

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES
DEPARTMENT**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION TO CONSIDER:**

**Case No. 22918
Order No. R-22406**

**APPLICATION OF ROBERT L. BAYLESS, PRODUCER LLC TO REVOKE
ORDER NO. R-14686 AND APPROVE THE LA JARA (MANCOS) UNIT AS
AMENDED, RIO ARRIBA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on July 7, 2022, and after considering the testimony, evidence, and the recommendations of the Hearing Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the OCD has jurisdiction of this case and its subject matter.
- (2) The La Jara Mancos Unit (“Initial Unit”) was approved by the OCD on May 21, 2018, though Order No. R-14686 issued in Case No. 15946. Robert L. Bayless, Producer LLC (“Bayless” or “Applicant”) was designated the unit operator for the Initial Unit. The Initial Unit consisted of the Mancos formation underlying 10,878.58 acres of the following lands situated in Rio Arriba County, New Mexico.

Township 29 North, Range 4 West, NMPM

Section 1: All
Section 2: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 20: All
Section 21: All
Section 22: All

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Section 23: All

Section 24: All

Section 25: All

Section 26: All

Section 27: All

Section 28: All

Section 29: All

Section 32: All

(3) Order No. R-14686 required the Unit Operator to provide inter-well communication data within the Initial Unit to the Aztec District office of the Division no later than 18 months after its effective date.

(4) Applicant did not develop the Initial Unit as it was initially approved. Applicant is now seeking approval from the U.S. Bureau of Land Management ("BLM") of a new La Jara Mancos Unit ("Unit") consisting of 4,160 acres of the following lands situated in Rio Arriba County, New Mexico ("Unit Area"):

Township 29 North, Range 4 West, NMPM

Section 22: All

Section 23: All

Section 24: All

Section 25: All

Section 26: All

Section 27: All

Section 28: E/2

(5) Applicant is seeking to have Order No. R-14686 revoked.

(6) Unitized Interval: The unitized interval for the Unit is the Mancos Shale Formation, which is defined as the stratigraphic equivalent of the base of the Point Lookout Sandstone of the Mesa Verde Group or top of the Mancos formation at a measured depth of 6,824 feet to the base of the Mancos formation or top of the Dakota Sandstone at a measured depth of 8,586 feet in the San Juan 29-4 Unit No. 24 well located in the NW/4 NE/4 of Section 8 of Township 29 North, Range 4 West, N.M.P.M. in Rio Arriba County, New Mexico (API No. 30-039-22844).

(7) Applicant presented testimony and exhibits as follows:

a. The Unit is a proposed federal exploratory unit and the entirety of the Mancos formation will be unitized.

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b. The Unit is comprised of seven (7) tracts of which seven (7) are federal tracts, zero (0) are state tracts, and zero (0) are fee tracts.

c. The Unit obligation well is the La Jara 26-3 No. 1H well, a horizontal well with a surface location in the NW/4 NE/4 of Section 26 of Township 29 North, Range 4 West (API No. 30-039-31365) and a bottomhole location in the SE/4 SW/4 of Section 21, of Township 29 North, Range 4 West. The well will be completed in the Basin Mancos Pool (Pool Code 97232).

e. Applicant presented the proposed Unit Agreement ("Unit Agreement"). The Unit Agreement designates Applicant as the Unit Operator and has provisions for expansion or contraction of the Unit.

f. Applicant has received a logical designation letter from the BLM, indicating the land proposed for unitization is logically subject to exploration and development. The BLM assigned NMNM 105770971 as the case serial number to the Unit.

g. Notice was provided of this application to the record title owners, royalty owners and overriding royalty owners within the Unit Area.

h. The stipulation within Order No. R-14686 that required the Unit Operator to provide inter-well communication data within the Unit to the Aztec District Office of the Division no later than 18 months after its effective date is no longer necessary.

(8) No other party appeared at the hearing or otherwise opposed this application.

(9) All proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the Applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(10) The approval of the Unit will serve to prevent waste and protect correlative rights within the lands assigned to the Unit Area.

IT IS THEREFORE ORDERED THAT:

(1) OCD recommends approval of the Unit.

(2) Order No. R-14686 is hereby revoked.

(3) The Unit Area comprises 4,160 acres situated in Rio Arriba County, New Mexico and described above.

(4) This Order shall become effective upon the signature of all parties to the Unit Agreement.

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(5) OCD recognizes that Robert L. Bayless, Producer LLC (OGRID No. 150182) is designated the Unit Operator under the Unit Agreement.

(6) Upon the approval of the Unit Agreement and filing of the Unit Agreement with the OCD, the Unit Area will be recognized by the OCD as a “unitized area” as provided in 19.15.16 NMAC.

(7) The Unit Operator will ensure that the names of the Unit wells are uniform and include the name of the Unit.

(8) The plan contained in the Unit Agreement for the development and operation of the above-described Unit Area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the OCD to supervise and control operations for the unit and production of oil and gas therefrom.

(9) The Unit Operator shall file with the OCD the fully executed Unit Agreement within 30 days of the effective date of the Unit Agreement. In the event of (a) subsequent joinder by any other party, (b) expansion or contraction of the Unit Area, (c) change of Unit Operator, or (d) termination of the Unit or Unit Agreement, the Unit Operator shall file with OCD, within 30 days after approval or notification of BLM, the amended Unit Agreement or other documentation reflecting the changes.

(10) All filings required by this Order shall be submitted to the OCD Engineering Bureau (OCD.Engineer@emnrd.nm.gov). OCD may notify the Unit Operator of any changes to the filing process without need to amend this Order.

(11) Jurisdiction of this case is retained for the entry of such further orders as the OCD may deem necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

Date: 11/23/2022