

CASE 4779: Application of MERRION
& BAYLESS FOR A NON-STANDARD PRO-
RATION UNIT, SAN JUAN COUNTY.

Continue &

Aug. 23.

Case Number

4779

Application

Transcripts

Small Exhibits

E.T.C.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE
SANTA FE, NEW MEXICO
Wednesday, August 23, 1972 at 9:15 A. M.

EXAMINER HEARING

IN THE MATTER OF:

Application of Merrion & Bayless for
a non-standard proration unit, San
Juan County, New Mexico. Applicant
seeks approval of a 160-acre non-standard
gas proration unit comprising the
SE/4 of Section 35, Township 30
North, Range 12 West, within one
mile of Flora Vista-Mesaverde Pool,
San Juan County, New Mexico, to be
dedicated to its Carnahan Well No. 1
located in Unit P of said Section 35.

) Docket No. 19-72
) Case No. 4779

BEFORE: RICHARD L. STAMETS, Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

dearnley, meier & mc cormick

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-9691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108P R O C E E D I N G S

MR. HATCH: Case 4779, application of Merrion & Bayless for a non-standard proration unit, San Juan County, New Mexico.

MR. MORRIS: Mr. Examiner, I am not here to represent the applicant but I am here to represent a party interested in the case. I am here on behalf of El Paso Natural Gas Company in this case. Mr. J. C. Considine, attorney from El Paso is also appearing with me.

MR. HATCH: Are you Mr. Merrion?

MR. MERRION: I am.

MR. HATCH: Would you please introduce yourself to the Examiner so the reporter can get it on the record?

MR. MERRION: Mr. Examiner, I am J. Gregory Merrion, independent oil and gas producer in Farmington, New Mexico. I am making an appearance on behalf of myself and my partner, Robert L. Bayless.

THE EXAMINER: Mr. Merrion, Mr. Morris has previously made an appearance in this case for El Paso Natural Gas Company.

(Whereupon, Mr. J. Gregory Merrion was sworn.)

MR. HATCH: Mr. Merrion, do you have any exhibits you wish to introduce?

MR. MERRION: Yes, I do.

While we are here marking the exhibits, Mr. Examiner,

dearnley, meier & mc cormick

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. • EAST ALBUQUERQUE, NEW MEXICO 87108

1 I would like to introduce myself. I am J. Gregory Merrion,
2 petroleum engineer by education registered in the State of
3 New Mexico as a professional engineer and have practiced as an
4 independent oil and gas producer in the Farmington area for
5 the last 12 years. I have previously appeared before the
6 Commission and have some ability in the field of petroleum
7 engineering and reservoir engineering. My co-owner, Robert L.
8 Bayless and myself acquired a well, the Carnahan Number 1,
9 which had been based in the Dakota completion by Texas
10 Engineering Transmission Company and it developed a hole in the
11 casing and was scheduled to be plugged and abandoned. We
12 acquired the well and plugged the Dakota thereby terminating
13 the Dakota proration unit communitization agreement. We
14 acquired the lease under the well. It having expired by like
15 production and made a recompletion in the Mesaverde formation
16 in February of this year. I am somewhat embarrassed to find
17 myself getting an unorthodox location after this having been
18 done, but there was a misunderstanding and misinterpretation
19 of the rules on the part of my partner and myself and it was
20 strictly due to oversight on our part. We were of the impres-
21 sion that a well located a mile away from producing wells in a
22 field was not, or more than a mile, would not be governed by
23 the field rules in that field. It so happens that one of the
24 proration units in the Flora Vista-Mesaverde field, the edge
25 of the proration unit, comes within a mile of the well that we

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

1 have completed. So, we find ourselves having to apply for an
2 unorthodox location or go to 320 acre spacing on the well. I
3 have presented two exhibits. I think Exhibit Number 1, which
4 is the Flora Vista-Mesaverde and adjacent Cliffhouse wells and
5 penetrations in the Flora Vista area has been labeled Exhibit
6 1. If I may refer to that, I will describe what I attempt
7 to portray here. The legend depicts gas wells with the
8 conventional symbol and depleted gas wells with the same symbol,
9 a line drawn through and the Cliffhouse dry holes with also
10 the conventional dry hole symbol. I have colored the Flora
11 Vista-Mesaverde wells, both those now producing and those which
12 have produced and have been depleted or cease to produce, in
13 red. I have colored the gas wells which are now producing
14 from the Cliffhouse formation or have once produced from the
15 Cliffhouse formation but which are undesignated Mesaverde
16 wells in yellow and I have colored the Carnahan Number 1, which
17 is the well in question, in orange. There are five dry holes
18 listed on the map. There are others in the area, but these
19 are the ones I wish to call attention to because I think they
20 affect our case. You will note that the Carnahan Number 1
21 well is located 7467 feet from the nearest producing well in
22 the Flora Vista-Mesaverde field.

23 THE EXAMINER: Mr. Merrion, would you please identify
24 the Carnahan well by the location, section, township and range?

25 MR. MERRION: The Carnahan well is nine-ninety from

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 the south and nine-ninety from the east of Section 35, 30
2 North, 12 West. The Duff "B" 1 of Amoco is located nine-ninety
3 from the south and east of Section 27, Township 30 North, 12
4 West. So, the distance between these two wells is 7,467 feet
5 and that is the nearest distance between the Carnahan well and
6 the nearest well in the Flora Vista-Mesaverde field. There
7 is a dry hole in between. Actually that well located in the
8 southwest northwest of 35 was the Aztec Hudson Number 3, which
9 is producing from the basin Dakota. The notice of intent to
10 drill scheduled Dakota-Mesaverde dual completion. They
11 encountered a very thin development of what appears to be pay
12 on the log, but did not elect to complete it thereby calling
13 it a Cliffhouse dry hole. It is also pointed out that we are
14 approximately a mile and a half or about 7920 feet due west
15 of the nearest well which has produced from this undesignated
16 Mesaverde field. Now, referring to the well in the southeast
17 of the southwest of 31 which is due east of the Carnahan well
18 in the southeast of 35, going further I would like to point
19 out that the well colored in blue in the southwest quarter of
20 Section 26 is the Southwest Production or I think they call
21 it the Beta Development Company Palmer "D" 1 which is the
22 basin Dakota completion. It is located 300 feet from the
23 palmer Number 1 drilled by Southwest and now operated by my
24 partner and myself and it contains absolutely no pay in the
25 Cliffhouse formation. I would like to point out that the well

dearnley, meier & mc cormick

200 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6601, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 in the southeast of Section 34 which is the Aztec owned gas
2 McGrath Number 1--I am not sure what the status of that well
3 is. I suspect it might be a Dakota producer which has
4 encountered no pay at all in the Cliffhouse formation of the
5 Flora Vista field. I would like to point out that the well
6 in the northwest of Section 36 which is a Texaco encountered
7 what appeared to be no pay at all in the Cliffhouse formation
8 Flora Vista field. I think it is obvious from this map that
9 if there exists dry holes between the Carnahan Number 1 and the
10 Flora Vista-Mesaverde field and we are a long way from produc-
11 tion in that field--

12 MR. MORRIS: At this time I object to this or any
13 attempt on the part of the applicant to go beyond the scope
14 of this hearing. As I understand the gist of his testimony
15 here, he is trying to say that his well or the southeast quar-
16 ter of Section 35 is not in the--or governed by the rules of
17 the Flora Vista-Mesaverde pool and I believe that any attempt
18 to proceed in this hearing on that assumption that this acreage
19 is not governed by those rules is beyond the scope of the
20 hearing.

21 MR. MERRION: I don't believe I said it was not
22 governed by the rules. That seems to be the question of the
23 hearing which is should it be spaced in accordance with the
24 Flora Vista-Mesaverde field rules or not. We have made
25 application for an unorthodox location because we think

dearnley, meier & mc cornick

200 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 unusual circumstances justify that it should be so considered.

2 MR. MORRIS: All I was pointing out, Mr. Examiner,
3 is if the applicant is saying that his well is separate from
4 the Flora Vista-Mesaverde, he has not filed his application
5 properly and improper notice has been given.

6 THE EXAMINER: I think you are quite correct in this
7 as the case was advertised, we could not separate this area
8 from the Flora Vista-Mesaverde. However, what Mr. Merrion is
9 saying might have some basis on whether or not a non-standard
10 unit should be approved and we won't stop him from continuing
11 with this, but will take this into account in rendering a
12 decision on this matter.

13 You may proceed, Mr. Merrion.

14 MR. MERRION: I would like to point out that the
15 proration unit for the Palmer Number 1 which is the red gas
16 well in the southwest of Section 26 is the entire south half
17 of 26 and because this comes within a mile of the Carnahan
18 Number 1, this presents the problem. I would like to again
19 point out that all the dry holes colored in blue have absolu-
20 tely no gas pay in the Cliffhouse formation with the possible
21 exception of the Aztec Hudson Number 3 in the northwest corner
22 of Section 35.

23 I would like to present my second exhibit which is a
24 pair of isopach maps of the Flora Vista-Mesaverde field which
25 I made up in 1966. These I think are identified as Exhibit

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 Number 2. These were made up for a dual purpose, a study I
2 was making of the Flora Vista field to determine if there was
3 a water drive present and secondly to justify a loan at the
4 bank on the Osborne Number 1 which we operate. This was long
5 before I anticipated any problem with the Carnahan Number 1.
6 We did not own it at that time, but at that time it was my
7 feeling that the Carnahan Number 1 was not part of the Flora
8 Vista-Mesaverde field. You note I have two isopachs, one of
9 the upper pay sand which is well developed in the Pan-American
10 or the Amoco Duff "B" 1 in the southeast of Section 27 and
11 the Stedje Number 1 in the northwest of 27 and a lower pay
12 sand which finds itself well developed in the Osborne Number
13 1 of Section 22, southwest quarter. You will note that on the
14 upper pay sand isopach I have added dashed lines indicating
15 a revision of that isopach due to the drilling of the Aztec
16 Hudson Number 3 which took place subsequent to the report.
17 This, as far as I can see, is about the only change in the
18 isopach of the map. I would like to point out that the undesi-
19 gnated wells which appear on the prior exhibit in yellow
20 produced from the sand which appears to be correlative with the
21 lower sand and the Carnahan Number 1 appears to have that same
22 sand, the lower sand mainly developed in it. I would like to
23 point out that this map was, as I say, my unbiased opinion of
24 the nature of the description of your reservoir in that Flora
25 Vista made long before this question came up. I would also

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1022, PHONE 243-0691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87103

1 like to point out--the question may come up--that I show no
2 pay in Section 23 where Monsanto's N. W. P. Number 1 and the
3 Beta Smith Number 1 are shown on Exhibit Number 1 as completed
4 wells. You will note that in the lower-- isopach only the
5 pay above the transition zone and it was my opinion that those
6 wells in Section 23 had only transitions zoned pay--the wells
7 produced very little gas and have ceased to produce long since.

8 I would like to point out that in the original
9 Flora Vista-Mesaverde spacing hearing it concerned itself at
10 that time of four sections, Section 22, 23, 26 and 27. The
11 testimony was given that it was the opinion that those four
12 sections had pay throughout their entire--underneath the entire
13 floor sections in support of 320 acre spacing. I think that
14 if that spacing hearing was extending itself to Section 35 and
15 were held today that certainly could not be said. I think it
16 is evidenced by the dry holes northwest of 36 and northwest
17 of 35 and the dry hole in the southwest of 26 that there is a
18 very scarcity pay in a large part of Section 35.

19 In conclusion, Mr. Examiner, I feel that the
20 Carnahan Number 1 is not connected with the Flora Vista-
21 Mesaverde field. I feel that if we are required to communitize
22 the 320 acre proration unit that our correlative rights will
23 be violated--

24 MR. MORRIS: Mr. Examiner I renew my objection on
25 the basis of the conclusion just stated by the witness that he

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 bases his application upon the proposition that this well was
2 not connected with the Flora Vista-Mesaverde field and we
3 just believe that is beyond the scope of this hearing.

4 MR. EXAMINER: The examiner agrees that it is beyond
5 the scope of the hearing and we will take that fully into
6 account in rendering a decision.

7 MR. MERRION: I do hope that the examiner will
8 consider my plea that the lack of pay in other portions of
9 Section 35 is a point in our favor.

10 MR. EXAMINER: Does that conclude your direct
11 testimony?

12 MR. MERRION: Yes, sir.

13 MR. EXAMINER: Are there questions of the witness?

14

15

CROSS EXAMINATION

16

BY MR. MORRIS:

17

Q Mr. Merrion, as the Flora Vista-Mesaverde pool is defined
18 by the orders of the Commission and includes, am I correct,
19 all of Sections 21, 22, 23, 26, 27 and 28?

20

A I believe that to be true.

21

Q Referring to the Aztec well in Section 35, I believe you
22 testified that since that well was not completed in the
23 Mesaverde, you were calling it a dry hole. Is that your
24 statement?

25

A I believe that I stated that the operator called it a dry

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1392, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87106

1 hold effectively by scheduling it as a Dakota Mesaverde
2 dual completion to be set five and a half and dual
3 completed. When they saw the log, they said four and a
4 half and single completed in the Mesaverde thereby
5 offectively calling it and abandoning notice of intent to
6 complete in the Mesaverde.

7 Q Have you examined the logs on that well?

8 A I have.

9 Q How many feet of sand do you find in the Mesaverde in
10 that well?

11 A There are many feet of sand throughout the Mesaverde
12 section. I haven't counted them up. I find only five
13 feet of sand which appears as though it might be gas
14 productive in the Cliffhouse formation. I am not sure
15 that it is. I didn't benefit of sample descriptions or
16 other information that the operator may have had drilling
17 the well. I should have thought that if this were good
18 pay that it would have completed even though it were a
19 thin--but they elected--they had the ultimate knowledge
20 and made decision accordingly.

21 Q It is not beyond the realm of possibility that that well
22 could eventually be completed in the Mesaverde, is it?

23 A I agree that that is not beyond the realm of possibility
24 based on what knowledge I have just looking at the log.

25 Q Have you made any attempt to form a standard unit that is

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 a 320 acre unit in the Flora Vista-Mesaverde under the
2 Flora Vista-Mesaverde pool rules with respect to your
3 Carnahan well in the southeast quarter of Section 35?

4 A We have had discussions. I don't think we have made any.
5 I don't recall having made any positive proposal or any-
6 thing like that. I think we have had some discussions
7 with El Paso and we felt that it was a logical candidate
8 for an unorthodox location and we thought we would pursue
9 that before making any valid effort or true efforts to
10 communitize the 320.

11 Q You said you have had some discussions with El Paso con-
12 cerning this?

13 A Yes.

14 Q Has El Paso indicated to you that they would join on the
15 formation of a 320 acre unit?

16 A Yes, they have.

17 Q If you formed a 320 acre unit, which acreage would you
18 propose to dedicate to this well?

19 A Well, I would imagine we would see where we could trade
20 the best because I don't think--well, let me put it this
21 way--I would say that I don't think that there is any pay
22 in the southwest quarter of Section 35. I think if there
23 is any pay in the northeast quarter of Section 35 it would
24 be very, very minor. I think it is very doubtful that
25 there is any pay there, so it is a question of which

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

1 non-productive acreage will you communitize and I guess
2 it would be which way we could trade the best.

3 Q If you formed a 320 acre unit comprising the east half
4 of Section 35, who would be your other interest owners
5 in the northeast quarter of Section 35?

6 A Well, I can't tell you for sure. El Paso would be one of
7 them. The acreage has been rather complex. I think it
8 once belonged--part of it once belonged to Taylor and I
9 think Tenneco would be a possible partner. I think Amoco
10 and possibly Mobil. I am not sure. There is a 40 acre
11 tract in the northeast northeast and then the other one
12 hundred twenty is the single leased, but in answer to
13 your question I am not entirely sure, but I think those
14 companies would be involved.

15 Q Now, if there is gas in the Mesaverde formation underlying
16 the northeast quarter of Section 35, how will the owners
17 of interest in the northeast quarter of Section 35
18 recover their fair share of that gas? How will they
19 recover that gas if your application is granted in this
20 case?

21 A Well, I assume that they would drill a well and communitize
22 and either get an unorthodox location or a non-standard
23 unit for it or communitize the north half of Section 35.

24 Q Now, would the same be true as to the southwest quarter
25 of Section 35? That would require the drilling of a new

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87103

1 well, correct?

2 A Yes, if there were any pay there.

3 Q Now, if the owners of interest in the northeast quarter
4 of Section 35 were required to drill a new well, there is
5 no well that could be recompleted in the same manner as
6 you recompleted your Carnahan; is that correct?

7 A This is true, but I would like to point out that the
8 owners in the northeast quarter of Section 35 have owned
9 that acreage, I assume, for the last 11 years and have
10 been offset by production in a very prolific field and
11 certainly if they intended to drill their acreage, they
12 would have made some move prior to this time when the
13 field is more than half depleted.

14 Q On your Exhibit Number 2, Mr. Merrion, you have shown
15 the isopach of the Flora Vista-Mesaverde and from this
16 exhibit it shows no effective pay for your Carnahan well.
17 Is that correct?

18 A That is true.

19 Q Now, have you prepared any exhibits to show from what
20 reservoir you believe the Carnahan well will produce and
21 what the structure of that formation--what you believe
22 the structure of the isopach of that formation is?

23 A No, I did not. I did state however that I felt the
24 Carnahan produced from a sand which is correlative to
25 the lower sand in the Flora Vista-Mesaverde field. I

dearnley, meier & mc cormick

200 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1210 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87106

- 1 would like to point out that that sand is not present
2 in the Palmer "D" 1 in the southwest of 26, the dry hole
3 there. It is not present in the Aztec Hudson Number 3
4 in the northwest quarter of Section 35. It is not present
5 in the Texaco State Com N in the northwest quarter of
6 Section 36 and it is present in all of your undesignated
7 Mesaverde wells to the east as well as the dry hole in the
8 southeast quarter of Section 36.
- 9 Q So your Exhibit Number 2 goes only to show that your well
10 is not in the Flora Vista-Mesaverde pool?
- 11 A Well, it does two things. It illustrates, in my opinion,
12 that there is no pay in the northeast quarter of Section
13 35 nor in the southwest quarter of Section 35.
- 14 Q In the Flora Vista-Mesaverde; is that right?
- 15 A That's true, yes.
- 16 Q But it does not show your interpretation as to the forma-
17 tion in which you believe your Carnahan well is producing
18 or the extent of that formation or that pool?
- 19 A That's true. I have not shown that.
- 20 Q How much production have you experienced from the Carnahan
21 well since it was recompleted in the Mesaverde?
- 22 A Through August 1st approximately 30,000,000 feet at the
23 rate of approximately 336 MCF per day currently.
- 24 Q What was that daily rate again?
- 25 A The last current rate for the last week was 332 for the

dearnley, meier & mc cormick

208 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6661, ALBUQUERQUE, NEW MEXICO 87103
1210 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 month. It was 336 MCF per day.

2 Q Mr. Merrion, have you made any computation of effective
3 permeability in this field?

4 A I have not. I do believe that the permeability generally
5 in the field is very good. I don't have any objection
6 to the 320 acre spacing in the field. Originally I think
7 it is generally excellent permeability and good communica-
8 tion.

9 MR. MORRIS: That is all I have.

10 THE EXAMINER: Mr. Merrion, if I read the maps
11 correctly the Carnahan well is located within a mile of the
12 boundary of the Flora Vista-Mesaverde pool; is that correct?

13 MR. MERRION: It is.

14 THE EXAMINER: Is it located within a mile of any
15 other Mesaverde pool?

16 MR. MERRION: No, it is not.

17 THE EXAMINER: Your application here is not to
18 remove this well and not to create a new pool for this well
19 but simply for a 160 acre non-standard unit?

20 MR. MERRION: I believe that's true.

21 THE EXAMINER: Are there any other questions of the
22 witness? You may be excused.

23 Any further testimony in this case?

24 MR. MORRIS: Mr. Examiner, we have no evidence to
25 offer. I would like to make a short statement.

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

1 THE EXAMINER: Statements are in order. You may
2 proceed.

3 MR. MORRIS: I would like to call the Examiner's
4 attention to Commission's order number R-2144 entered in case
5 number 2445 on December 21st, 1961. This order established
6 the special rules and regulations for the Flora Vista-Mesaverde
7 gas pool. In so doing a finding was made by the Commission and
8 I refer to finding number 4 of the order in recognition that
9 the permeability and drainage characteristics of the Mesaverde
10 formation in this area were probably better than in other
11 Mesaverde formations in the San Juan basin where 320 acre
12 drilling and proration units have been established. I think
13 in view of the production that has been experienced by this
14 Carnahan well, since it has been completed, certainly bears
15 out that finding made in that order that this well is completed
16 in a not only prolific section of the Mesaverde, but in one
17 that is capable and that has good drainage characteristics.
18 We would expect from that that this well is draining certainly
19 in excess of 160 acres. Our position really is quite clear,
20 Mr. Examiner, that we feel that the pool rules in the Flora Vista
21 Mesaverde were established for a purpose just as they are in
22 other pools that are administered by this Commission and that
23 wells that are completed and recompleted within a mile of the
24 pool are governed by the special rules and that was specifi-
25 cally stated in Rule 1 of these special rules and we simply

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092 • PHONE 243-6651 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 see no justification that has been presented by the applicant
2 here today for a non-standard unit comprising 160 acres.

3 It will be to the obvious disadvantage of the owners
4 of interests in either the northeast quarter of Section 35 or
5 in the southwest quarter of Section 35 that otherwise would
6 be entitled to share in this production and that would be
7 entitled to share in the production that has already been
8 realized from this well. We would respectfully request that
9 the Commission enter its order denying this application. There
10 is no reason why the applicant cannot proceed to form a stan-
11 dard unit under the special rules and regulations of this
12 pool and therefore he, as a matter of law, will not be dis-
13 advantaged by being required to abide by the pool rules that
14 are in effect and that do cover this acreage. Thank you.

15 THE EXAMINER: Are there other statements in the
16 case?

17 MR. McGRATH: P. T. McGrath, U. S. G. S. I am from
18 New Mexico. There is 120 acres of federal land in the northeast
19 section of Section 35 which we feel could be being drained
20 and we would like to object to the issuance of this order. We
21 want to have the east half of Section 35 dedicated to this
22 well.

23 THE EXAMINER: Other statements?

24 The case will be taken under advisement.
25

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6601, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87106I N D E XWITNESSPAGE

MR. J. GREGORY MERRION

Testimony given by Mr. J. Gregory Merrion

3

Cross Examination by Mr. Morris

11

E X H I B I T SPAGE

Exhibit Number 1 -

Map of Flora Vista-Mesaverde
and Cliffhouse wells

3

Exhibit Number 2 -

Two isopach maps of Flora Vista-
Mesaverde field

3

1 STATE OF NEW MEXICO)
 2 : ss.
 3 COUNTY OF BERNALILLO)

4 I, MARCIA J. HUGHES, Court Reporter, do hereby certify
 5 that the above and foregoing pages are a true and correct
 6 transcript of the proceedings had before the New Mexico Oil
 7 Conservation Commission on Wednesday, August 23, 1972.

8 M. J. Hughes
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

I do hereby certify that the foregoing is
 a true and correct transcript of the
 the hearing of the case of 4779
 on Aug 23, 1972.
Richard L. Hamer
 New Mexico Oil Conservation Commission

dearnley, meier & mc cormick

201 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6891, ALBUQUERQUE, NEW MEXICO 87103
 1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

on Earmahan #1 well for Sykes -

don't want to force pool - equity
problems.

if want to force pool - didn't
know that there was a 300%
penalty factor

pointed out P-14 - 11th line -
insert 20% for 50%

could send waivers from other
operators and then
could allow temporary
production

temp. 160 allowable
< accounting >

could get temp.
consent to a 320

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

May 7, 1973

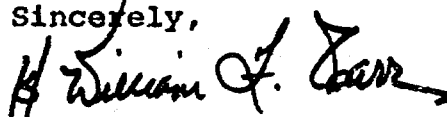
C
O
P
Y

Mr. Robert L. Bayless
Petroleum Club Plaza Building
P. O. Box 1541
Farmington, New Mexico 87401

Dear Mr. Bayless:

Before the Oil Commission can consider your request to produce your Carnahan No. 1 Well, we must have an exact date as to when your communitization agreement will be signed.

Sincerely,

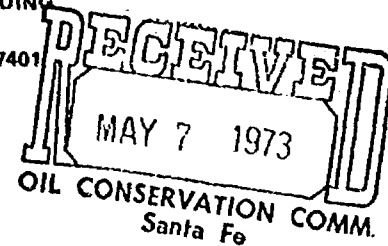


WILLIAM F. CARR
Special Assistant Attorney General
Oil Conservation Commission

WFC/dr

Robert L. Bayless

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



May 4, 1973

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: William Carr

Re: Carnahan #1

Dear Sir:

In August of 1972, under case 4779 we requested 160 spacing for the above well. It was the Commission's ruling that 320 acres was needed and we have proceeded to communitize the E 1/2 of Section 35. We have verbally acquired this acreage from the various parties, however, the communitization agreement is not ready.

The SE 1/4 is a fee lease, the well is located on it and to perpetuate the lease we would like permission to commence production with the understanding we will dedicate the 320 acres to the well.

Yours very truly,
MERRION & BAYLESS


Robert L. Bayless

RLB/eah



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

September 6, 1972

Mr. Gregory J. Merrion
Merrion & Bayless
Petroleum Club Plaza Building
Post Office Box 1541
Farmington, New Mexico 87401

Re: Case No. 4779
Order No. R-4384
Applicant:
Merrion & Bayless

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC x

Other Mr. Richard Morris

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4779
Order No. R-4384

APPLICATION OF MERRION &
BAYLESS FOR A NON-STANDARD
PRORATION UNIT, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 23, 1972, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 6th day of September, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Merrion & Bayless, seek approval of a 160-acre non-standard gas spacing unit comprising the SE/4 of Section 35, Township 30 North, Range 12 West, NMPM, within one mile of the Flora Vista-Mesaverde pool, to be dedicated to its Carnahan Well No. 1, located in Unit P of said Section 35.

(3) That the applicant has made no attempt to communitize with the offset operator to form a standard gas spacing unit.

(4) That said offset operator objects to the proposed non-standard spacing unit.

(5) That in order to avoid the drilling of unnecessary wells and to protect correlative rights, the application for a 160-acre non-standard gas spacing unit should be denied without prejudice to the right of either the applicant or any other owner of mineral interests in the E/2 or S/2 of said Section 35 to bring a case before the Commission for the compulsory pooling of all mineral interests in the Mesaverde formation underlying said quarter section.

-2-

CASE NO. 4779
Order No. R-4384

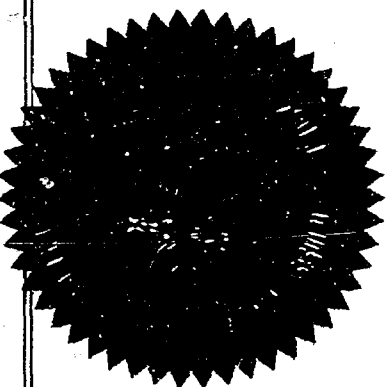
IT IS THEREFORE ORDERED:

(1) That the application of Merrion & Bayless for a 160-acre non-standard gas proration unit comprising the SE/4 of Section 35, Township 29 North, Range 12 West, NMPM, to be dedicated to their Carnahan Well No. 1 in Unit P of said Section 35, within one mile of the Flora Vista-Mesaverde Pool, is hereby denied without prejudice to the right of either the applicant or any owner of mineral interests in the E/2 or S/2 of the above-described Section 35 to bring a case before the Commission for the compulsory pooling of all mineral interests in the Mesaverde formation underlying the half section proposed to be pooled.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



Bruce King
BRUCE KING, Chairman

Alex J. Armiijo
ALEX J. ARMIJO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

TENNECO OIL COMPANY A Tenneco Company

SUITE 1200 • LINCOLN TOWER BUILDING • DENVER, COLORADO 80203



RECEIVED
JUL 10 1972

July 6, 1972
OIL CONSERVATION COMM.
Santa Fe

Mr. A. L. Porter, Jr.
Secretary - Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Non-Standard Proration Unit
Carnahan Well No. 1
Kutz Field
Section 35, T30N, R12W
San Juan County, New Mexico

Dear Mr. Porter:

Tenneco Oil Company objects to the above named proposed 160 acre non-standard unit. It is our opinion that the Carnahan well, and all other Mesaverde wells in the area, should be completed on 320 acre spacing as are the wells in Sections 25, 26, and 27 to the north. We believe that this policy should remain in effect until there is evidence that a separate pool has been tapped.

Very truly yours,

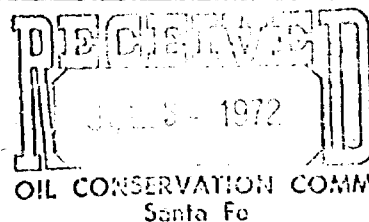
TENNECO OIL COMPANY

R. A. Williford
R. A. Williford
District Production Manager

LPS mw

W. C. Blackburn
Division Manager
Production Department

June 28, 1972



Western Hemisphere Petroleum Division
Continental Oil Company
152 North Durbin
Pacific Western Life Building
Casper, Wyoming 82601
(307) 234-7311

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Non-Standard Proration Unit
J. Gregory Merrion and
Robert L. Bayless
Carnahan Well No. 1 - Kutz Field
Sec. 35, T30N, R12W
San Juan County, New Mexico
File: JO-986.511.N2-JO

Continental Oil Company received a letter by registered mail dated June 9, 1972, signed by Robert L. Bayless notifying us that they had requested a non-standard 160 acre unit for the above well, recently recompleted as a producing well in the Mesa Verde formation.

Continental Oil Company objects to the 160 acre non-standard unit as we believe the Mesa Verde wells in the area should be completed on 320 acre spacing. Prior to the recompletion of Carnahan Well No. 1, the well was completed as a 320 acre spaced Dakota well. We believe the 320 acre spacing unit should include the E $\frac{1}{2}$ of Section 35 or the S $\frac{1}{2}$ of Section 35. Our maps indicate that other Mesa Verde wells drilled in Sections 25, 26, and 27, immediately north of Section 35, are drilled on 320 acre spacing.

If the Commission approves the non-standard 160 acre unit for Carnahan Well No. 1, we believe the entire Section 35, T30N, R12 West should be spaced on 160 acre spacing. In this manner other owners in the section will be in position to communitize their Mesa Verde rights and protect themselves from drainage.

Very truly yours,

Charles W. Blackburn
for
W C Blackburn
er

cc: L. A. Johnson - Denver

R. A. Williford - Tenneco Oil Company

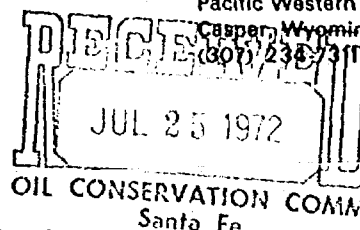
Robert L. Bayless

CONOCO

W. C. Blackburn
Division Manager
Production Department

Western Hemisphere Petroleum Division
Continental Oil Company
152 North Durbin
Pacific Western Life Building
Casper, Wyoming 82601
(307) 238-7311

July 19, 1972



Mr. A. L. Porter
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Non-Standard Proration Unit
Case No. 4779 - Kutz Area
San Juan County, New Mexico
File: JO-986.511.N2-JO

Continental Oil Company will not have a representative present at the July 26, 1972 hearing on Case No. 4779 due to vacations and other required travel by Continental personnel. However, we wish to enter the following objection in Case No. 4779:

A well was drilled on the W $\frac{1}{2}$ of Section 35, T30N, R12W, with the well scheduled to be dually completed in the Mesa Verde and Dakota formations. To date, the Mesa Verde formation has not been perforated in the well but both the Dakota and Mesa Verde formations are subject to a Communitization Agreement and an Operating Agreement. If the SE $\frac{1}{4}$ of Section 35 is a non-standard 160 proration unit, this would leave the NE $\frac{1}{4}$ of Section 35 subject to being drilled on 160 acre well spacing. The economics of drilling new "grass roots" Mesa Verde wells in the area would prevent the working interest owners in the NE $\frac{1}{4}$ of Section 35 from drilling a profitable well. We recommend the Commission deny the Merriion and Bayless application and keep the E $\frac{1}{2}$ of Section 35 spaced on one well per 320 acres for the Mesa Verde formation. Continental Oil Company, and we believe other owners in the NE $\frac{1}{4}$ of Section 35, T30N, R12W, would be agreeable to communitizing the E $\frac{1}{2}$ of Section 35.

Very truly yours,

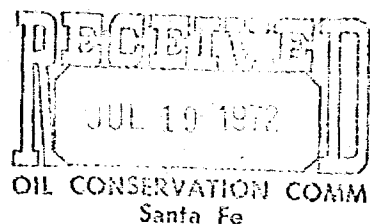
W. C. Blackburn

er

cc: El Paso Natural Gas Company - Attention: Charles Higgins
Tenneco Oil Company - Attention: R. A. Williford
Merriion & Bayless - Farmington, N. Mex.

Don't forget to file
OK

DOCKET MADE
8-11-72
DOKU



ROBERT L. BAYLESS

PETROLEUM CLUB PLAZA BUILDING

P. O. BOX 1541

FARMINGTON, NEW MEXICO 87401

July 18, 1972

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico 87501

Attn: George M. Hatch

Re: Case 4779

Dear Sir:

Please consider this a confirmation of our verbal request to continue the above case until August 23, 1972. We have notified the parties of interests of this change.

Yours truly,
MERRION AND BAYLESS

Robert L. Bayless

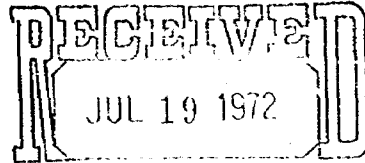
RLB/car
Encl. Copy of letter to
interest owners.

ROBERT L. BAYLESS

PETROLEUM CLUB PLAZA BUILDING

P. O. BOX 1541

FARMINGTON, NEW MEXICO 87401



OIL CONSERVATION COMM
Santa Fe

July 18, 1972

Continental Oil Company
152 North Durbin
Pacific Western Life Building
Casper, Wyoming 82601

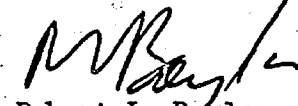
Tenneco Oil Company
Suite 1200 Lincoln Tower Building
Denver, Colorado 80203

Re: New Mexico Oil Conservation
Commission Case 4779
Carnahan Spacing
Section 35-T30N-R12W

Gentlemen:

This hearing was originally set for July 26 and we have requested and have received approval for continuation until August 23, and you are hereby so advised.

Yours truly,
MERRION AND BAYLESS



Robert L. Bayless

RLB/car

cc: Mr. George Hatch
Oil Conservation Commission
Santa Fe, New Mexico

(Case 4775 continued)

Applicant further seeks to extend the vertical limits of the Blinebry Pool down to the top of the Tubb Pool.

Also to be considered by the Commission on its own motion will be amendment of the special rules and regulations to require that intermediate or low-pressure gas be charged against a well's allowable; elimination of the requirement to conduct bottom-hole pressure, gas-oil ratio, and gas-liquid tests; and to require that all gas production be reported on Form C-111.

CASE 4778: Application of David Fasken for a dual completion and amendment of Order No. R-4297, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4297, to permit the dual completion (conventional) of his Arco "9" Morrison Well No. 1 located in Unit B of Section 9, Township 19 South, Range 25 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Cisco gas pool through the casing-tubing annulus and gas from the Boyd-Morrow Gas Pool through tubing.

CASE 4779: Application of Merrion & Bayless for a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SE/4 of Section 35, Township 30 North, Range 12 West, within one mile of Flora Vista-Mesaverde Pool, San Juan County, New Mexico, to be dedicated to its Carnahan Well No. 1 located in Unit P of said Section 35.

CASE 4739: (Continued from the June 28, 1972, Examiner Hearing)

Application of Texas Pacific Oil Company for rededication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dedicate the 160-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4 of Section 1, Township 23 South, Range 36 East, Lea County, New Mexico, simultaneously to its Emery King "NW" Wells Nos. 1 and 4 located, respectively, in Units E and F of said Section 1 and to produce the allowable for the unit from either well in any proportion.

CASE 4783: Application of Texas Pacific Oil Company, Inc., for three non-standard proration units and rededication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard gas proration units in Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico:

1. A 480-acre unit comprising the NE/4 NW/4, and SW/4 of Section 11, to be dedicated to its State "A" A/1 Wells Nos. 16, 29, and 34;

DOCKET: EXAMINER HEARING-- WEDNESDAY - AUGUST 23, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4775: (Continued from the July 26, 1972 Examiner Hearing)

Application of Continental Oil Company for amendment of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of the special rules and regulations governing the Blinebry Pool, Lea County, New Mexico, to provide for annual bottom-hole pressure, gas-oil ratio, and gas-liquid tests in the pool. Applicant further seeks the designation of oil areas and gas areas in the pool with allowables within each area equalized on a per-acre basis and total withdrawals from the gas area to be volumetrically equivalent to the total withdrawals from the oil area.

Applicant further seeks to extend the vertical limits of the Blinebry Pool down to the top of the Tubb Pool.

Also to be considered by the Commission on its own motion will be amendment of the special rules and regulations to require that intermediate- or low-pressure gas be charged against a well's allowable; elimination of the requirement to conduct bottom-hole pressure, gas-oil ratio, and gas-liquid tests; and to require that all gas production be reported on Form C-111.

CASE 4779: (Continued from the July 26, 1972, Examiner Hearing)

Application of Merrion & Bayless for a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SE/4 of Section 35, Township 30 North, Range 12 West, within one mile of Flora Vista-Mesaverde Pool, San Juan County, New Mexico, to be dedicated to its Carnahan Well No. 1 located in Unit P of said Section 35.

CASE 4798: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider revision of Rule 701 E of the Commission Rules and Regulations to provide for unrestricted allowables for water-flood projects and to eliminate the necessity of response for administrative approval of additional injection wells.

CASE 4799: In the matter of the hearing called by the Oil Conservation Commission on its own motion to amend Rule 306 of the Commission Rules and Regulations to incorporate therein the provisions of Order No. R-4070 which regulate the flaring or venting of casinghead gas.

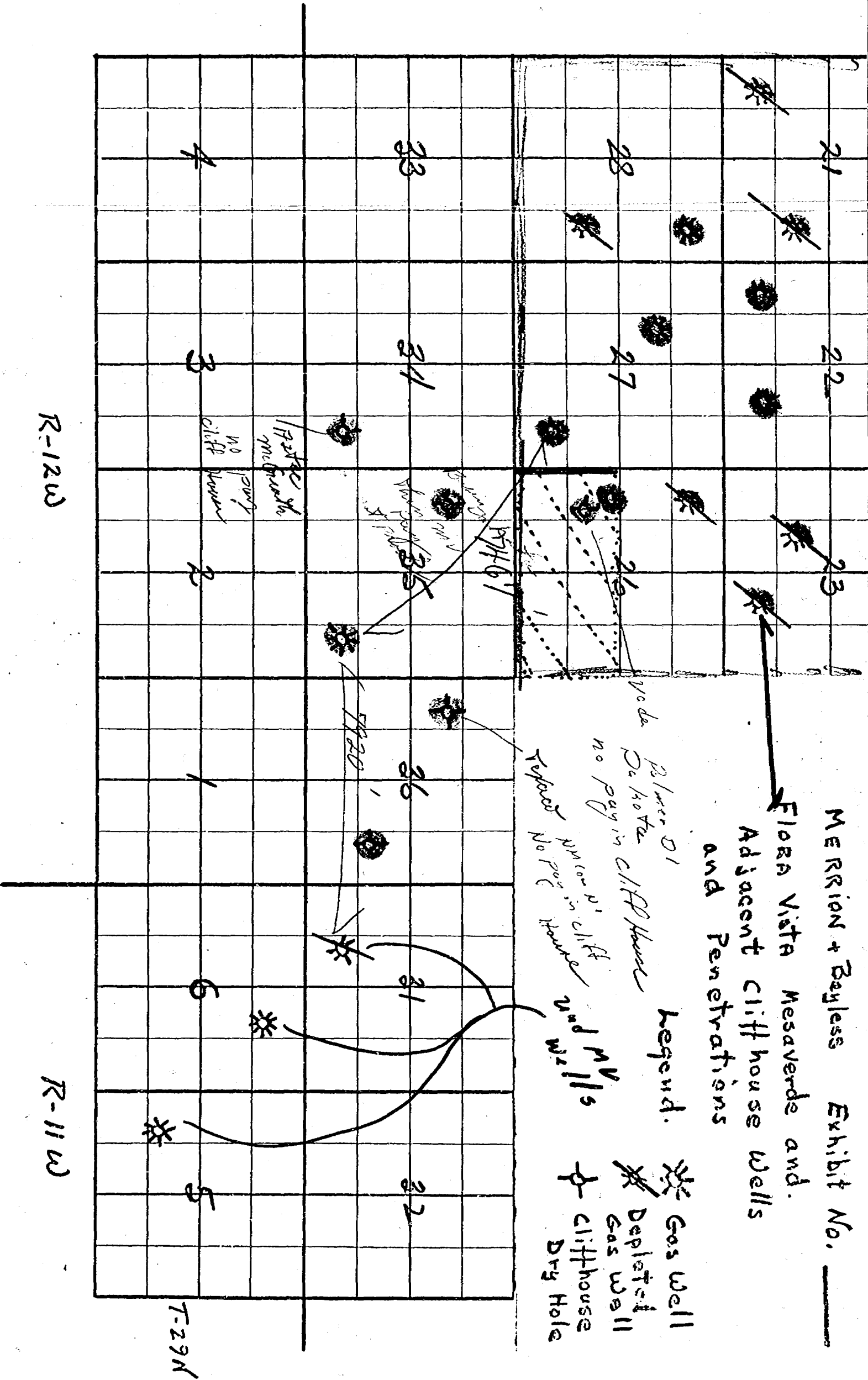
1. Introduction

Adjacent cliff house wells
and Penetrations

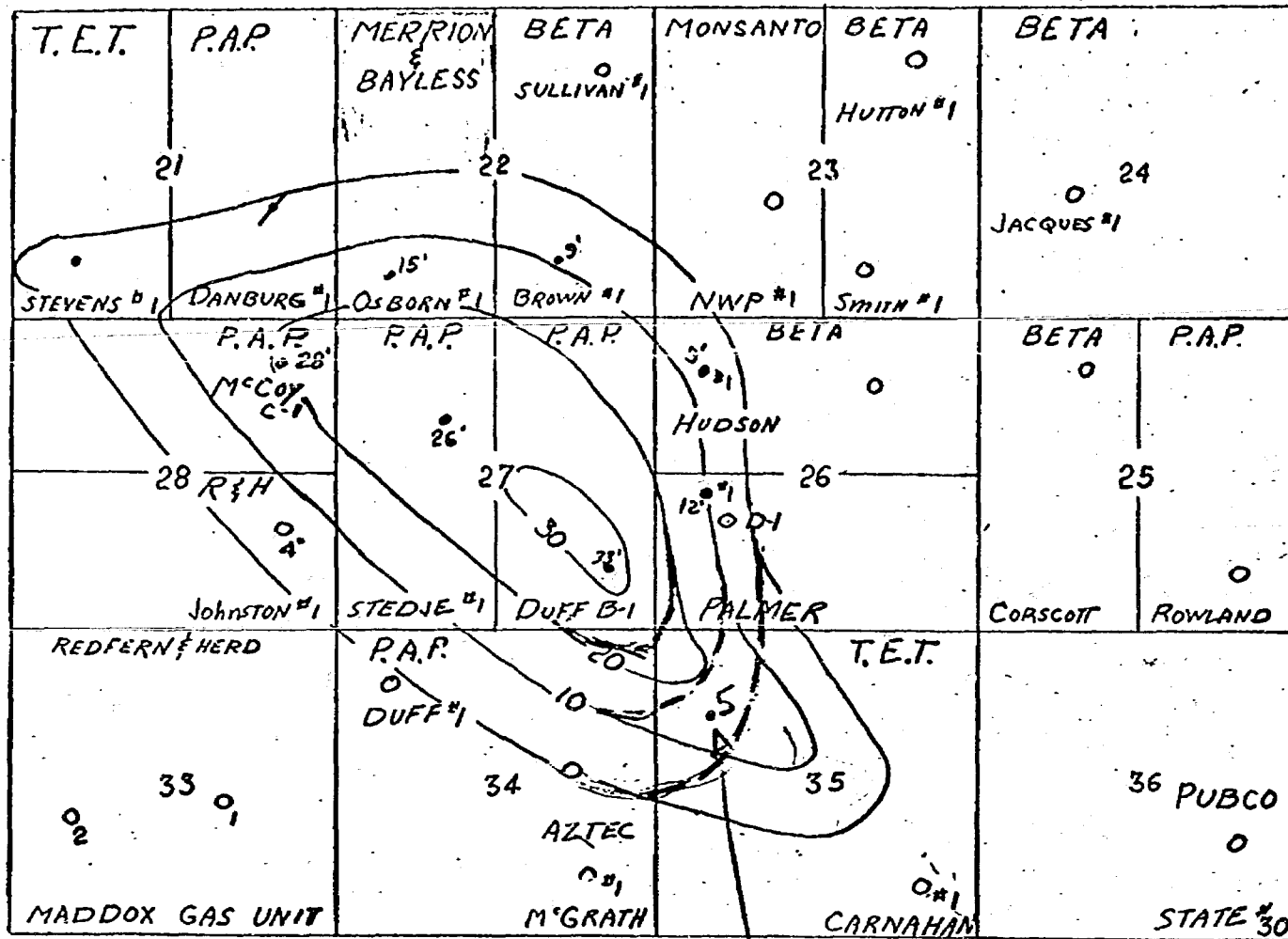
Legend.

Plumer D1
De Hothe
no pay in cliff house
no pay in cliff
house
no pay in cliff
house

Gas Well
~~Gas~~ Depleted
Gas Well
Cliffhouse
Dry Hole



T30N - R12W NMPM



- = Mesaverde Completion
- = Mesaverde Penetration

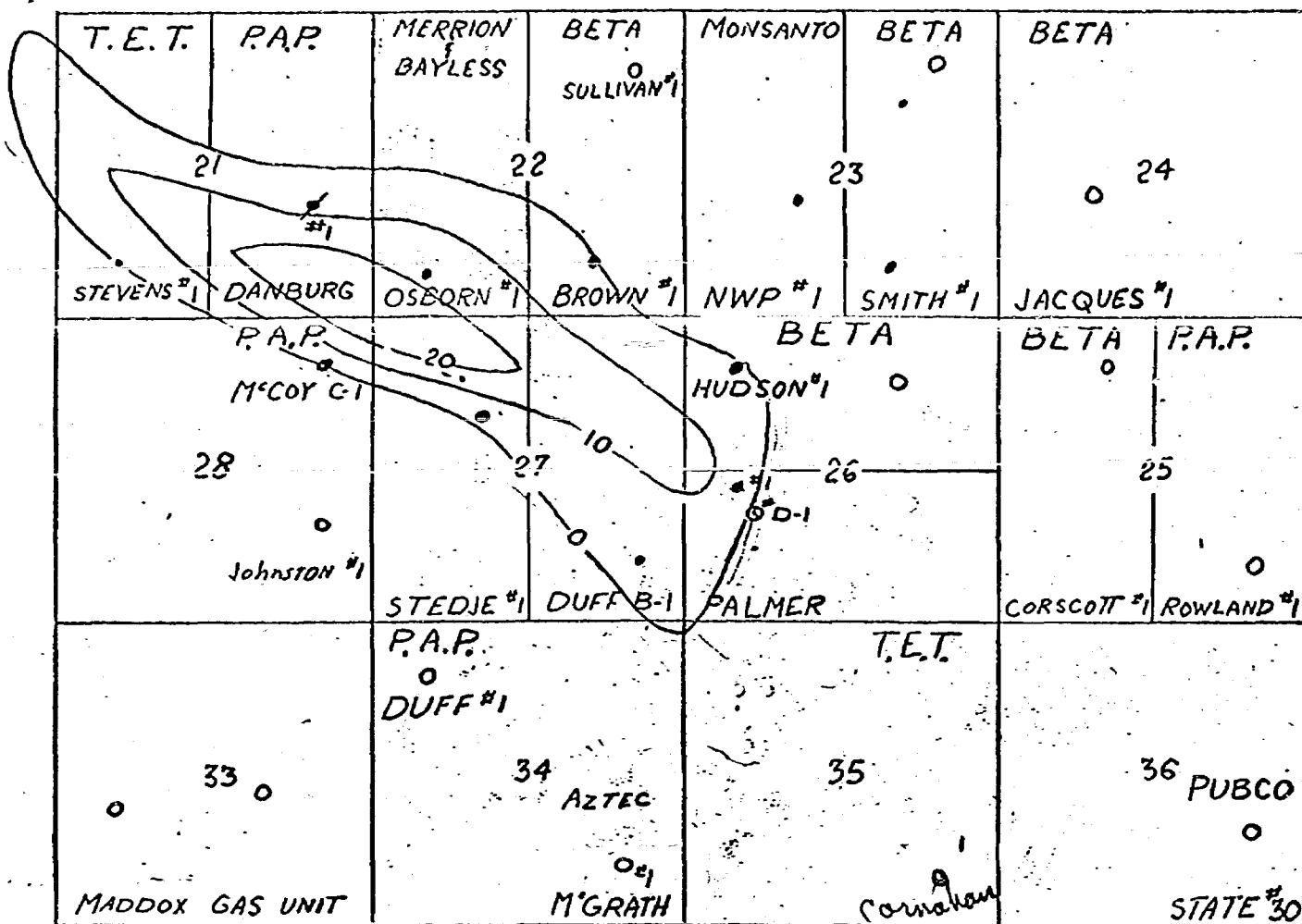
Aztec
Hudson #3

FLORA VISTA MESAVERDE
Isopach of Net Effective Sand
Upper Pay Zone
Total Pay Volume = 27,160 AF

1966 mps

BEFORE EXAMINER STATEMENTS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 4779
Submitted by: [Signature]
Hearing Date: _____

T30N - R12W NMPM



- = Mesaverde Completion
- = Mesaverde Penetration

FLORA VISTA MESAVERDE
Isopach of Net Effective Sand
Above Top of Transition Zone
In Lower Sand Member
Total Pay Volume = 8785 AF

1966 MAPS

NSP
issue
7-10-72

ROBERT L. BAYLESS

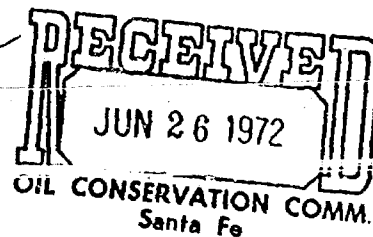
PETROLEUM CLUB PLAZA BUILDING

P. O. BOX 1541

FARMINGTON, NEW MEXICO 87401

June 9, 1972

letter of objection received



By: Registered Mail

To: Lease Owners of Record in
Section 35 and NE 1/4 of
Section 2; T29N-R12W and
SW 1/4 Section 36, T30N-R12W

Re: Carnahan #1; Section 35;
T30N-R12W; San Juan County,
New Mexico Non-Standard
160 Acre Unit

Lease Owners:

We have completed the above described well in the Mesa Verde Formation, Completion Report being enclosed, and have requested a non-standard 160 acre unit for the well.

Regulations of the New Mexico Oil Conservation Commission require that we notify you of our intention to form the non-standard 160 acre unit.

Yours very truly,

L. Gregory Merrion and Robert L. Bayless

Robert L. Bayless
Robert L. Bayless

RLB/eah

Encl: Completion Report

Sent to: Tenneco Oil Co.
1200 Lincoln Tower Bldg.
Denver, Colorado 80203

Texaco, Inc.
P.O. Box 2100
Denver, Colorado 80201

Anoco Production Co.
Security Life Bldg.
Denver, Colorado 80202

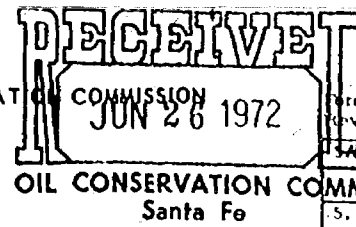
Continental Oil Co.
1755 Glenarm Pl.
Denver, Colorado 80202

Aztec Oil & Gas Co.
2000 First National Bank Bldg.
Dallas, Texas 75202

Mobil Oil Corporation
P. O. Box 633
Midland, Texas 79701

NO. OF COPIES RECEIVED	5
DISTRIBUTION	
SANTA FE	1
FILE	1
U.S.G.S.	2
LAND OFFICE	
OPERATOR	1

NEW MEXICO OIL CONSERVATION COMMISSION


Form C-101
Revised 1-1-65

1. Indicate Type of Lease

STATE ☐ FEE ☒

2. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work		7. Unit Agreement Name	
b. Type of Well DRILL <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. Firm or Lease Name Carnahan	
2. Name of Operator J. Gregory Herrion and Robert L. Bayless		9. Well No. 1	
3. Address of Operator P. O. Box 1541, Farmington, New Mexico 87401		10. Field and Pool, or Wildcat Undesignated	
4. Location of Well UNIT LETTER <u>P</u> LOCATED <u>990</u> FEET FROM THE <u>South</u> LINE AND <u>990</u> FEET FROM THE <u>East</u> LINE OF SEC. <u>35</u> TWP. <u>30N</u> RGE. <u>12W</u> NMPN		12. County San Juan	
19. Proposed Depth 3500		19A. Formation AY (Cliffhouse)	20. Rotary or C.T. Both
21. Elevations (Show whether DE, RT, etc.) 5911 Gr	21A. Kind & Status Plug. Bond Statewide	21B. Drilling Contractor L & H Well Service	22. Approx. Date Work will start February 15, 1972

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP

Perforated Cliffhouse (Mesaverde) 3766-80 with 28 shots fraced with 300/ 20-40 sand and 5000 gallons water I.P. 312 MCF - Waiting Pipeline Connection

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed [Signature] Title Operator Date April 17, 1972

(This space for State Use)

APPROVED BY [Signature] TITLE SUPERVISOR DIST. #3 DATE APR 18 1972
CONDITIONS OF APPROVAL, IF ANY:

INSTRUCTIONS TO DELIVERING EMPLOYEE	
<input checked="" type="checkbox"/> Show to whom and when delivered	<input type="checkbox"/> Show to whom, when, and address where delivered
<input type="checkbox"/> Deliver ONLY to addressee	
(Additional charges required for these services)	
RECEIPT	
Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	
DATE DELIVERED	SHOW WHERE DELIVERED (only if requested)

655-16-71518-7 GPO

INSTRUCTIONS TO DELIVERING EMPLOYEE	
<input checked="" type="checkbox"/> Show to whom and when delivered	<input type="checkbox"/> Show to whom, when, and address where delivered
<input type="checkbox"/> Deliver ONLY to addressee	
(Additional charges required for these services)	
RECEIPT	
Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	
DATE DELIVERED	SHOW WHERE DELIVERED (only if requested)

JUN 13 1972

655-16-71518-7 GPO

INSTRUCTIONS TO DELIVERING EMPLOYEE	
<input checked="" type="checkbox"/> Show to whom and when delivered	<input type="checkbox"/> Show to whom, when, and address where delivered
<input type="checkbox"/> Deliver ONLY to addressee	
(Additional charges required for these services)	
RECEIPT	
Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	
DATE DELIVERED	SHOW WHERE DELIVERED (only if requested)

JUN 12 1972

655-16-71518-7 GPO

INSTRUCTIONS TO DELIVERING EMPLOYEE	
<input checked="" type="checkbox"/> Show to whom and when delivered	<input type="checkbox"/> Show to whom, when, and address where delivered
<input type="checkbox"/> Deliver ONLY to addressee	
(Additional charges required for these services)	
RECEIPT	
Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	
DATE DELIVERED	SHOW WHERE DELIVERED (only if requested)

6-12-72

655-16-71518-7 GPO

INSTRUCTIONS TO DELIVERING EMPLOYEE	
<input checked="" type="checkbox"/> Show to whom and when delivered	<input type="checkbox"/> Show to whom, when, and address where delivered
<input type="checkbox"/> Deliver ONLY to addressee	
(Additional charges required for these services)	
RECEIPT	
Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	
DATE DELIVERED	SHOW WHERE DELIVERED (only if requested)

JUN 12 1972

655-16-71518-7 GPO

INSTRUCTIONS TO DELIVERING EMPLOYEE	
<input checked="" type="checkbox"/> Show to whom and when delivered	<input type="checkbox"/> Show to whom, when, and address where delivered
<input type="checkbox"/> Deliver ONLY to addressee	
(Additional charges required for these services)	
RECEIPT	
Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	
DATE DELIVERED	SHOW WHERE DELIVERED (only if requested)

6-12-72

655-16-71518-7 GPO

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

June 15, 1972

C
O
P
Y

Mr. Robert L. Bayless
P. O. Box 1541
Farmington, New Mexico 87401

Re: Non-standard 160-acre gas
proration unit comprising S/4
of Section 35, Township 30
North, Range 12 West, San
Juan County, New Mexico

Dear Mr. Bayless:

Your letter of June 8, 1972, stated that,
among other documents, a copy of your letter to
off-setting lease owners and a copy of the well
completion report were enclosed. As those two
documents were not enclosed, please forward them
to this office.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/dr

RLB

ROBERT L. BAYLESS

PETROLEUM CLUB PLAZA BUILDING

P. O. BOX 1541

FARMINGTON, NEW MEXICO 87401

RECEIVED
JUN 13 1972
OIL CONSERVATION COMM.
Santa Fe

June 8, 1972

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: George Hatch

Re: Carnahan Unit #1
Non-Standard
Pro-Ration Unit

Dear Sir:

Enclosed please find a copy of our letter to off-setting lease owners on the above described well, along with a plot showing these lease owners, copy of completion report and a copy of Registered Mail Receipts.

We trust the above will enable you to administratively issue the non-standard pro-ration unit, assuming there are no protesters.

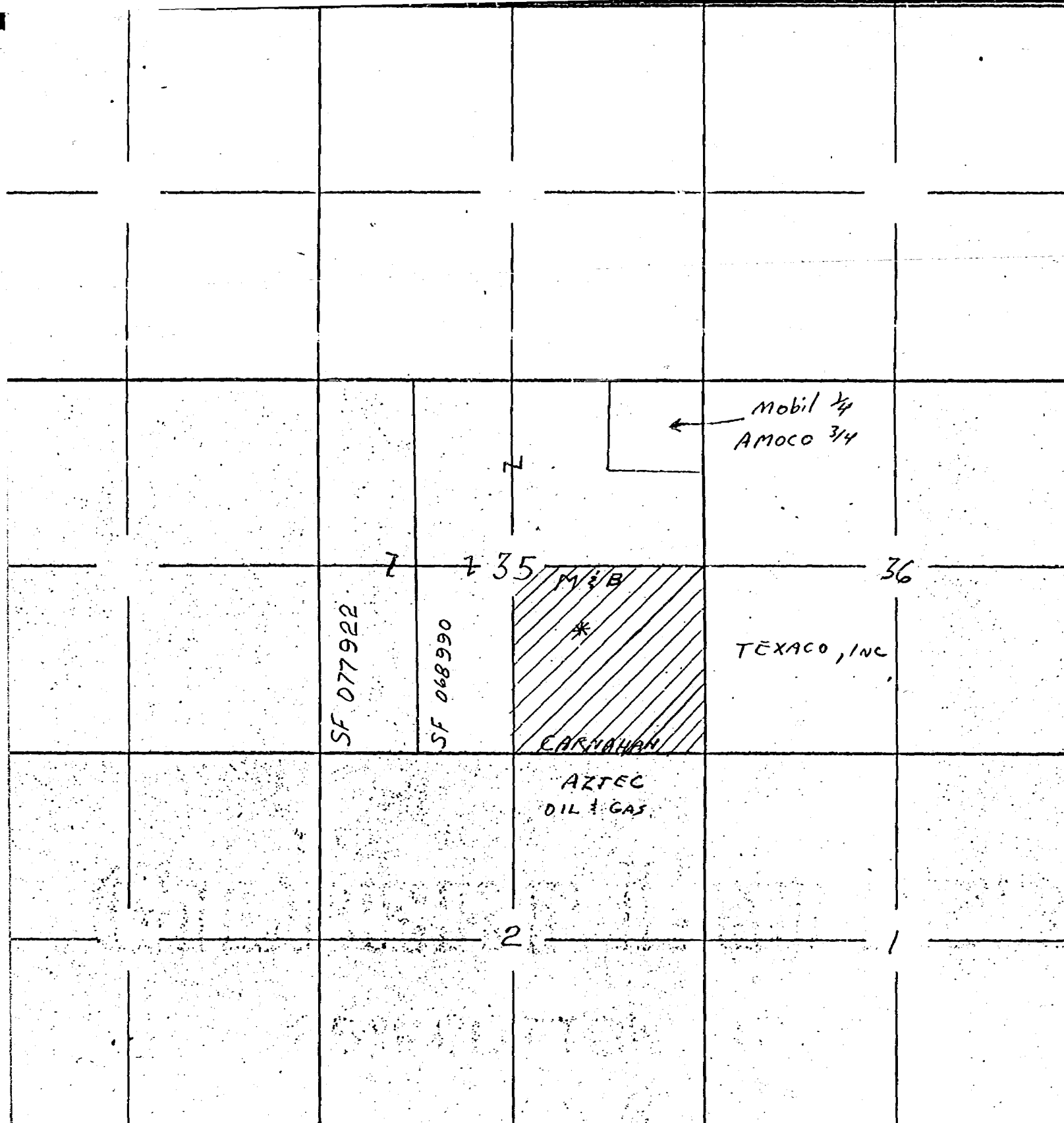
Yours truly,

MERRION & BAYLESS

Robert L. Bayless
Robert L. Bayless

RLB/car

Encls. Carnahan Unit #1 Correspondence



SF 077922 AZTEC OIL & GAS
SF 068990 CONTINENTAL OIL CO
TENNECO OIL CO

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO: *Mr. Fred L. H. H.*

STREET AND NO.: *1111 East 1st St. Bldg. 10*

CITY, STATE, AND ZIP CODE: *DALLAS, TEXAS 75202*

POSTMARK OR DATE: *FARMINGTON, NM JUN 9 1972 USPO*

NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL

No. 632611

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO: *Mr. Fred L. H. H.*

STREET AND NO.: *1111 East 1st St. Bldg. 10*

CITY, STATE, AND ZIP CODE: *DALLAS, TEXAS 75202*

POSTMARK OR DATE: *FARMINGTON, NM JUN 9 1972 USPO*

NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL

No. 632612

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO: *Mr. Fred L. H. H.*

STREET AND NO.: *1111 East 1st St. Bldg. 10*

CITY, STATE, AND ZIP CODE: *DALLAS, TEXAS 75202*

POSTMARK OR DATE: *FARMINGTON, NM JUN 9 1972 USPO*

NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL

No. 632610

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO: *Mr. Fred L. H. H.*

STREET AND NO.: *1111 East 1st St. Bldg. 10*

CITY, STATE, AND ZIP CODE: *DALLAS, TEXAS 75202*

POSTMARK OR DATE: *FARMINGTON, NM JUN 9 1972 USPO*

NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL

No. 632610

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO: *Mr. Fred L. H. H.*

STREET AND NO.: *1111 East 1st St. Bldg. 10*

CITY, STATE, AND ZIP CODE: *DALLAS, TEXAS 75202*

POSTMARK OR DATE: *FARMINGTON, NM JUN 9 1972 USPO*

NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL

8

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO: *Mr. Fred L. H. H.*

STREET AND NO.: *1111 East 1st St. Bldg. 10*


CITY, STATE, AND ZIP CODE: *DALLAS, TEXAS 75202*

POSTMARK OR DATE: *FARMINGTON, NM JUN 9 1972 USPO*

NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL

RECEIPT FOR CERTIFIED MAIL—203

No. 632608

SENT TO <i>Mr. & Mrs. [illegible]</i>		POSTMARK OR DATE 
STREET ADDRESS <i>1111 [illegible]</i>		
CITY, STATE, AND ZIP CODE <i>DELR. 19011</i>		
If you want a return receipt, check which <input checked="" type="checkbox"/> It shows to whom and when delivered <input type="checkbox"/> It shows to whom, when, and address where delivered		If you want delivery only to addressee, check here <input type="checkbox"/> 59c fee
FEES ADDITIONAL TO 20¢ FEE POD Form 3800 July 1963		
NO INSURANCE COVERAGE PROVIDED-- NOT FOR INTERNATIONAL MAIL (See other side)		

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

June 5, 1972

Mr. Robert L. Bayless
Petroleum Club Plaza Building
P. O. Box 1541
Farmington, New Mexico 87401

Re: Non-standard 160-acre gas
proration unit comprising 8/4
of Section 35, Township 30
North, Range 12 West, San
Juan County, New Mexico

Dear Mr. Bayless:

Please forward to this office a plat showing the
names of all operators owning interests in the above-
described Section 35 and all operators owning interests
offsetting the above-described quarter section.

You must also furnish this office proof of the fact
that all of the aforesaid operators were notified by
registered mail of your intent to form the non-standard
unit.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/dr

C
O
P
Y

*EM
NW 1/4 - 562
issue 30 days
after info received*

Rule 28 R-2144

ROBERT L. BAYLESS

PETROLEUM CLUB PLAZA BUILDING

P. O. BOX 1541

FARMINGTON, NEW MEXICO 87401

*within one mile
of Flora Vista - mesa side*

JUNE 1, 1972

New Mexico Oil Conservation Commission

P.O. Box 871

Santa Fe, New Mexico 87501

Attn: A. L. Porter

Re: Carnahan #1-Section 35

T-30N, R-12W-San Juan

County, New Mexico

Dear Sir:

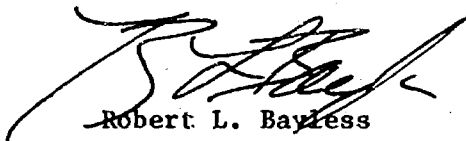
We recently obtained a lease on the above described 160 acres, which land contained a well bore penetrating the Dakota formation. Because of mechanic problems we were forced to abandon the well bore below the Mesa Verde interval and squeezed the lower zones off by cementing.

We then completed in the Cliff House formation and enclosed are copies of the regulatory reports.

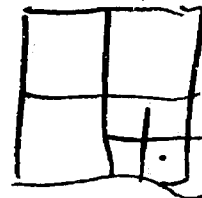
We request administrative approval of 160 acre spacing of this well. We have contacted the other acreage holders in the NE 1/4 section with no response, and we do not wish to force-pool the acreage. Please advise if you have questions.

Yours truly,

MERRION & BAYLESS


Robert L. Bayless

RLB/car
Encls. Copies of reports



NO. OF COPIES RECEIVED	3
DISTRIBUTION	
SANTA FE	1
FILE	1
U.S.G.S.	
LAND OFFICE	
OPERATOR	1

NEW MEXICO OIL CONSERVATION COMMISSION

RECEIVED
OIL CONSERVATION
Santa Fe

Form C-103
Supersedes Old
C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease	State <input type="checkbox"/> Fee <input checked="" type="checkbox"/>
5b. State Oil & Gas Lease No.	COMM.

SUNDY NOTICES AND REPORTS ON WELLS <small>(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)</small>	
1. <input type="checkbox"/> OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER	7. Unit Agreement Name
2. Name of Operator J. Gregory Merriam and Robert L. Dayless	8. Firm or Lease Name Carnahan
3. Address of Operator P. O. Box 1541, Farmington, New Mexico 87401	9. Well No. 1
4. Location of Well UNIT LETTER P 990 FEET FROM THE B LINE AND 990 FEET FROM THE E LINE, SECTION 35 TOWNSHIP 30N RANGE 12W NMPM.	10. Field and Pool, or Wildcat Basin Dakota
15. Elevation (Show whether DF, RT, GR, etc.) 5911 GL	12. County San Juan

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUS AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUS AND ABANDONMENT <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER <input type="checkbox"/>	CASING TEST AND CEMENT JOBS <input type="checkbox"/>	OTHER <input type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1708.

On 2-8-72 moved in L and M Well Service, blew down casing, seated packer and pulled tubing. Set Bridge Plug at 6400' and spotted 5 sack neat cement from 6400' to 6340'. Ran tubing with Baker Model R Packer and found top of corroded casing at 3802', bottom @ 4277'. Set Packer at 3627' and squeezed with 400 cu. ft. of Dowell cement in three batches. 1st batch 200 cu. ft. over displaced; second batch 160 cu. ft. over displaced; third batch 40 cu. ft. squeezed to 2700' psi.

Dakota now plugged and abandoned.



18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.			
Original Signed J. Gregory Merriam		TITLE Operator	DATE 2-10-72
APPROVED BY <i>[Signature]</i>		TITLE SUPERVISOR DIST. #3	DATE FEB 11 1972
CONDITIONS OF APPROVAL, IF ANY:			

NO. OF COPIES RECEIVED	3
DISTRIBUTION	
SANTA FE	1
FILE	1
U.S.G.S.	
LAND OFFICE	
OPERATOR	1

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old
C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease	State <input type="checkbox"/> Fee <input checked="" type="checkbox"/>
5. State Oil & Gas Lease No.	
7. Unit Agreement Name	
8. Name of Lease	Carnahan
9. Well No.	1
10. Field and Pool or Wildcat	Basin Dakota
12. County	San Juan

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT - 1" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>	2. Name of Operator J. Gregory Merriam and Robert L. Dayless
3. Address of Operator P. O. Box 1941, Farmington, New Mexico 87401	4. Location of Well UNIT LETTER P FEET FROM THE 990 LINE AND 990 FEET FROM THE E LINE, SECTION 35 TOWNSHIP 30N RANGE 12W NMPM.
15. Elevation (Show whether DF, RT, CR, etc.) 5911 ft	

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPS. <input type="checkbox"/>
OTHER <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
	ALTERING CASING <input type="checkbox"/>
	PLUG AND ABANDONMENT <input type="checkbox"/>
	OTHER <input type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Change of plans from September 13, 1971 C-103

Will plug Dakota as follows:

Set Bridge Plug at 6400' with 50' cement on top.

Squeeze Mesaverde with 400 Cu. ft. cement.

Proceed with recompletion attempt.



18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED Original Signed J. Gregory Merriam TITLE Operator DATE 2-5-72

APPROVED BY [Signature] TITLE SUPERVISOR DIST. #3 DATE FEB 11 1972

CONDITIONS OF APPROVAL, IF ANY:

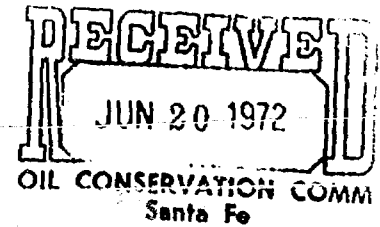
ROBERT L. BAYLESS

PETROLEUM CLUB PLAZA BUILDING

P. O. BOX 1541

FARMINGTON, NEW MEXICO 87401

June 9, 1972



By: Registered Mail

To: Lease Owners of Record in
Section 35 and NE 1/4 of
Section 2; T29N-R12W and
SW 1/4 Section 36, T30N-R12W

Re: Carnahan #1; Section 35;
T30N-R12W; San Juan County,
New Mexico Non-Standard
160 Acre Unit

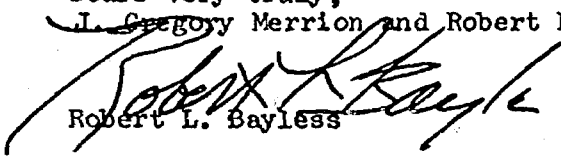
Lease Owners:

We have completed the above described well in the Mesa Verde Formation,
Completion Report being enclosed, and have requested a non-standard
160 acre unit for the well.

Regulations of the New Mexico Oil Conservation Commission require that
we notify you of our intention to form the non-standard 160 acre unit.

Yours very truly,

J. Gregory Merrion and Robert L. Bayless


Robert L. Bayless

RLB/eah

Encl: Completion Report

Sent to: Tenneco Oil Co.
1200 Lincoln Tower Bldg.
Denver, Colorado 80203

Texaco, Inc.
P.O. Box 2100
Denver, Colorado 80201

Amoco Production Co.
Security Life Bldg.
Denver, Colorado 80202

Continental Oil Co.
1755 Glenarm Pl.
Denver, Colorado 80202

Aztec Oil & Gas Co.
2000 First National Bank Bldg.
Dallas, Texas 75202

Mobil Oil Corporation
P. O. Box 633
Midland, Texas 79701

NO. OF COPIES RECEIVED	5
DISTRIBUTION	
SANTA FE	1
FILE	1
U.S.G.S.	2
LAND OFFICE	
OPERATOR	1

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease	
STATE <input type="checkbox"/>	FEE <input checked="" type="checkbox"/>
5. State Oil & Gas Lease No.	

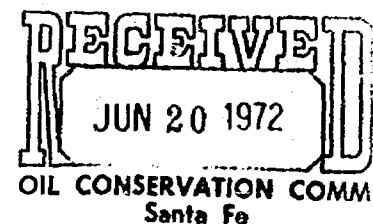
APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work		7. Unit Agreement Name	
b. Type of Well DRILL <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. Farm or Lease Name Carnahan	
2. Name of Operator J. Gregory Harrison and Robert L. Bayless		10. Field and Pool, or Wildcat Undesignated NY	
3. Address of Operator P. O. Box 1541, Farmington, New Mexico 87401		12. County Santa Fe	
4. Location of Well UNIT LETTER P LOCATED 990 FEET FROM THE South LINE AND 990 FEET FROM THE East LINE OF SEC. 35 TWP. 30N RGE. 12W NMPM		19. Proposed Depth 3800	
21. Elevations (Show whether DP, RT, etc.) 5911 Gr		19A. Formation NY (Cliffhouse)	
21A. Kind & Status Plug. Bond Statewide		20. Rotary or C.T. Both	
21B. Drilling Contractor L & H Well Service		22. Approx. Date Work will start February 15, 1972	

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP

Perforated Cliffhouse (Mesaverde) 3766-80 with 28 shots fraced with 500# 20-40 sand and 5000 gallons water I.P. 312 MCF - Waiting Pipeline Connection



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE, GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed *[Signature]* Title Operator Date April 17, 1972

(This space for State Use)

APPROVED BY *[Signature]* TITLE SUPERVISOR DIST. #3 DATE APR 18 1972

CONDITIONS OF APPROVAL, IF ANY:

DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4779

Order No. R-4384

APPLICATION OF MERRION &
BAYLESS FOR A NON-STANDARD
PRORATION UNIT, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 23, 1972
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 24th day of August, 1972, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Merrion & Bayless, seek approval
of a 160-acre non-standard gas spacing unit comprising the

SE/4 of Section 35, Township 30 North, Range 12 West, NMPM, ~~within one mile of the~~
Flora Vista-Mesaverde pool, to be dedicated to its Carnahan Well
No. 1, located in Unit P of said Section 35.

~~and 660 feet from the west line of said Section 8.~~

(3) That the applicant has made no attempt to communitize with the offset operator to form a standard gas spacing unit. ~~comprising the SW 1/4 of said Section 8.~~

(4) That said offset operator objects to the proposed non-standard spacing unit.

(5) That in order to avoid the drilling of unnecessary wells and to protect correlative rights, the application for a 160 ~~acre~~ non-standard gas spacing unit should be denied without prejudice to the right of either the applicant or any other owner of mineral interests in the ~~SW 1/4~~ of said Section ~~8~~ 35 to bring a case before the Commission for the compulsory pooling of all mineral interests in the ~~undesignated San Andres gas pool~~ ^{Mesa Verde formation} underlying said quarter section.

or an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Merriam & Boyless for a 160 acre non-standard gas production unit comprising the SE 1/4 of Section 35, Township 29 North, Range 12 West, N.M.P.M., to be dedicated to their Carnahan Well No. 1 in unit P. of said ^{Section} 35, ~~located and designated~~ ^{within one mile of the} ~~undesignated~~ Flora Vista - Mesa Verde Pool, is hereby denied without prejudice to the right of either the applicant or any owner of mineral interests in the E 1/2 or S 1/2 of the above described Section 35 to bring a case before the Commission for the compulsory pooling of all mineral interests in the ~~undesignated~~ ^{formation} ~~Flora Vista - Mesa Verde~~ ^{pool} underlying the ~~proposed~~ ~~pool~~ half section proposed to be pooled.