present market conditions have restricted gas production to a point where the wellbore is loading up with water.

(6) To regain production the well is opened to the atmosphere until all water is removed and a sustainable flow rate is reached.

(7) Evidence was presented showing that each time the well is shut-in, a longer time to "blow" the well is required to return it to production.

(8) Production testing demonstrates that said Box Canyon Unit Well No. 2 should be produced at a rate of 125 MCFD in order to lift the water from the formation.

(9) To prevent waste, applicant's Box Canyon Unit Well No. 2 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:

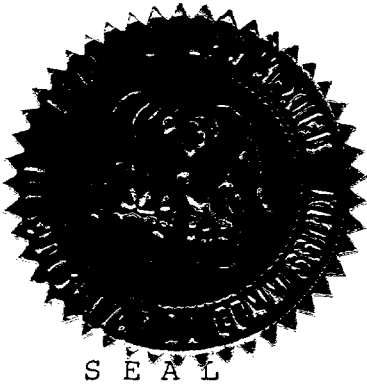
(1) The Box Canyon Unit Well No. 2 located 2080 feet from the North line and 1980 feet from the West line (Unit F) of Section 13, Township 21 South, Range 21 East, NMPM, Little Box Canyon-Morrow Gas Pool, Eddy County, New Mexico, is hereby designated as a hardship gas well subject to the following terms 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 125 MCFD;
- (c) The hardship classification shall be retained only through October 31, 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.

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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. Stamets
R. L. STAMETS,
Director