

ROBERT L. BAYLESS
PETROLEUM CLUB PLAZA BUILDING
P. O. BOX 1541
FARMINGTON, NEW MEXICO 87401

RECEIVED

SEP 10 1979

OIL CONSERVATION DIVISION
SANTA FE

September 6, 1979

State of New Mexico
Energy & Minerals Dept.
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

RE: Southland #1, #3, & #4
Pictured Cliffs Gas Wells

Gentlemen:

We have drilled three small shallow gas wells located as follows:

Southland #1 - 1240' FSL & 1240' FWL, Sec. 3, T26N, R13W;
Southland #3 - 790' FNL & 1450' FWL, Sec. 10, T26N, R13W;
Southland #4 - 790' FNL & 790' FWL, Sec. 9, T26N, R13W.

This is on a farmout from Southland Royalty, all on the same lease with common ownership of royalty, overriding royalty, and working interest. We estimate produced volume to be 50 MCF/day per well.

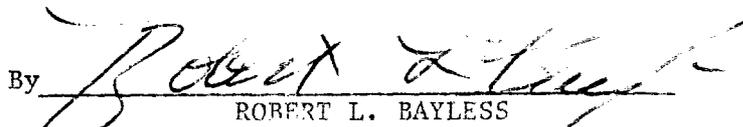
Because of the extremely lengthy delays in obtaining right-of-ways from the Navajo Tribe we propose to lay a temporary gathering system connecting these three wells and tying into the gas purchaser, El Paso Natural Gas Company's meter nearby our Chaco #7 located in the SW/SW Section 1, T26N, R13W. The proposed line is shown dotted in red on the enclosed map. We propose to allocate production between these wells by producing two wells with the third well shut in and doing this with each well, thereby establishing a percentage of total gas sales for each well. We have executed a Gas Purchase Agreement with El Paso Natural Gas Company. We request administrative approval to expedite this work and request that if you have any questions you contact us at the above telephone number.

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This proposed gathering will be replaced by a normal gathering system with individual well meters at such time as El Paso receives right-of-way approval.

Yours truly,

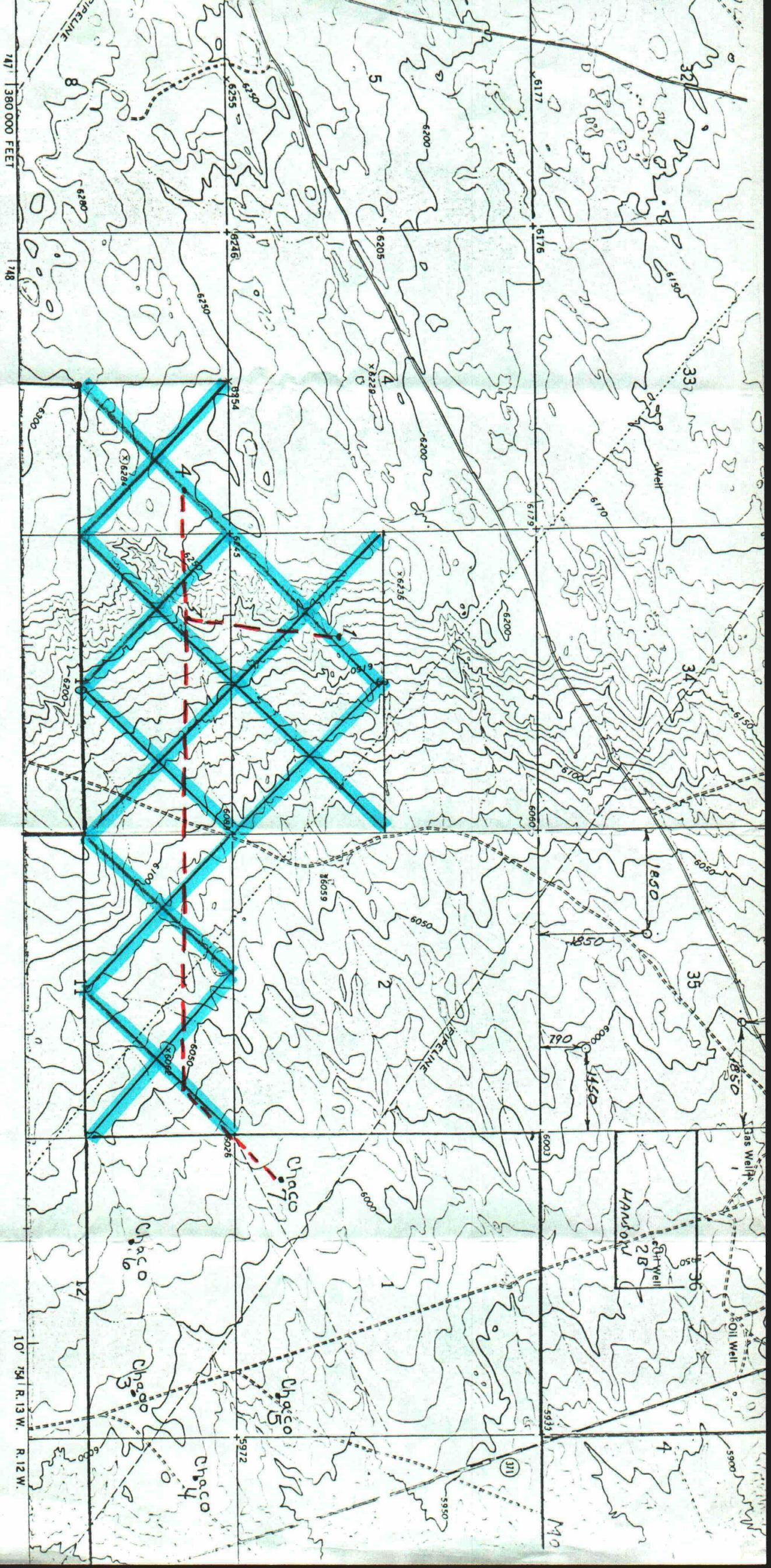
MERRION & BAYLESS

By 
ROBERT L. BAYLESS

RLB/eh

xc: Oil Conservation Division
1000 Rio Brazos
Aztec, NM 87401

Southland Royalty
P.O. Drawer 507
Farmington, NM 87401
ATTN: Mr. Larry Van Ryan

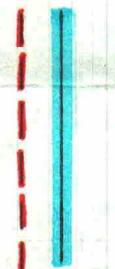


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by photogrammetric methods from aerial
 photos taken 1964 and by plane-table surveys of the
 Reclamation 1965. Field checked by USGS 1965
 projection. 1927 North American datum
 grid based on New Mexico coordinate system,
 or Universal Transverse Mercator grid ticks,
 shown in blue

MERRION & BAYLESS
Proposed Gathering System for
Southland #1, #3, & #4 Wells

LEGEND:
USA Oil & Gas Lease #NMI2235
Proposed Pipeline



NEW MEXICO