

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. 9774
ORDER NO. R-8575-A
R-6483-A

APPLICATION OF HAL J. RASMUSSEN
OPERATING, INC. TO AMEND DIVISION
ORDERS R-6483 AND R-8575 AND FOR
SPECIAL GAS METERING PROVISIONS,
LEA COUNTY, NEW MEXICO

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. 9775 and 9776 for the purpose of testimony.

(3) By Division Order No. R-6483 dated October 20, 1980, the Division, in part, authorized the operator to simultaneously dedicate the State "A" A/C-2 Well Nos. 14, 36, 42 and 62 located respectively in Units B, M, E and K of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, to a standard 640-acre Jalmat Gas Pool proration unit comprising all of said Section 11.

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(4) On January 4, 1988, by Division Order No. R-8575, said Order No. R-6483 was amended to include the State "A" A/C-2 Well No. 73, located at an unorthodox gas well location 990 feet from the South line and 660 feet from the East line (Unit P) of said Section 11, in the simultaneous dedication of said 640-acre Jalmat Gas proration unit.

(5) The applicant, Hal J. Rasmussen Operating, Inc., now seeks to amend both Division Order Nos. R-6483 and R-8575 by authorizing special metering provisions for Jalmat Gas production whereby the operator would meter the total gas production from said unit and allocate this production back to each of the aforementioned wells by means of periodic testing.

(6) Because the production is from a single gas proration unit in the Jalmat Gas Pool, the working interest and royalty ownership will not be adversely affected by granting this application.

(7) Doyle Hartman, an operator and mineral interest owner in the Jalmat Gas Pool, appeared at the hearing and objected to this application.

(8) No offsetting owners, operators or gas purchasers objected to this application.

(9) The applicant is taking over as gas purchaser/transporter for properties in this area including this proration unit and seeks to utilize a system of gas measurement and allocation to unit wells that will eliminate the need for a meter at each well and the associated costs.

(10) The applicant's proposed metering and testing procedures provide that one of the five unit wells will be flowing through a test meter on a daily basis for 48 hours with each other unit well being tested in turn so that after the 10th day, the first well will go back on test for two days. The wells not on test will be flowing through a field production meter. The daily amount of gas credited to the wells on this system would be the total of the production through both the field and test meters. The production will be allocated back to each one of the wells on the unit based upon the data derived from the periodic testing through the test meter.

(11) It is the intention of the applicant in his request to reduce production costs and to more efficiently operate the subject proration unit by consolidating production facilities and to eliminate unnecessary equipment.

(12) The reduced cost of operation is expected to extend the economical life of the wells on the proration unit, increase the ultimate recovery of gas therefrom and thereby prevent waste.

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(13) 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.

(14) 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 is necessary to prevent waste or protect correlative rights.

(15) 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) Division Order Nos. R-6483 and R-8575 are hereby amended to include a provision for special metering provisions for Jalmat Gas Pool production from the operator's standard 640-acre gas spacing and proration unit comprising all of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, being simultaneously dedicated to the State "A" A/C-2 Well Nos. 14, 36, 42, 62 and 73 all located in Units B, M, E, K and P, respectively, of said Section 11.

(2) Said special metering provisions shall be carried out as described in Finding Paragraph No. (10) above.

(3) The applicant in this matter, Hal J. Rasmussen Operating, Inc., 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 the subject proration unit and as transporter for the wells involved herein.

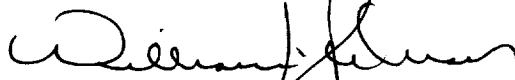
(4) The Division may administratively rescind any portion of this order or require a particular well or wells be metered individually if it should appear necessary to prevent waste and protect correlative rights.

(5) 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



WILLIAM J. LEMAY
Director

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