

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. 10756
ORDER NO. R-9988

**APPLICATION OF HAL J. RASMUSSEN OPERATING, INC. FOR TWO
UNORTHODOX OIL WELL LOCATIONS AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 29, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of October, 1993 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, Hal J. Rasmussen Operating, Inc., seeks authorization to drill its Sholes "A" Well No. 9 at an unorthodox oil well location 1300 feet from the South line and 660 feet from the East line (Unit P) of Section 24, Township 25 South, Range 36 East, NMPM, Jalmat Oil and Gas Pool, Lea County, New Mexico. The existing standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of said Section 24, which is currently dedicated to the applicant's Sholes "A" Well No. 1, located at a standard oil well location 660 feet from the South and East lines of said Section 24, is to be simultaneously dedicated to both wells.

(3) Further, the applicant seeks to drill its Sholes "A" Well No. 10 at an unorthodox Jalmat oil well location 1300 feet from the North line and 660 feet from the East line (Unit A) of said Section 24. The existing standard 40-acre oil spacing and

proration unit comprising the NE/4 NE/4 of said Section 24, which is currently dedicated to the applicant's Sholes "A" Well No. 2, located at a standard oil well location 660 feet from the North and East lines of said Section 24, is to be simultaneously dedicated to both wells.

(4) The applicant is the owner and operator of the Sholes "A" Lease comprising the E/2 of said Section 24.

(5) From information obtained from Oil Conservation Division records and from evidence submitted by the applicant at the time of the hearing the SE/4 NE/4 (Unit H) of said Section 24, being a standard 40-acre oil spacing and proration unit in the Jalmat Oil Pool, is currently dedicated to the applicant's Sholes "A" Well No. 4 located at a standard oil well location 1980 feet from the North line and 660 feet from the East line of said Section 24 and the NE/4 SE/4 (Unit I) of said Section 24, being a standard 40-acre oil spacing and proration unit in the Jalmat Oil Pool, is currently dedicated to the applicant's Sholes "A" Well No. 3 located at a standard oil well location 1980 feet from the South line and 660 feet from the East line of said Section 24. Further, the applicant's Sholes "A" Well No. 8 located 2310 feet from the South line and 330 feet from the East line (Unit I) of said Section 24 appears on the Division's October 1992 through March 1993 Gas Proration Schedule as a Jalmat Gas well with an acreage dedication factor of one (160 acres); however, the well file does not contain a C-102, Acreage Dedication Plat, showing the assigned acreage dedication for this well.

(6) The Jalmat Oil and Gas Pool is governed by the General Rules For The Prorated Gas Pools Of New Mexico/Special Rules And Regulations For The Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, which contains a provision (Rule 2(a)3) whereby:

"Acreage dedicated to a gas well in the Jalmat Gas Pool shall not be simultaneously dedicated to an oil well in the Jalmat Gas Pool".

(7) The applicant currently is in violation of the rule by having the Jalmat Oil and Gas Pool underlying the E/2 of said Section 24 fully developed with four active oil wells on four oil proration units and one active gas well with an acreage factor of one.

(8) The applicant failed to provide sufficient evidence to show that correlative rights would be adequately protected or if waste would be prevented should these two additional wells be drilled.

(9) This application should therefore be denied.

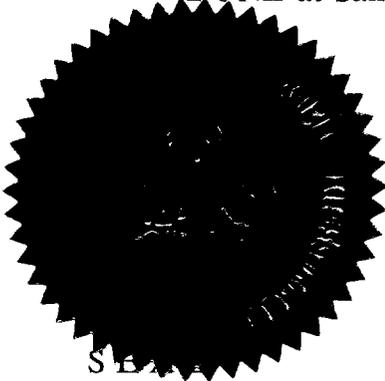
(10) Should the applicant wish to provide additional evidence subsequent to this order he may request this application be reopened.

IT IS THEREFORE ORDERED THAT:

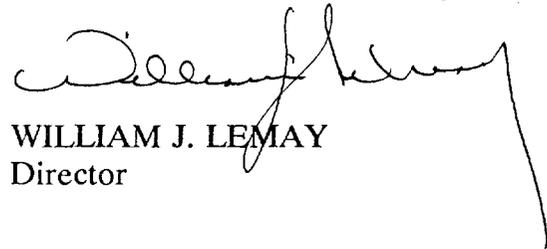
(1) The application of Hal J. Rasmussen Operating, Inc. for authorization to drill its Sholes "A" Well No. 9 at an unorthodox oil well location 1300 feet from the South line and 660 feet from the East line (Unit P) and its Sholes "A" Well No. 10 at an unorthodox Jalmat oil well location 1300 feet from the North line and 660 feet from the East line (Unit A), both in Section 24, Township 25 South, Range 36 East, NMPM, Jalmat Oil and Gas Pool, Lea County, New Mexico and to simultaneously dedicate the production from said wells with the production from wells on existing proration units is hereby denied at this time.

(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

A handwritten signature in black ink, appearing to read "William J. Lemay", written over the typed name and title.

WILLIAM J. LEMAY
Director