

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9775
ORDER NO. R-9073

APPLICATION OF HAL J. RASMUSSEN
OPERATING INC. FOR NON-STANDARD
GAS PRORATION UNITS, UNORTHODOX
GAS WELL LOCATIONS, SIMULTANEOUS
DEDICATION AND SPECIAL GAS METERING
PROVISIONS, LEA COUNTY, NEW MEXICO

See Also Order No.

R-9073-A

R-9073-B

R-9073-C

R-9073-C-1

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 4, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of December, 1989, 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) At the time of the hearing this case was consolidated with Division Case Nos. 9774 and 9776 for the purpose of testimony.

(3) The applicant in this matter, Hal J. Rasmussen Operating Inc., is the operator of its State "A" Lease Accounts 1 and 2 (State of New Mexico Oil and Gas Lease No. A-983) and State "A" Lease Account 3 (State of New Mexico Oil and Gas Lease No. B-1484) covering mineral rights under certain lands in Townships 22 and 23 South, Range 36 East, NMPM, Lea County, New Mexico.

(4) The interests under both of said state leases are individually common throughout.

(5) The Jalmat Gas Pool covers the acreage which is the subject of this

Case No. 9775
Order No. R-9073
Page No. 2

application and is governed by Special Rules and Regulations, as promulgated by Division Order No. R-8170, as amended, which provide for 640-acre spacing and designated well locations.

(6) Applicant now seeks to redesignate the existing gas spacing and proration units in the Jalmat Gas Pool on their acreage by the formation of 16 non-standard gas proration units and one standard 640-acre gas proration unit in the Jalmat Gas Pool as further described in Exhibit "A" attached hereto and made a part hereof.

(7) The applicant also seeks approval of all unorthodox gas well locations for the existing wells resulting in said acreage redesignation and the simultaneous dedication of the Jalmat gas wells on each of the aforementioned units, also described in said Exhibit "A."

(8) The applicant further seeks special metering provisions for Jalmat gas production whereby the operator would meter the total gas production from each of the 17 aforementioned units and allocate this production back to each well on its respective unit by means of a periodic testing of the wells thereon.

(9) The applicant has recently assumed gas purchaser/transporter responsibility for the acreage which is the subject of this order and by this application seeks to reduce production and transportation costs in the area and to more efficiently operate its properties by consolidating production facilities and eliminating unnecessary equipment.

(10) Each of the aforementioned units may reasonably be presumed productive of gas from the Jalmat Gas Pool and each of the non-standard gas proration units can be efficiently and economically drained and developed by the aforementioned wells.

(11) The applicant further testified that approval of the subject application will lower costs and permit the production of gas reserves within the Jalmat Gas Pool underlying this area which would otherwise not be recovered thereby preventing waste.

(12) Doyle Hartman, an operator in the Jalmat Gas Pool, appeared and objected to this application; however, there were no offsetting operators objecting to this application.

(13) The operator of each of the aforementioned Jalmat gas spacing and proration units should allocate the production to each well on its respective proration unit on the basis of well tests. The applicant proposed that this testing procedure will provide that one of the wells on the proration unit will be flowing through the testing meter for a 48-hour period with each well being tested in turn throughout the month. The remaining wells on the proration unit will be flowing through a field production meter. The daily amount of gas credited to the wells on the unit would be the total production

Case No. 9775
Order No. R-9073
Page No. 3

through the test meter and through the field meter. The production from individual proration units will be allocated back to each of the wells on that unit based upon the data derived from the periodic testing through the test meter.

(14) The applicant should file with the Division OCD Form C-111 and comply with General Rule 1111 in addition to any other report or form required to be filed as operator of the proration unit and as transporter for the wells involved herein.

(15) The Division should be empowered to administratively rescind any portion of this order or require that a particular well or wells be metered individually if it should appear that such action would prevent waste and protect correlative rights.

(16) The area of the Hal J. Rasmussen Operating, Inc. State "A" Account 1, 2 and 3 Leases has been the subject of numerous orders establishing and re-aligning non-standard and standard Jalmat Gas Pool gas proration and spacing units as well as simultaneously dedicating a variety of wells at orthodox and unorthodox locations thereto. On Exhibit "B", attached hereto and made a part hereof, is a listing of all Division Orders known to have been issued relative to the property which is the subject of this hearing. These orders should be superceded to the extent that they are inconsistent with any provision of this order.

(17) Should it be found that any additional orders exist that are contradictory to any such order issued in this case, then such order should be superceded in a like manner as described above.

(18) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and should otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Hal J. Rasmussen Operating, Inc. to redesignate acreage in certain existing gas spacing and proration units in the Jalmat Gas Pool in Townships 22 and 23 South, Range 36 East, NMPM, Lea County, New Mexico, resulting in the formation of a standard 640-acre gas spacing and proration unit and 16 non-standard gas units, as further described in Exhibit "A", attached hereto and made a part hereof, is hereby approved.

Case No. 9775
Order No. R-9073
Page No. 4

IT IS FURTHER ORDERED THAT:

(2) The unorthodox gas well locations for all of the existing wells resulting in said acreage redesignation and the simultaneous dedication of the Jalmat gas wells on each of the aforementioned units, also described in said Exhibit "A", is also approved.

FURTHERMORE, IT IS ORDERED THAT:

(3) Special metering provisions for Jalmat gas production within each of the aforementioned units, as described in Finding Paragraph No. (13) above, is hereby approved.

(4) The applicant shall file with the Division OCD Form C-111 and comply with General Rule 1111 in addition to any other reports or forms required to be filed as operator of each proration unit and as transporter for the wells involved herein.

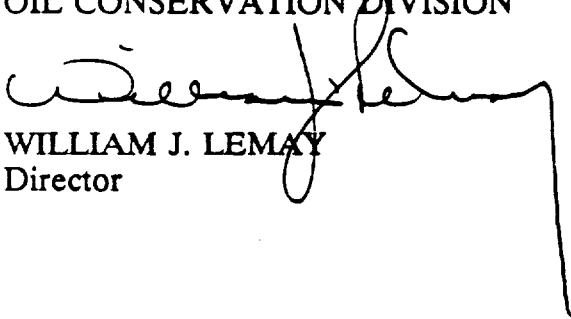
(5) The Division may administratively rescind any portion of this order or require a particular well or wells be metered individually if it should appear necessary to prevent waste and protect correlative rights.

(6) All known and subsequent Division Orders issued relative to any property which is the subject of this hearing (see Exhibit "B" attached hereto and made a part hereof) shall be superceded to the extent that they are inconsistent with any provision of this order.

(7) 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


WILLIAM J. LEMAY
Director

S E A L

EXHIBIT "A"
CASE NO. 9775
ORDER NO. R-9073
HAL J. RASMUSSEN OPERATING, INC.

PROPOSED NON-STANDARD JALMAT GAS PRORATION UNITS AND
JALMAT GAS WELL LOCATIONS

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM

- 1) Section 5: Lots 3 and 4, S/2 NW/4, and S/2 comprising 480.50 acres, more or less, in State "A" A/C-2.

| | | | |
|-------------|---------------|--------|-----|
| Well No. 44 | 1980' FN & WL | Unit F | NSL |
| Well No. 41 | 660' FS & WL | Unit M | NSL |
| Well No. 27 | 660' FS & EL | Unit P | NSL |

- 2) Section 7: Lots 3 and 4, N/2 NE/4, SE/4 NE/4, E/2 SW/4, N/2 SE/4, and SE/4 SE/4 comprising 393.06 acres, more or less, in State "A" A/C-2.

| | | | |
|-------------|----------------------|--------|-----|
| Well No. 5 | 660' FN & EL | Unit A | NSL |
| Well No. 12 | 1980' FSL & 660' FEL | Unit I | NSL |
| Well No. 8 | 660' FS & EL | Unit P | NSL |

- 3) Section 8: All (*Standard 640-acre unit*) in State "A" A/C-2.

| | | | |
|-------------|----------------------|--------|-------------------|
| Well No. 49 | 660' FNL & 1980' FWL | Unit C | NSL |
| Well No. 43 | 1650' FNL & 990' FEL | Unit H | NSL |
| Well No. 56 | 1980' FS & EL | Unit J | Standard Location |

- 4) Section 9: N/2 and SW/4 comprising 480 acres in State "A" A/C-2.

| | | | |
|-------------|----------------------|--------|-------------------|
| Well No. 40 | 990' FN & EL | Unit A | Standard Location |
| Well No. 63 | 990' FNL & 2310' FWL | Unit C | Standard Location |
| Well No. 38 | 1980' FS & WL | Unit K | NSL |

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

- 5) Section 3: S/2 comprising 320 acres in State "A" A/C-1.

| | | | |
|-------------|----------------------|--------|-----|
| Well No. 30 | 1650' FSL & 990' FEL | Unit I | NSL |
| Well No. 35 | 1650' FSL & 990' FWL | Unit L | NSL |

Case No. 9775
 Order No. R-9073
 Page No. 6

- 6) Section 4: Lots 1, 2, 3 and 4, and S/2 N/2 comprising 327.25 acres, more or less, in State "A" A/C-1.

| | | | |
|-------------|----------------------|--------|-------------------|
| Well No. 23 | 660' FNL & 2310' FEL | Unit B | Standard Location |
| Well No. 15 | 1980' FN & WL | Unit F | Standard Location |
| Well No. 87 | 1980' FN & EL | Unit G | Standard Location |

- 7) Section 4: SW/4 and Section 9: N/2 NW/4, SW/4 NW/4, and SW/4 comprising 440 acres in State "A" A/C-1.

(Section 4)

| | | | |
|--------------|----------------------|--------|-----|
| Well No. 18 | 660' FS & WL | Unit M | NSL |
| Well No. 111 | 467' FSL & 2173' FWL | Unit N | NSL |

(Section 9)

| | | | |
|--------------|-----------------------|--------|-----|
| Well No. 14 | 1980' FNL & 660' FWL | Unit E | NSL |
| Well No. 104 | 1650' FSL & 1980' FWL | Unit K | NSL |
| Well No. 10 | 1980' FSL & 660' FWL | Unit L | NSL |
| Well No. 9 | 660' FS & WL | Unit M | NSL |

- 8) Section 9: S/2 NE/4, N/2 SE/4, and SE/4 SE/4 and Section 10: W/2 comprising 480 acres in State "A" A/C-1.

(Section 10)

| | | | |
|-------------|---------------|--------|-------------------|
| Well No. 37 | 1650' FN & WL | Unit F | Standard Location |
| Well No. 38 | 990' FS & WL | Unit M | Standard Location |

- 9) Section 10: E/2 comprising 320 acres in State "A" A/C-3.

| | | | |
|------------|----------------------|--------|-------------------|
| Well No. 1 | 990' FN & EL | Unit A | Standard Location |
| Well No. 2 | 1650' FSL & 990' FEL | Unit I | Standard Location |

- 10) Section 11: N/2 and SW/4 comprising 480 acres in State "A" A/C-1.

| | | | |
|-------------|----------------------|--------|-------------------|
| Well No. 16 | 660' FN & EL | Unit A | NSL |
| Well No. 29 | 990' FNL & 1650' FWL | Unit C | Standard Location |
| Well No. 34 | 1650' FS & WL | Unit K | Standard Location |

Case No. 9775
 Order No. R-9073
 Page No. 7

- 11) Section 13: N/2 and SW/4 and Section 14: NE/4 comprising 640 acres in State "A" A/C-1.

(Section 13)

| | | | |
|-------------|----------------------|--------|-----|
| Well No. 20 | 660' FNL & 1980' FWL | Unit C | NSL |
| Well No. 21 | 1980' FNL & 660' FEL | Unit H | NSL |
| Well No. 22 | 660' FSL & 1980' FWL | Unit N | NSL |

(Section 14)

| | | | |
|-------------|----------------------|--------|-----|
| Well No. 77 | 660' FNL & 1980' FEL | Unit B | NSL |
| Well No. 13 | 1980' FNL & 660' FEL | Unit H | NSL |

- 12) Section 14: NW/4 and Section 15: N/2 comprising 480 acres in State "A" A/C-1.

(Section 14)

| | | | |
|-------------|---------------|--------|-------------------|
| Well No. 28 | 1650' FN & WL | Unit F | Standard Location |
|-------------|---------------|--------|-------------------|

(Section 15)

| | | | |
|-------------|---------------------|--------|-------------------|
| Well No. 33 | 1650' FN & WL | Unit F | Standard Location |
| Well No. 31 | 1650' FN & 990' FEL | Unit H | Standard Location |

- 13) Section 17: SE/4, Section 20: NE/4, and Section 21: N/2 NW/4 and SW/4 NW/4 comprising 440 acres in State "A" A/C-1.

(Section 17)

| | | | |
|-------------|---------------|--------|-----|
| Well No. 39 | 1980' FS & EL | Unit J | NSL |
|-------------|---------------|--------|-----|

(Section 20)

| | | | |
|-----------------------------------|----------------------|-----------|-----|
| Well No. 5 (Currently P & A'd) | 1320' FNL & 660' FEL | Units A/H | NSL |
|-----------------------------------|----------------------|-----------|-----|

(Section 21)

| | | | |
|------------|----------------------|--------|-----|
| Well No. 4 | 330' FNL & 1660' FWL | Unit C | NSL |
| Well No. 3 | 1650' FNL & 330' FWL | Unit E | NSL |

Case No. 9775
 Order No. R-9073
 Page No. 8

- 14) Section 20: SE/4 and Section 21: NE/4 SW/4, S/2 SW/4, and SW/4 SE/4 comprising 320 acres in State "A" A/C-2.

(Section 21)

| | | | |
|------------|----------------------|--------|-----|
| Well No. 8 | 660' FSL & 1980' FEL | Unit O | NSL |
|------------|----------------------|--------|-----|

- 15) Section 22: NE/4 NW/4, S/2 NW/4, and SW/4 comprising 280 acres in State "A" A/C-1.

| | | | |
|-------------|----------------------|--------|-------------------|
| Well No. 94 | 660' FNL & 1980' FWL | Unit C | NSL |
| Well No. 19 | 1650' FNL & 330' FWL | Unit E | NSL |
| Well No. 97 | 1980' FN & WL | Unit F | Standard Location |
| Well No. 1 | 330' FSL & 2310' FWL | Unit N | NSL |

- 16) Section 23: N/2 comprising 320 acres in State "A" A/C-1.

| | | | |
|--------------|----------------------|--------|-------------------|
| Well No. 27 | 1650' FN & WL | Unit F | Standard Location |
| Well No. 26 | 1650' FN & EL | Unit G | Standard Location |
| Well No. 105 | 2080' FNL & 660' FEL | Unit H | NSL |

- 17) Section 24: W/2 and SE/4 comprising 480 acres in State "A" A/C-1.

| | | | |
|-------------|----------------------|--------|-------------------|
| Well No. 53 | 1980' FNL & 660' FWL | Unit E | NSL |
| Well No. 25 | 1650' FN & WL | Unit F | Standard Location |
| Well No. 32 | 1650' FS & EL | Unit J | Standard Location |
| Well No. 24 | 990' FSL & 1650' FWL | Unit N | Standard Location |

EXHIBIT "B"
CASE NO. 9775
ORDER NO. R-9073
HAL J. RASMUSSEN OPERATING, INC.

DIVISION ORDERS ISSUED RELATIVE TO THE PROPERTY
WHICH IS THE SUBJECT OF THIS HEARING.

Division Orders issued
prior to hearing

R-634
R-1364
R-2504
R-3188
R-3209
R-3264
R-3892
R-3893
R-4116
R-4361, as amended
R-4484

Division Administrative
Orders

NSP-406
NSP-518
NSP-614
NSP-615
NSP-1044
NSP-1108
NSL-1219