

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

12 October 1988

EXAMINER HEARING

IN THE MATTER OF:

Application of Robert L. Bayless for CASE
9 non-standard gas production units, 9495
Rio Arriba County, New Mexico.

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division: Robert G. Stovall
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant: Robert L. Bayless, Pro Se

I N D E X

ROBERT L. BAYLESS, PRO SE

Questions by Mr. Stovall

Questions by Mr. Catanach

E X H I B I T S

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1 MR. CATANACH: Call next Case
2 9495.

3 MR. STOVALL: Application of
4 Robert L. Bayless for nine nonstandard gas proration units,
5 Rio Arriba County, New Mexico.

6 MR. CATANACH: Are there ap-
7 pearances in this case?

8 MR. BAYLESS: My name is
9 Robert L. Bayless, Farmington, New Mexico. I've appeared
10 before.

11 MR. CATANACH: And you are
12 your own witness.

13 MR. RAYLESS: I am my own wit-
14 ness, my own attorney.

15
16 (Mr. Bayless sworn.)

17
18 MR. BAYLESS: I think that you
19 have the exhibits, hopefully.

20 I believe that Exhibit One is,
21 if your marking is the same as mine, is a description of
22 acreage at 29 North and 3 West, which is a truncated town-
23 ship on the west side.

24 Along the west side the west
25 half of Sections 6, 7, 18 and 19, 30 and 31, was truncated

1 in the original survey and those west half -- those west
2 half -- the west half of those sections is, oh, approxi-
3 mately half size.

4 What we have done, on Exhibit
5 One you'll find a marking of Tract A, B, C, D, through G.
6 Following that you'll see the acreage allocated to each of
7 those tracts. Then you'll see the section in which that
8 tract lies and then you'll see a description by lots in the
9 fourth column.

10 The Exhibit Two, I believe,
11 will be a map showing the color code and showing the tract
12 numbers. The concept, and this has been done in other
13 places in the basin, where a township is truncated on one
14 side, the concept is to get as close to 160 acres for a
15 drilling unit by gathering up lots. You'll see that to do
16 this requires some crossing section lines with the lots.

17 The offset acreage holders are
18 Meridian Oil Company, Cecilia Wirt Simms, and Amoco. We
19 have received, we've sent registered letters to those three
20 parties, received one back from Simms with no protest. We
21 have no received anything from Amoco or Meridian but the
22 time has lapsed.

23 Meridian, incidentally, is a
24 partner in that -- in this acreage.

25 I believe that's all I really

1 have to say. If you have questions I'll try to respond.

2 MR. STOVALL: Let me, Mr.
3 Examiner, for a moment.

4 Let's make sure that we are
5 identifying the same exhibits, the same thing, Mr. Bayless.

6 I have from a package that was
7 mailed by you on October 19th, Exhibit Number -- what is
8 marked as Exhibit Number One --

9 MR. BAYLESS: On October 19th?

10 MR. STOVALL: I think it was
11 that -- September 19th, excuse me -- is about the third
12 sheet down, it says Exhibit Number One in the righthand,
13 upper righthand corner --

14 MR. BAYLESS: That's correct.

15 MR. STOVALL: -- and it lists
16 lefthand column (unclear) A through G, that's what you've
17 been using as Exhibit Number One, is that correct?

18 MR. BAYLESS: That's correct.

19 MR. STOVALL: Okay, what --
20 what I --

21 MR. BAYLESS: Exhibit Number
22 Two then should be the next township. The first one is 29
23 North, 3 West. Exhibit Two is 30 North, 3 West.

24 MR. STOVALL: Say a similar
25 list, is that correct?

1 MR. BAYLESS: Yes, a similar
2 list, and Exhibit Three, then is a map of the two townships
3 showing the -- showing the tracts.

4 MR. STOVALL: Okay. Referring
5 to Exhibit Number One again, and we're now identifying the
6 map as Exhibit Number Three, you have on Exhibit Number One
7 or the copy we have has Tracts A and B colored in pink and
8 yellow and there are only two tracts shown on Exhibit
9 Number Three. What are --

10 MR. BAYLESS: Okay, you may
11 wish to handle it in a different manner. The only acreage
12 we have in 29 North, 3, is Sections 3, 4, 5, 6, 7, 8, 9 and
13 10, so we are only requesting spacing on Sections 6 and 7.
14 The acreage to the south of that is Jicarilla tribal acre-
15 age unleased and so we -- we can or cannot request spacing
16 for those lots through there, but we do not have it under
17 lease.

18 MR. STOVALL: All right, you
19 have no interest in that acreage at all.

20 MR. BAYLESS: I have no inter-
21 est in that acreage. It's --

22 MR. STOVALL: And your appli-
23 cation only applied for the acreage that you have an inter-
24 est in at the time so --

25 MR. BAYLESS: That is correct.

1 MR. STOVALL: -- in other
2 words, looking at Exhibit Number One we can really ignore
3 C through G in terms of your tracts listed for this
4 hearing.

5 MR. BAYLESS: You can ignore
6 it as far as I'm concerned; however, perhaps for the con-
7 venience of the state it might be appropriate to go ahead
8 and space it at this time on the --

9 MR. STOVALL: No, I don't
10 think that was noticed in the hearing, so we probably
11 can't.

12 MR. BAYLESS: All right.

13 MR. STOVALL: Do you have the
14 return receipt cards from the notice you gave?

15 MR. BAYLESS: Yes, I do.

16 MR. STOVALL: We can either
17 take the originals or have copies submitted.

18 MR. BAYLESS: Is that what you
19 -- you want to keep the originals? That's, I think, fine
20 with us.

21 MR. STOVALL: We can do that.
22 I think we need to have that --

23 MR. BAYLESS: All right.

24 MR. STOVALL: -- in the record
25 showing that they actually --

1 MR. BAYLESS: All right.

2 MR. STOVALL: -- received
3 them.

4 MR. BAYLESS: This is from
5 Cecilia Wirt Simms. The Amoco and Meridian did not --
6 well, I have their receipt cards.

7 MR. CATANACH: Let's mark them
8 as an exhibit.

9 MR. STOVALL: Exhibit Four,
10 and in that connection, Mr. Bayless, would you like to make
11 Exhibit Four your letters with the return receipt attached?

12 MR. BAYLESS: That will be
13 fine.

14 MR. STOVALL: We'll attach --
15 we've got copies of the letters.

16 MR. BAYLESS: Okay, then
17 you'll use your copies of the letters and my cards and I'll
18 maintain my copies of the letters.

19 MR. CATANACH: As I understand
20 it, Mr. Bayless, you own all the subject leases, is that
21 right?

22 MR. BAYLESS; Yes, I'm the
23 operator of record.

24 MR. CATANACH: Okay. The only
25 offset operators that you found were -- were the three you

1 cited?

2 MR. BAYLESS; That's correct.

3 MR. CATANACH: In that whole
4 area?

5 MR. BAYLESS: I have the Town-
6 ship 29. I have the eight sections I've already alluded to
7 at 29 and 3, and I have all the leased acreage in 30 and 3.

8 Do you happen to have, you
9 should have this map with your Exhibit Four?

10 MR. CATANACH: Right.

11 MR. BAYLESS: Okay, to the
12 north in 31, 3, is Amoco.

13 To the west is Meridian as
14 operator, Cecilia Wirt Simms, I believe, is -- well, she is
15 a fee owner; I believe there are perhaps some unleased ac-
16 reage; she owns the fee is the reason she received the
17 card.

18 MR. STOVALL: The west of the
19 entire strip --

20 MR. BAYLESS: Yes. Well --

21 MR. STOVALL: -- all the way
22 down?

23 MR. BAYLESS: -- Meridian,
24 yes. Cecilia Wirt, no, there are some homestead tracts in
25 30 and 4, but Meridian has the rest of the acreage up and

1 down that township line.

2 MR. STOVALL: And -- and you
3 mean including down into 29, 4, the --

4 MR. BAYLESS: Yes.

5 MR. STOVALL: -- adjoining
6 sections?

7 MR. CATANACH: You've got 30
8 North, 3 West. That's all leased to you, the whole town-
9 ship?

10 MR. BAYLESS: That is inaccu-
11 rate. I have all of the leased acreage in that township.
12 There are four sections, Sections 27, 28, 33 and 34 that
13 are tribal unleased.

14 Other than that I have all the
15 township -- all the sections -- all of the township.

16 MR. STOVALL: So you have all
17 of those sections on the west --

18 MR. BAYLESS: Yes, sir.

19 MR. STOVALL: -- of the town-
20 ship.

21 MR. BAYLESS: Yes, sir.

22 MR. STOVALL: The east half of
23 the section adjacent to the (unclear).

24 MR. BAYLESS: Yes, sir.

25 MR. CATANACH: Any wells

1 drilled in those -- in those odd sections would most
2 likely be in the East Blanco Pictured Cliff Pool?

MR. BAYLESS: Yes, sir.

4 MR. CATANACH: But you don't
5 want to limit them to that formation, you've also got the
6 Cabrestro Gallup and Campo Gallup?

MR. BAYLESS: I think that's

8 Camponero, I wouldn't swear to it; maybe it's Campo. Maybe
9 we have Camponero down south. That's correct. But the --
10 we would not want to limit it but for the foreseeable fut-
11 ure. it would be Pictured Cliff development.

12 MR. CATANACH: Mr. Bayless,
13 where did you get your information on the -- on the size of
14 these lots?

15 MR. BAYLESS; We have -- may I
16 show you what we have?

MR. CATANACH: Yes, sir.

18
19 (Thereupon a discussion was had off the record.)

21 MR. STOVALL: Let's go back
22 on, Sally.

23 Mr. Bayless, how did you det-
24 ermine the acreage in these short sections? What method
25 did you use to -- what source did you use to determine the

1 acreage?

2 MR. BAYLESS: We used the plat
3 maps of the townships.

4 MR. STOVALL: Plat maps from
5 the --

6 MR. BAYLESS: They are from
7 the U. S. Surveyor General's Office, dated 1922.

8 MR. STOVALL: And you have
9 copies of those maps which could be placed in the record or
10 --

11 MR. BAYLESS: Yes, I do have.

12 MR. STOVALL: -- you could
13 obtain copies?

14 MR. BAYLESS: Yes, I do.

15 MR. STOVALL: Give those as
16 Exhibit Five, then, perhaps, is that what you --

17 MR. BAYLESS: That would be
18 the next exhibit and I'll get these to you as Exhibit Five.

19 MR. CATANACH: Okay.

20 MR. STOVALL: Let me just do
21 one thing for the record. I know Sally knows who you are
22 but would you state your name and your relationship to the
23 applicant?

24 MR. BAYLESS: Robert L.
25 Bayless. I'm an independent oil and gas producer, Farming-

1 ton, New Mexico, and I am the applicant.

2 MR. CATANACH: Okay, at this
3 time we'll admit Exhibits One through Five into evidence in
4 this case.

5 MR. STOVALL: Mr. Bayless, we
6 have one question with respect to this notice that we need
7 to resolve.

8 It appears that you gave not-
9 ice to the offsets, according to what you testified, that
10 you were requesting the nonstandard, but they did not actu-
11 ally get notice of this hearing in your letter.

12 I'm not quite sure at the mo-
13 ment what we need to do to -- now you have gotten a waiver
14 from at least one of those parties?

15 MR. BAYLESS: I have the
16 waiver executed from Cecilia Wirt Simms.

17 MR. STOVALL: Would it be pos-
18 sible, do you think, to obtain waivers from Amoco and Meri-
19 dian? That would -- that would resolve the issue, if they
20 would waive any requirement of notice of this hearing.

21 MR. BAYLESS: I have no prob-
22 lem requesting it. I would see no reason that they would
23 not be willing to give that.

24 I know of no reason.

25 MR. CATANACH: Okay, we'll

1 just leave the record open and give you some time to -- to
2 attempt to obtain the waivers from those --

3 MR. BAYLESS: In other words,
4 the letter that we sent them and the fact that they accept
5 that they received that letter is not sufficient for this
6 purpose?

7 MR. STOVALL: That, because it
8 is a hearing procedure, it's not under the administrative
9 process, they are required to have notice of the hearing.

10 MR. BAYLESS: Okay, I under-
11 stand.

12 MR. STOVALL: Of the hearing
13 date.

14 MR. BAYLESS: I understand.

15 MR. STOVALL: So in view of
16 the number of -- small number of people involved --

17 MR. BAYLESS: Yes.

18 MR. STOVALL: -- perhaps you
19 can get them to just waive --

20 MR. BAYLESS: I will.

21 MR. BAYLESS: -- waive any ob-
22 jection and enter an appearance for the hearing.

23 MR. BAYLESS: Yeah, I should
24 be able to do that.

25 MR. STOVALL: For the purpose

1 of the hearing.

2 MR. CATANACH: Okay, in that
3 case we'll just leave the record open until we -- until we
4 receive those waivers from you.

5 MR. BAYLESS: Very good. I'll
6 send the waivers. I will send you the township plats.

7 MR. CATANACH: Okay. Is there
8 anything else in this case?

9 If not, we'll just leave the
10 record open until we receive the additional information
11 requested.

12 MR. BAYLESS: Thank you.

13

14 (Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C. S. R. DO HEREBY
CERTIFY that the foregoing Transcript of Hearing before the
Oil Conservation Division (Commission) was reported by me;
that the said transcript is a full, true and correct record
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 9485,
heard by me on October 12 19 88.

David R. Cate, Examiner
Oil Conservation Division

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date OCTOBER 12, 1988 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Babe Kendrick	El Paso Natural Gas Co	El Paso, TX
W T Kellohin	Kellohin Kellohin Auburn	Santa Fe
R. STANFIELD	MERIDIAN	FARMINGTON
Graig A. McCracken	Meridian Oil, Inc.	Farmington
David M. Grage	Meridian Oil Inc	"
Danny Boone	Meridian Oil Inc	Farmington
Victor T. Lyon	O.C.D.	Santa Fe
Patrick Bent	Meridian Oil Inc	Farmington
CHARLES B. READ	Read & Stevens, Inc	Roswell
Robert L. Bayless		Farmington
Bob Huhner	Byzrum	Santa Fe
John Mafey	Read & Stevens Inc	Roswell
William F. Can	Campbell & Black, P.A.	Santa Fe
Ernest L. Canoll	Lone Canon & Canoll	Artesia
James P. Jennings	Jennings	Roswell
Raymond Lamb	Hou do dely Co	Artesia N.M.

