

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. 10434
Order No. R-9645
NOMENCLATURE

APPLICATION OF HAL J. RASMUSSEN
OPERATING, INC. FOR POOL RE-
CLASSIFICATION AND SPECIAL POOL
RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 6, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of March, 1992, 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 an order reclassifying the Wilson Yates-Seven Rivers Pool, located in portions of Township 21 South, Ranges 34 and 35 East, NMPM, Lea County, New Mexico, as an associated pool to be governed by the General Rules and Regulations for Associated Pools in Northwest and Southeast New Mexico, as promulgated by Division Order No. R-5353, as amended. The applicant further seeks special provisions to provide for 160-acre gas and 40-acre oil proration units, a special gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil, and any other provisions which may be applicable in this case.

(3) According to Division records and testimony presented, the subject pool was discovered and created in 1928, and was developed in the late 1930's and early 1940's. Cumulative pool production as of January 1, 1991 totaled approximately 9.2 million barrels of oil and 1.4 BCF of gas.

(4) By Order No. R-199, dated November 13, 1952, the Wilson Yates-Seven Rivers Pool was exempted from the provisions of Rule No. 506 (d), (Gas-oil ratio limitation).

(5) According to the Division's November, 1991 Monthly Statistical Report, there are approximately seven actively producing wells within the subject pool operated by three different operators.

(6) Of the seven actively producing wells, five produced only gas and two produced oil at an average rate of approximately 39 barrels per day.

(7) The geologic evidence presented by the applicant indicates that the oil producing interval in the field is a dolomite section located in the lower Yates formation and that the producing mechanism within the field is water drive.

(8) The geologic evidence further indicates that there are three gas-containing sands located in the upper Yates formation which have generally not been developed in this field.

(9) The proposed reclassification will allow the applicant and other operators in the pool the opportunity to economically recover the remaining gas reserves in the Wilson Yates-Seven Rivers Pool.

(10) No other operator and/or interest owner appeared at the hearing in opposition to the application.

(11) The evidence presently available indicates that the Wilson Yates-Seven Rivers Pool should be reclassified as an associated pool.

(12) The evidence presently available indicates that the Wilson Yates-Seven Rivers Pool may be effectively and economically developed by oil wells on 40-acre spacing and proration units and by gas wells on 160-acre spacing and proration units.

(13) The evidence further indicates that the Wilson Yates-Seven Rivers Pool may be produced at a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil without waste and/or without causing a reduction in the ultimate oil recovery from the field.

(14) At the time of the hearing, the applicant requested that a provision be incorporated into the Special Rules and Regulations for the Wilson Yates-Seven Rivers Pool whereby the Supervisor of the Hobbs District Office of the Division be given the authority to approve non-standard proration units, provided that the provisions of Rule No. (4)(b) of the General Rules and Regulations for the Associated Oil and Gas Pools of Southeast New Mexico, as contained within Division Order No. R-5353, as amended, are complied with.

(15) With the exception of non-standard proration units which contain acreage not less than 75% nor more than 125% of a standard unit and which are necessitated by a variation in the legal subdivision of the United States Public Lands Survey, all non-standard proration units in associated pools are currently approved in Santa Fe by the Division Director.

(16) The applicant presented no compelling reason to change this long standing procedure, and therefore this request should be denied.

(17) Approval of the subject application will prevent waste by allowing the recovery of additional gas reserves from the subject pool which may otherwise not be recovered, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The Wilson Yates-Seven Rivers Pool, located in portions of Township 21 South, Ranges 34 and 35 East, NMPM, Lea County, New Mexico, is hereby reclassified as an associated pool and redesignated the Wilson Yates-Seven Rivers Associated Pool.

(2) The Wilson Yates-Seven Rivers Associated Pool shall be governed by the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico, promulgated by Division Order No. R-5353, as amended, insofar as said General Rules and Regulations are not inconsistent with the Special Rules and Regulations for the subject pool hereinafter set forth, in which event the Special Rules shall apply.

SPECIAL RULES AND REGULATIONS
FOR THE
WILSON YATES-SEVEN RIVERS ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 160 acres.

RULE 6. The limiting gas-oil ratio shall be 10,000 cubic feet of gas for each barrel of oil produced.

IT IS FURTHER ORDERED THAT:

(3) The locations of all wells presently drilling to or completed in the Wilson Yates-Seven Rivers Associated Pool or in the Yates-Seven Rivers formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs district office of the Division in writing of the name and location of the well on or before April 1, 1992.

(4) Pursuant to Paragraph A. of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws of 1969, Chapter 271, existing oil wells in the Wilson Yates-Seven Rivers Associated Pool shall have dedicated thereto 40 acres and existing gas wells shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C, of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating the appropriate acreage to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Wilson Yates-Seven Rivers Associated Pool or in the Yates-Seven Rivers formation within one mile thereof shall receive no more than a 40-acre allowable for the pool.

(5) The applicant's request to include a provision for administrative approval of non-standard proration units at the district office level is hereby denied.

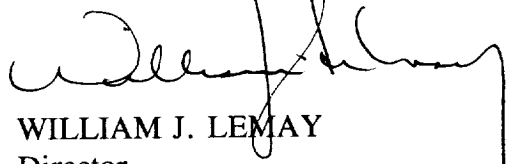
(6) Division Order No. R-199 is hereby superseded by this order.

(7) Jurisdiction is hereby 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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