

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION HOBBS DISTRICT OFFICE

BRUCE KING GOVERNOR January 14, 1992

POST OFFICE BOX 1980 HOBBS, NEW MEXICO 86241-1980 (505) 393-6161

RECEIVED

Hal J. Rasmussen Operating Inc. c/o William F. Carr P.O. Box 2208 Santa Fe, New Mexico 87504 JAN 16 1992 CAMPBELL & BLACK

RE: Case 10434 Application for Pool Reclassification and Special Pool Rules

Gentlemen:

District I of the OCD supports your request for special pool rules for the Wilson Yates-Seven Rivers Pool.

Because of new production found in the field, operation under the rules which are now in place (no GOR limit) the OCD could not have addressed correlative rights. Since as the attached letter from District Geologist, Paul Kautz, states the oil/gas contact cannot be determined and an associated field seems to be a logical way to set up the pool rules.

The Jalmat and Eumont pool rules allow for an oil well to have high GOR (10,000/1) and a reclassification point of 100,000 GOR. These pools have recently been assigned a minimum gas allowable of 600 MCFPD per 160 acres. The operators have been able to develop these fields on this restriction and the OCD is able to protect correlative rights.

As I understand it, the proposed rules for the Wilson Yates-SR Pool are somewhat based on the above rules and should be workable for the industry and the OCD.

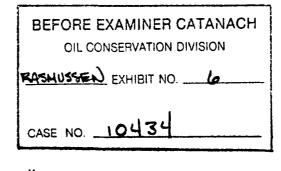
Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton Supervisor, District I

JS/ed

Encl.



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STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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MEMORANDUM

JAN 16 1992 CAMPBELL & BLACK

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MEMO TO: Jerry Sexton

FROM: Paul

Paul Kautz

SUBJECT: Case 10434 Application for Pool Reclassification and Special Pool Rules

DATE: January 14, 1992

In Case 10434, Hal J. Rasmussen Operating Inc. is seeking the reclassification of the Wilson Yates-Seven Rivers Pool to an associated pool. The special pool rules provide for 160 acre gas and 40 acre oil proration units, and a GOR limit of 10,000. Under Division Order R-5353, gas wells would be any well with a GOR greater than 30,000.

Rasmussen has recently done some recompletion work in this pool. These wells tend to have a high GOR. It is impossible to determine an oil/gas contact in the Wilson pool. Order R-199 exempted the Wilson pool from the GOR limit. By not having special rules to take into consideration the wells with a high GOR and wells which would be classified as gas the State is not protecting the correlative rights of Mineral and Operator Owners.

Therefore, I recommend that we support the application of Hal J. Rasmussen Operating Inc.