

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. 9776
ORDER NO. R-9074

APPLICATION OF HAL J. RASMUSSEN
OPERATING, INC. FOR SURFACE
COMMINGLING, 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. 9774 and 9775 for the purpose of testimony.

(3) The applicant in this matter, Hal J. Rasmussen Operating, Inc., is the operator of the 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, from which it is producing liquid hydrocarbons from the Arrowhead-Grayburg, Jalmat Gas, Jalmat Oil, Langlie-Mattix and South Eunice Pools.

(4) The applicant now seeks authority to commingle said liquid production from all wells on said leases utilizing 22 tank battery facilities, and to determine the production from each pool by periodic well tests.

Case No. 9776
Order No. R-9074
Page No. 2

(5) Doyle Hartman, an operator and mineral interest owner in the area, appeared at the hearing and objected to this application.

(6) All production to be commingled is of marginal nature.

(7) The ownership under each said state lease is common throughout.

(8) The previous use of similar production facilities and operations to that proposed by the applicant has shown that such equipment and procedures are a reliable and economical means of determining production to each well and pool.

(9) Approval of the application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant be and the same is hereby authorized to produce the Arrowhead-Grayburg, Jalmat Gas, Jalmat Oil, Langlie-Mattix and South Eunice Pools liquid production from 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 certain lands in Townships 22 and 23 South, Range 36 East, NMPM, Lea County, New Mexico, into 22 common tank batteries located therein.

PROVIDED HOWEVER THAT the applicant shall provide adequate facilities and procedures to permit the testing of all wells located on the above-described leases on an annual basis and after a workover to determine the individual production from each zone of each well.

PROVIDED FURTHER THAT the applicant shall install storage facilities capable of handling the total production from said leases during the maximum unattended hours of operation.

IT IS FURTHER ORDERED THAT all meters used in the above-described production facilities shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

(2) In the event any well producing into the commingled batteries becomes capable of top allowable production, the Division will take such action as may be appropriate.

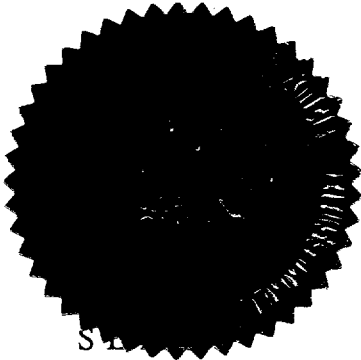
(3) The aforementioned installations shall be installed and operated in accordance with the applicable provisions of General Rule 303 of the Division and the Division "Manual for the Installation and Operation of Commingling Facilities."

Case No. 9776
Order No. R-9074
Page No. 3

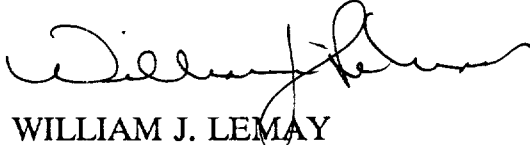
(4) It will be the responsibility of the producer to notify the transporter of this commingling authority.

(5) 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