

CASE NO.

6493

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

April 3, 1979

POST OFFICE BOX 2080
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Robert Bayless
Merrion & Bayless
P. O. Box 1541

Re: CASE NO. 6493
ORDER NO. R-5967

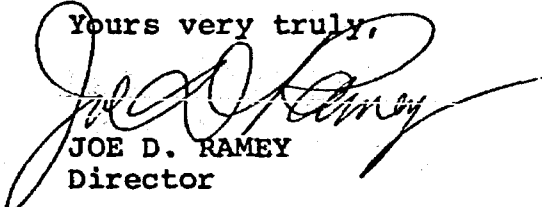
Farmington, New Mexico 87401 Applicant:

Merrion & Bayless

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC X

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6493
Order No. R-5967

APPLICATION OF MERRION & BAYLESS
FOR GAS WELL COMMINGLING, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 14, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of March, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Merrion and Bayless, is the owner and operator of the Hi Roll Wells Nos. 1 and 2, located in Units O and K of Section 35, Township 27 North, Range 13 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to surface commingle, prior to measurement, Pictured Cliffs production from the above-described wells.

(4) That both of said wells are located in a proposed Navajo Indian Irrigation Project field which will utilize travelling sprinklers, and that the installation of meter runs at the wells would interfere with the sprinkler operation.

(5) That both of the subject wells produce small amounts of gas from a non-prorated gas pool.

-2-

Case No. 6493
Order No. R-5967

(6) That the surface commingling of the gas produced from the subject wells at a meter run off the lease will not cause waste nor impair correlative rights.

(7) That in order to allocate the commingled production to each of the subject wells, individual 24-hour well tests through the common meter run should be conducted semi-annually, with the well not on test shut-in at the well-head.

IT IS THEREFORE ORDERED:

(1) That the applicant, Merrion & Bayless, is hereby authorized to surface commingle, prior to measurement, Pictured Cliffs production from the Hi Roll Wells Nos. 1 and 2, located in Units O and K of Section 35, Township 27 North, Range 13 West, NMPM, San Juan County, New Mexico.

(2) That the applicant shall conduct semi-annual 24-hour tests on each of the above wells, producing the same through the common meter run while the other well remains shut-in at the wellhead, and the results of such tests shall be used to allocate production to each of the wells herein authorized to be commingled.

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

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY
Director

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
14 March 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Merrion & Bayless)	CASE
for gas well commingling, San)	6493
Juan County, New Mexico.)	

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation	Lynn Teschendorf, Esq.
Division:	Legal Counsel for the Division
	State Land Office Bldg.
	Santa Fe, New Mexico 87503

For the Applicant:	Robert L. Bayless
	Merrion & Bayless

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

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I N D E X

ROBERT L. BAYLESS

Statement by Mr. Bayless

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Questions of Mr. Bayless by Mr. Nutter

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E X H I B I T S

Applicant Exhibit One

Applicant Exhibit Two

Applicant Exhibit Three

Applicant Exhibit Four

Applicant Exhibit Five

Applicant Exhibit Six

Applicant Exhibit Seven

Applicant Exhibit Eight

Reporter's Note:

All exhibits were
admitted at page 8.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2482
Santa Fe, New Mexico 87501

1 MR. NUTTER: We'll call next Case 6493.

2 MS. TESCHENDORF: Case 6493. Application of
3 Merrion & Bayless for gas well commingling, San Juan County,
4 New Mexico.

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20 duly sworn upon his oath.)

21 MR. BAYLESS: The background of this prob-
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23 copy of the lease, last year. And it is within the pro-
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25 The first sheet that I've submitted to you

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12 over their field map. They wish to keep all wellheads, and
13 so forth, under 30 inches. They're using a roller sprinkler
14 setup in these fields.

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16 our No. 3 and No. 4 wells outside their irrigated field;
17 however, there's no way to keep the 1 and 2 Wells outside
18 their field. So then they required that we not have any-
19 thing there over 30 inches high. For that reason we put a
20 meter run, which is shown up at the intersection of our
21 little gathering line, to meter the 1 and 2 jointly, and
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23 irrigated fields.

24 We did, and we propose to meter these wells
25 individually on some kind of a schedule, perhaps every six

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1 months to allocate the production between the 1 and the 2.
2 The Nos. 3 and 4 have their individual meters and there is
3 no problem there.

4 As I earlier mentioned, the lease is owned
5 by Merrion & myself jointly. We have no other partners.
6 We have no horizon separation. There are no other -- there
7 is no other way the equities can be adversely affected in
8 our allocation between the two wells.

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12 sheet in there will be a tabulation of the lease as a whole.

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4 I believe that's all I have, really. If
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8 Q Well, Mr. Bayless, I understand that the
9 ownership of the lease is common throughout.

10 A Yes, sir.

11 Q Now what pool are these wells completed in?

12 A They're completed in the Pictured Cliff zone.
13 It's the Waugh Field (sic).

14 Q Okay, that's a nonprorated pool, is that
15 correct?

16 A Yes, sir, and it -- yes.

17 Q So the only reason for the separate meters
18 on the wells would be to obtain allocation figures for
19 statistical purposes.

20 A Yes, sir.

21 Q Okay. How do you intend to determine pro-
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24 A To date we have done it based on the initial
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1 what we've used.

2 We would propose to run tests every six
3 months or whatever period the Commission would select, and
4 set that up as a new formula for the succeeding period.

5 Q And by doing that, you'd shut one well in
6 and produce the other well through the meter, and then
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1 A. I would believe so.

2 Q. Mr. Bayless, I've numbered your exhibits
3 here as being Applicant's Exhibits One through Seven -- One
4 through Eight, including the lease agreement; it's Number
5 Eight. I presume you wish to offer these in evidence at
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7 A. Please.

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3020 Plaza Blanca (SOS) 471-2462
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division 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, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6493, heard by me on 3/14 1979.

[Signature] Examiner
Oil Conservation Division

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CERTIFIED SHORTHAND REPORTER
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Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
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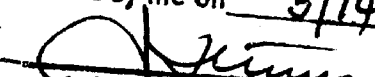
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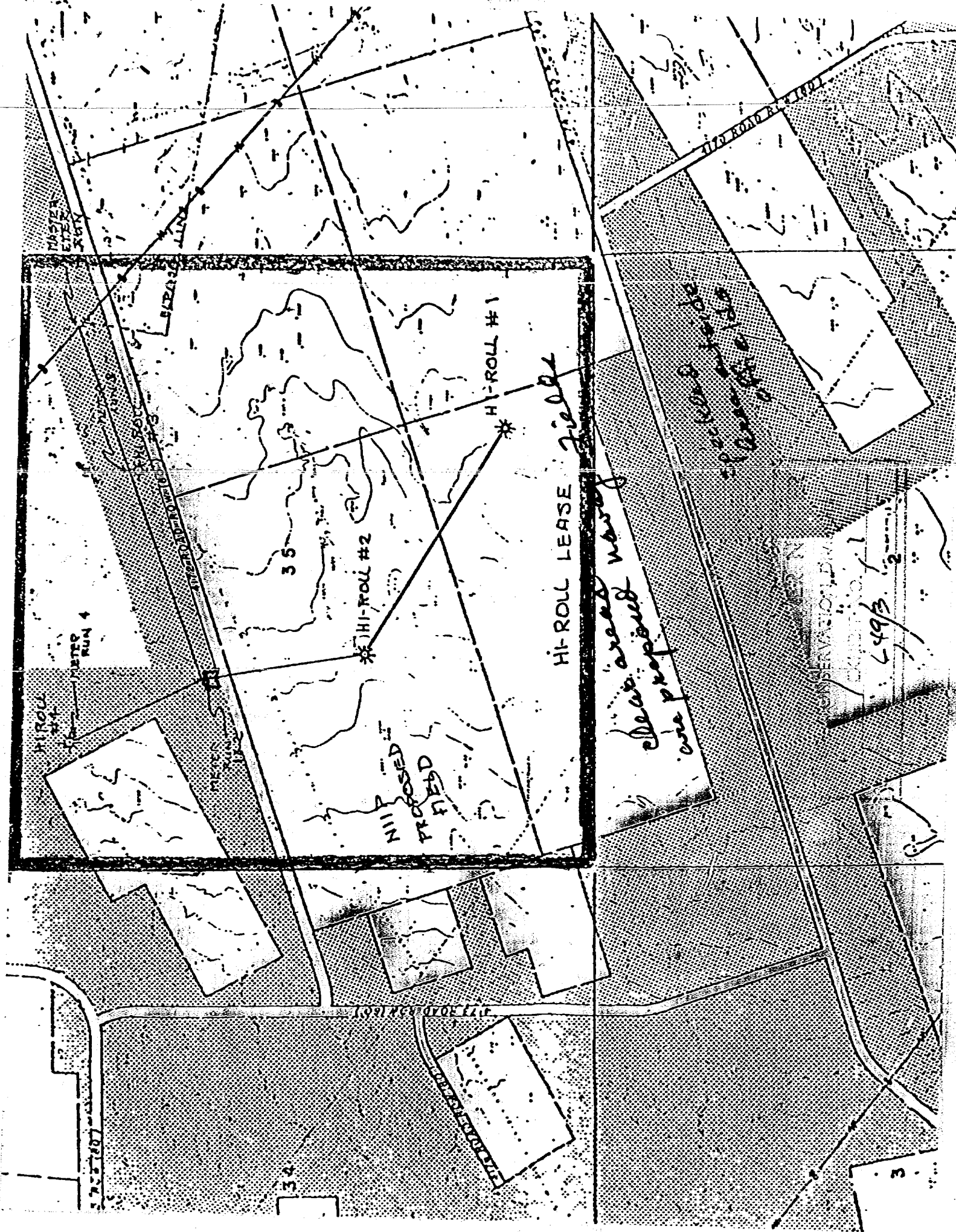
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CERTIFY that the foregoing and attached Transcript of
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3020 Plaza Blanca (506) 471-2462
Santa Fe, New Mexico 87601

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 Examiner
Oil Conservation Division



HI-ROLL LEASE FIELD

PROPOSED FIELD

HI-ROLL #2

HI-ROLL #1

clear area and way
are proposed

clearing work
planned

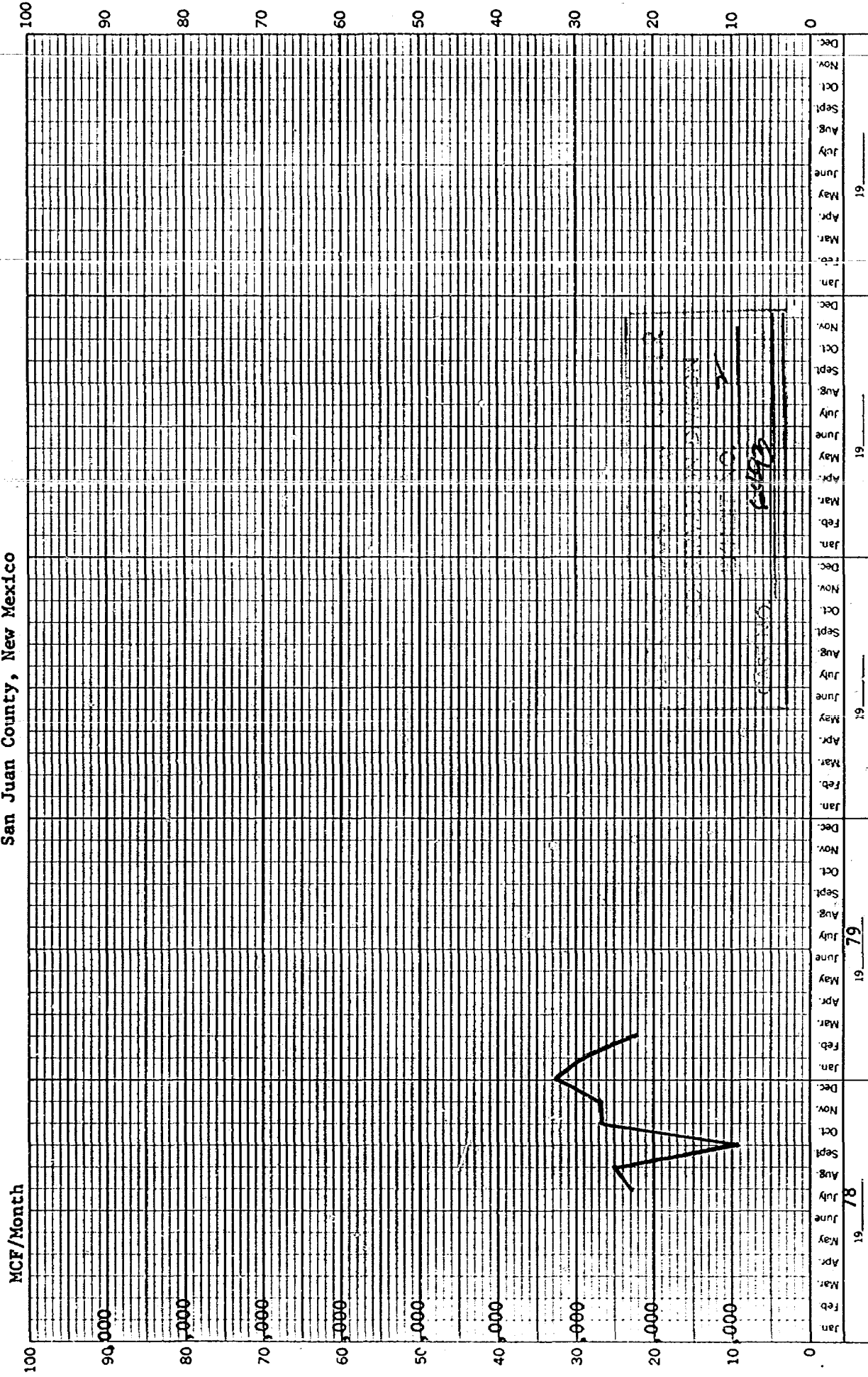
CONSERVATION

493

K-E 5 YEARS BY MONTHS X 100 DIVISIONS
KEUFFEL & ESSER CO. MADE IN U.S.A.

46 3650

MERRION & BAYLESS
H1 Roll #1 - #4
Section 35, T27N, R13W
San Juan County, New Mexico



W.A.W. Jorittland PC.
FIELD

MERRION & BAYLESS

Merrion & Bayless
#1 OPERATOR

SEC 35 TWP 27N RGE 13W

PRODUCTION DATA

WELL NO.

LEASE

SPUDDING DATE	COMPLETION OR RECOM- PLETION DATE	TOTAL DEPTH	EFFECTIVE DEPTH	W. S. O.	PERFORATED INTERVAL		CUMULATIVE PRODUCTION		MONTHS PRODUCED	ZONE
					FROM	TO	NET OIL BBL'S.	FORM GAS M.C.F.		

YEAR 1978

@ 15.025 PSI

MONTH	STA- TUS	DAYS PROD.	ALLOW- ABLE	TOTAL WATER & BS & W BARRELS		DLY. AVG.	NET OIL PRODUCTION BARRELS		DLY. AVG.	FORMATION GAS PRODUCTION M.C.F.		DLY. AVG.	GAS - OIL RATIO CU. FT./BBL.
				MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		
FORWARD													
JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY										7010			
AUG.										7619			
SEPT.										2245			
OCT.										6549			
NOV.										6801			
DEC.										7989			
TOTAL										38213	38,813		

YEAR 1979

JAN.										7124			
FEB.										5491			
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

YEAR

JAN.													
FEB.													
MAR.													
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BEFORE EXAMINER
OIL CONSERVATION DIVISION
CASE NO. 6493

W.A.W. Swinland PC.
FIELD

MERRION & BAYLESS

Merrion & Bayless
OPERATOR
42

SEC 35 TWP 27N RGE 13W

PRODUCTION DATA

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YEAR 1978

@ 15.025 PSI

MONTH	STA- TUS	DAYS PROD.	ALLOW- ABLE	TOTAL WATER & BS & W BARRELS		DLY. AVG.	NET OIL PRODUCTION BARRELS		DLY. AVG.	FORMATION GAS PRODUCTION M.C.F.		DLY. AVG.	GAS - OIL RATIO CU. FT./BBL.
				MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		
FORWARD													
JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.										8184			
SEPT.										8895			
OCT.										2621			
NOV.										7647			
DEC.										7941			
TOTAL										9328			
										44,616	44,616		

YEAR 1979

JAN.										8329			
FEB.										6412			
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

YEAR _____

JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

DEPT. ENGINEER & UTILITY
OIL CONSERVATION DIVISION
EXHIBIT NO. 4
CASE NO. 6493

W.A.W. Driftland PC.
FIELD

MERRION & BAYLESS

Merrion & Bayless
OPERATOR

#3

SEC 35 TWP 27N RGE 13W

PRODUCTION DATA

WELL NO.

Hi Roll

LEASE

SPUDDING DATE	COMPLETION OR RECOM- PLETION DATE	TOTAL DEPTH	EFFECTIVE DEPTH	W. S. O.	PERFORATED INTERVAL		CUMULATIVE PRODUCTION		MONTHS PRODUCED	ZONE
					FROM	TO	NET OIL BBL.	FORM GAS M.C.F.		

YEAR 1978

@ 15.025 PSI

MONTH	STA- TUS	DAYS PROD.	ALLOW- ABLE	TOTAL WATER & BS & W BARRELS		DLY. AVG.	NET OIL PRODUCTION BARRELS		DLY. AVG.	FORMATION GAS PRODUCTION M.C.F.		DLY. AVG.	GAS - OIL RATIO CU. FT./BBL.
				MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		
FORWARD													
JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY										0			
AUG.										0			
SEPT.										1820			
OCT.										5310			
NOV.										5515			
DEC.										6478			
TOTAL										19,123	19,123		

YEAR 1979

JAN.										5784			
FEB.										4453			
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

YEAR _____

JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

RECORD EXAMINER NUTTER
OIL CONSERVATION DIVISION
EXHIBIT NO. 5
6493
CASE NO.

W.A.M. Smithland P.C.
FIELD

MERRION & BAYLESS

Merrion & Bayless
#4 OPERATOR

SEC 35 TWP 27N RGE 13W

PRODUCTION DATA

WELL NO.

Hi Roll

LEASE

SPUDDING DATE	COMPLETION OR RECOM- PLETION DATE	TOTAL DEPTH	EFFECTIVE DEPTH	W. S. O.	PERFORATED INTERVAL		CUMULATIVE PRODUCTION		MONTHS PRODUCED	ZONE
					FROM	TO	NET OIL BBL'S.	FORM GAS M.C.F.		

YEAR 1978

@ 15.025 PSI

MONTH	STA- TUS	DAYS PROD.	ALLOW- ABLE	TOTAL WATER & BS & W BARRELS		DLY. AVG.	NET OIL PRODUCTION BARRELS		DLY. AVG.	FORMATION GAS PRODUCTION M.C.F.		DLY. AVG.	GAS - OIL RATIO CU. FT./BBL.
				MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		
FORWARD													
JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY										7729			
AUG.										8401			
SEPT.										2476			
OCT.										7222			
NOV.										7500			
DEC.										8809			
TOTAL										42,137	42,137		

YEAR 1979

JAN.										7866			
FEB.										6056			
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

YEAR

JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

RECEIVED NUTTER
OIL CONSERVATION DIVISION

EXHIBIT NO.

6493

CASE NO.

W.A.W. Fruitland P.C.
FIELD

MERRION & BAYLESS

Merrion & Bayless
OPERATOR
12344

SEC 35 TWP 27N RGE 13W

PRODUCTION DATA

WELL NO.
HiRoll

LEASE

SPUDDING DATE	COMPLETION OR RECOM- PLETION DATE	TOTAL DEPTH	EFFECTIVE DEPTH	W. S. O.	PERFORATED INTERVAL		CUMULATIVE PRODUCTION		MONTHS PRODUCED	ZONE
					FROM	TO	NET OIL BBLs.	FORM GAS M.C.F.		

YEAR 1978

@ 15.025 PSI

MONTH	STA- TUS	DAYS PROD.	ALLOW- ABLE	TOTAL WATER & BS & W BARRELS		DLY. AVG.	NET OIL PRODUCTION BARRELS		DLY. AVG.	FORMATION GAS PRODUCTION M.C.F.		DLY. AVG.	GAS - OIL RATIO CU. FT./BBL.
				MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		
FORWARD													
JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY										22923			
AUG.										24915			
SEPT.										9162			
OCT.										26728			
NOV.										27757			
DEC.										32604			
TOTAL										144,089	144,089		

YEAR 1979

JAN.										29113			
FEB.										22412			
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

YEAR

JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

W. A. W. FRUITLAND

OPERATOR

12344

WELL NO.

HiRoll

LEASE

YEAR 1978

@ 15.025 PSI

144,089

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial Number

NM 33047

OIL AND GAS LEASE
(COMPETITIVE PUBLIC DOMAIN LANDS)

THIS INDENTURE OF LEASE, entered into, as of **MAY - 1 1978**, by and between

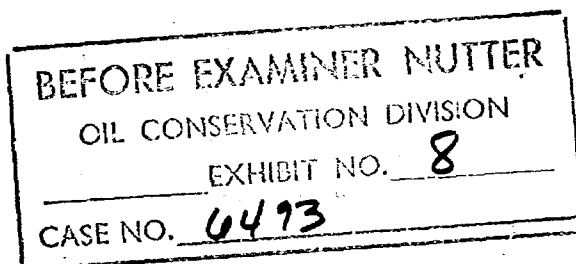
the UNITED STATES OF AMERICA, through the Bureau of Land Management, hereinafter called lessor, and
J. Gregory Merrion and Robert L. Bayless
P. O. Box 1541
Farmington, New Mexico 87401

hereinafter called lessee, under, pursuant, and subject to the terms and provisions of the Act of February 25, 1920, (41 Stat. 437), as amended, (30 U.S.C. Sec. 181 *et seq.*), hereinafter referred to as the Act, and to all reasonable regulations of the Secretary of the Interior now or hereafter in force when not inconsistent with any express and specific provisions herein, which are made a part hereof.

WITNESSETH:

Sec. 1. *Rights of lessee* - That lessor, in consideration or rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, does hereby grant and lease to lessee the exclusive right and privilege to drill for, mine, extract, remove, and dispose of all the oil and gas deposits, except helium gas, in or under the following-described tracts of land situated in the **San Juan** field:

T. 27 N., R. 13 W., NMPM, San Juan County
Sec. 35: All



containing **640.00** acres, more or less, together with the right to construct and maintain thereupon all works, buildings, plants, waterways, roads, telegraph or telephone lines, pipelines, reservoirs, tanks, pumping stations, or other structures necessary to the full enjoyment thereof, for a period of five (5) years, and so long thereafter as oil or gas is produced in paying quantities; subject to any unit agreement heretofore or hereafter approved by the Secretary of the Interior, the provisions of said agreement to govern the lands subject thereto where inconsistencies with the terms of this lease occur.

Sec. 2. In consideration of the foregoing, lessee agrees:

(a) *Bonds* - (1) To maintain any bond furnished by the lessee as a condition for the issuance of this lease.

(2) To furnish prior to beginning of drilling operations and maintain at all times thereafter as required by lessor a bond in the penal sum of \$10,000 with approved corporate surety, or with deposit of United States bonds as surety therefor, conditioned upon compliance with the terms of this lease, unless a bond in that amount is already being maintained or unless such a bond furnished by an operator of the lease is accepted, or unless a bond has been filed under 43 CFR 3104 applicable to this lease.

(b) *Cooperative or unit plan* - Within thirty (30) days of demand, or, if the leased land is committed to an approved unit or cooperative plan and such plan is terminated prior to the expiration of this lease, within thirty (30) days of demand made thereafter, to subscribe to and to operate under such reasonable cooperative or unit plan for the development and operation of the area, field, or pool, or part thereof, embracing the lands included herein as the Secretary of the Interior may then determine to be practicable and necessary or advisable, which plan shall adequately protect the rights of all parties in interest, including the United States.

(c) *Wells* - (1) To drill and produce all wells necessary to protect the leased land from drainage by wells on lands not the property of lessor, or lands of the United States leased at a lower royalty rate, or as to which the royalties and rentals are paid into different funds than are those of this lease; or in lieu of any part of such drilling and production, with the consent of the Director of the Geological Survey, to compensate lessor, in full, each month for the estimated loss of royalty through drainage in the amount determined by said Director.

(2) At the election of lessee, to drill and produce other wells in conformity with any system of well spacing or production allotments affecting the field or area in which the leased lands are situated, which is authorized and sanctioned by applicable law or by the Secretary of the Interior.

(3) Promptly after due notice, in writing, to drill and produce such other wells as the Secretary of the Interior may reasonably require in order that the leased premises may be properly and timely developed and produced in accordance with good operating practice.

(d) *Rentals and royalties* - To pay rentals and royalties in amount or value of production removed or sold from the leased lands as set forth in the rental and royalty schedule attached to and made a part hereof.

(1) It is expressly agreed that the Secretary of the Interior may establish reasonable minimum values for purposes of computing royalty on any or all oil, gas, natural gasoline, and other products obtained from gas, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, to the price received by lessee, to posted prices, and to other relevant matters and, whenever appropriate, after notice and opportunity to be heard.

(3) When paid in value, such royalties on production shall be due and payable monthly on the last day of the month next following the month in which produced. When paid in amount of production, such royalty products shall be delivered in merchantable condition on the premises where produced without cost to lessor, unless otherwise agreed to by the parties hereto, at such times and in such tanks provided by lessee as reasonably may be required by lessor, but in no case shall lessee be required to hold such royalty oil or other products in storage beyond the last day of the month next following the month in which produced nor be responsible or held liable for the loss or destruction of royalty oil or other products in storage from causes over which he has no control.

(4) Rentals or minimum royalties may be waived, suspended, or reduced; and royalties on the entire leasehold or any portion thereof segregated for royalty purpose may be reduced if the Secretary of the Interior finds that, for the purpose of encouraging the greatest ultimate recovery of oil or gas and in the interest of conservation of natural resources, it is necessary, in his judgment, to do so in order to promote development, or because the lease cannot be successfully operated under the terms fixed herein.

(e) *Payments* - Unless otherwise directed by the Secretary of the Interior, to make rental, royalty, or other payments to lessor, to the order of the Bureau of Land Management at the places mentioned in the regulation 43 CFR 3103.1-2. If there is no well on the leased lands capable of producing oil or gas in paying quantities, the failure to pay rental on or before the anniversary date shall automatically terminate the lease by operation of law. However, if the time for payment falls on a day in which the proper BLM office to receive payment is closed, payment shall be deemed timely if made on the next official working day.

(f) *Contracts for disposal of products* - To file with the Oil and Gas Supervisor of the Geological Survey not later than thirty (30) days after the effective date thereof any contract or evidence of other arrangement for the sale or disposal of oil, gas, natural gasoline, and other products of the leased land: *Provided*, That nothing in any such contract or other arrangement shall be construed as modifying any of the provisions of this lease, including, but not limited to, provisions relating to gas waste, taking royalty in kind, and the method of computing royalties due as based on a minimum valuation and in accordance with the Oil and Gas Operating Regulations.

(g) *Statements, plats, and reports* - At such times and in such form as lessor may prescribe, to furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost; a plat showing development work and improvements on the leased lands; and a report with respect to stockholders, investments, depreciation, and costs.

(h) *Well records* - To keep a daily drilling record, a log, and complete information on all well surveys and tests in form acceptable to or prescribed by lessor of all wells drilled on the leased lands, and an acceptable record of all subsurface investigations affecting said lands; and to furnish them, or copies thereof, to lessor when required. All information obtained under this paragraph, upon request of lessee, shall not be open to inspection by the public until the expiration of the lease.

(i) *Inspection* - To keep open at all reasonable times for the inspection of any duly authorized officer of the Department, the leased premises, and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps and records relative to operations and surveys or investigations on the leased lands or under the lease. All information obtained pursuant to any such inspection, upon request of lessee, shall not be open to inspection by the public until the expiration of the lease.

(j) *Diligence, prevention of waste, health and safety of workmen* - To exercise reasonable diligence in drilling and producing the wells herein provided for unless consent to suspend operations temporarily is granted by lessor; to carry on all operations in accordance with approved methods and practices as provided in the Oil and Gas Operating Regulations, having due regard for the prevention of waste of oil or gas or damage to deposits or formations containing oil, gas, or water or to coal measures or other mineral deposits, for conservation of gas energy, for the preservation and conservation of the property for future productive operations and for the health and safety of workmen and employees; to plug

properly and effectively all wells drilled in accordance with the provisions of this lease or of any prior lease or permit upon which the right to this lease was predicated before abandoning the same; to carry out at expense of lessee all reasonable orders of lessor relative to the matters in this paragraph, and that on failure of lessee so to do lessor shall have the right to enter on the property and to accomplish the purpose of such orders at lessee's cost: *Provided*, That lessee shall not be held responsible for delays or casualties occasioned by causes beyond lessee's control.

(k) *Taxes and wages, freedom of purchase* - To pay when due, all taxes lawfully assessed and levied under the laws of the State or the United States upon improvements, oil and gas produced from the lands hereunder, or other rights, property or assets of lessee; to accord all workmen and employees complete freedom of purchase, and to pay all wages due workmen and employees at least twice each month in the lawful money of the United States.

(l) *Equal Opportunity Clause* - The lessee agrees that, during the performance of this lease.

(1) The lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The lessee will take affirmative action to ensure that applicants, are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the lessor setting forth the provisions of this Equal Opportunity Clause.

(2) The lessee will, in all solicitations or advertisements for employees placed by or on behalf of the lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(3) The lessee will send to each labor union or representative of workers with which lessee has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the lessor, advising the labor union or workers' representative of the lessee's commitments under this Equal Opportunity Clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The lessee will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the lessee's noncompliance with the Equal Opportunity Clause of this lease or with any of said rules, regulations, or orders, this lease may be canceled, terminated or suspended in whole or in part and the lessee may be declared ineligible for further Federal Government contracts or leases in accordance with the procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The lessee will include the provisions of Paragraphs (1) through (7) of this subsection 2(1) in every contract, subcontract, or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each contractor, subcontractor, or vendor. The lessee will take such action with respect to any contract, subcontract, or purchase order as the Secretary of the Interior may direct as a means of enforcing such provisions including sanctions for noncompliance; *Provided, however*, that in the event the lessee becomes involved in, or is threatened with, litigation with a contractor, subcontractor, or vendor as a result of such direction by the Secretary of the Interior, the lessee may request the United States to enter into such litigation to protect the interests of the United States.

(m) *Certification of nonsegregated facilities* - By entering into this lease, the lessee certifies that lessee does not and will not maintain or provide for lessee's employees any segregated facilities at any of lessee's establishments, and that lessee does not and will not permit lessee's employees to perform their services at any location, under lessee's con-

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SURFACE DISTURBANCE STIPULATIONS

Area Oil and Gas Supervisor or
District Engineer (Address, include zip code)
District Engineer
U. S. Geological Survey
P. O. Box 959
Farmington, New Mexico 87401

Management Agency (name)

District Manager
Bureau of Land Management
P. O. Box 6770
Albuquerque, New Mexico 87107

Address (include zip code)

Bureau of Indian Affairs
Navajo Irrigation Project
P. O. Box 2157
Farmington, NM 87401

1. Notwithstanding any provision of this lease to the contrary, any drilling, construction, or other operation on the leased lands that will disturb the surface thereof or otherwise affect the environment, hereinafter called "surface disturbing operation," conducted by lessee shall be subject, as set forth in this stipulation, to prior approval of such operation by the Area Oil and Gas Supervisor in consultation with appropriate surface management agency and to such reasonable conditions, not inconsistent with the purposes for which this lease is issued, as the Supervisor may require to protect the surface of the leased lands and the environment.

2. Prior to entry upon the land or the disturbance of the surface thereof for drilling or other purposes, lessee shall submit for approval two (2) copies of a map and explanation of the nature of the anticipated activity and surface disturbance to the District Engineer or Area Oil and Gas Supervisor, as appropriate, and will also furnish the appropriate surface management agency named above, with a copy of such map and explanation.

An environmental analysis will be made by the Geological Survey in consultation with the appropriate surface management agency for the purpose of assuring proper protection of the surface, the natural resources, the environment, existing improvements, and for assuring timely reclamation of disturbed lands.

3. Upon completion of said environmental analysis, the District Engineer or Area Oil and Gas Supervisor, as appropriate, shall notify lessee of the conditions, if any, to which the proposed surface disturbing operations will be subject.

Said conditions may relate to any of the following:

- (a) Location of drilling or other exploratory or developmental operations or the manner in which they are to be conducted;
- (b) Types of vehicles that may be used and areas in which they may be used; and
- (c) Manner or location in which improvements such as roads, buildings, pipelines, or other improvements are to be constructed.

April 19, 1978
(Date)

Bruce Merion
Robert L. Taylor
(Lessee)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Special Stipulation - Oil and Gas Lease NM 33047

No payment or other consideration will be made to other users, licensees, permittees or lessees for any damage to or loss of natural vegetation, wildlife, mineral material, or for soil disturbance occurring on national resource lands, which result from operation, development or construction activities carried out under the authority of this oil and gas lease.

Dwight Menion
Robert L. Baylan
Lessee

SPECIAL STIPULATION

(To be attached to and form a part of oil and gas lease NM 33047)

No oil or gas facilities will be installed that will unduly interfere with the construction or development of the area for agricultural purposes in connection with the Navajo Indian Irrigation Project. The lessee must clear with the Navajo Indian Irrigation Project Manager prior to the installation of any oil and gas equipment so that modification or relocation at a later date might be avoided.

Gregory Merion

April 19, 1978
(Date)

Robert L. Kaye
(Lessee)

(Covers Parcels 14, 15-Sec. 15,
16, 18, 19, 20-Sec. 29, 21, 22,
23, 24, 27, 28, 29, 31, 32, 33,
34, 35, 36, 37, 38, 39, 40, 41)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RENTALS AND ROYALTIES FOR OIL AND GAS LEASES

SCHEDULE "A" - NONCOMPETITIVE

RENTALS. To pay the lessor in advance on or before the first day of the month in which the lease issues a rental at the following rates:

a. If the lands are wholly outside the known geologic structure of a producing oil or gas field, 50 cents per acre or fraction thereof for each lease year.

b. On leases wholly or partly within the geologic structure of a producing oil or gas field:

1. If not committed to a cooperative or unit plan which includes a well capable of producing oil or gas and contains a general provision for allocation of production beginning with the first lease year after 30 days' notice that all or part of the land is included in such a structure and for each year thereafter prior to a discovery of oil or gas on the lands herein, \$2 per acre or fraction thereof.

2. On the lands committed to an approved cooperative or unit plan which includes a well capable of producing oil or gas and contains a general provision for allocation of production, for the lands not within the participating area an annual rental of 50 cents per acre or fraction thereof each lease year following discovery.

MINIMUM ROYALTY. To pay the lessor in lieu of rental at the expiration of each lease year after discovery a minimum royalty of \$1 per acre or, if there is production, the difference between the actual royalty paid during the year and the prescribed minimum royalty of \$1 per acre, provided that on unitized leases, the minimum royalty shall be payable only on the participating acreage.

ROYALTY ON PRODUCTION. To pay the lessor 12½ percent royalty on the production removed or sold from the leased lands.

SCHEDULE "B" - COMPETITIVE

ROYALTY ON PRODUCTION. To pay the lessor the following royalty on production removed or sold from the leased lands.

1. When the average production for the month in barrels per well per day is:

OVER	NOT OVER	PERCENT OF ROYALTY	OVER	NOT OVER	PERCENT OF ROYALTY
	50	12.5	130	150	19
50	60	13	150	200	20
60	70	14	200	250	21
70	80	15	250	300	22
80	90	16	300	350	23
90	110	17	350	400	24
110	130	18	400		25

2. On gas, including inflammable gas, helium, carbon dioxide and all other natural gases and mixtures thereof, and on natural or casinghead gasoline and

other liquid products obtained from gas; when the average production of gas per well per day for the month does not exceed 5,000,000 cubic feet, 12-1/2 percent; and when said production of gas exceeds 5,000,000 cubic feet, 16-2/3 percent of the amount or value of the gas and liquid products produced, said amount or value of such liquid products to be net after an allowance for the cost of manufacture.

MINIMUM ROYALTY. To pay the lessor in lieu of rental at the expiration of each lease year after discovery a minimum royalty of \$1 per acre or, if there is production, the difference between the actual royalty paid during the year and the prescribed minimum royalty of \$1 per acre, provided that on unitized leases, the minimum royalty shall be payable only on the participating acreage.

RENTALS. To pay the lessor in advance on or before the first day of the month in which the lease issued and for each lease year thereafter prior to a discovery of oil or gas on the leased lands, an annual rental of \$2 per acre or fraction thereof.

NOTICE

The average production per well per day for oil and gas shall be determined pursuant to 30 CFR, Part 221, "Oil and Gas Operating Regulations."

In determining the amount or value of gas and liquid products produced, the amount or value shall be net after an allowance for the cost of manufacture. The allowance for cost of manufacture may exceed two-thirds of the amount or value of any product only on approval by the Secretary of the Interior.

trol, where segregated facilities are maintained. The lessee agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this lease. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. Lessee further agrees that (except where lessee has obtained identical certifications from proposed contractors and subcontractors for specific time periods) lessee will obtain identical certifications from proposed contractors and subcontractors prior to the award of contracts or subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause; that lessee will retain such certifications in lessee's files; and that lessee will forward the following notice to such contractors and subcontractors (except where the proposed contractor or subcontractor has submitted identical certifications for specific time periods).

Notice to prospective contractors and subcontractors of requirement for certification of nonsegregated facilities - A Certification of Nonsegregated Facilities, as required by the May 9, 1967 order (32 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a contract or subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity Clause. The certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

(n) *Assignment of oil and gas lease or interest therein* - As required by applicable law, to file for approval by lessor any instrument of transfer made of this lease or any interest therein, including assignments of record title, operating agreements and subleases, working or royalty interests, within ninety (90) days from date of final execution thereof.

(o) *Pipelines to purchase or convey at reasonable rates and without discrimination* - If owner, or operator, or owner of a controlling interest in any pipeline or of any company operating the same which may be operated accessible to the oil or gas derived from lands under this lease, to accept and convey and, if a purchaser of such products, to purchase at reasonable rates and without discrimination the oil or gas of the Government or of any citizen or company not the owner of any pipeline, operating a lease or purchasing or selling oil, gas, natural gasoline, or other products under the provisions of the Act of August 7, 1947 (61 Stat. 913; 30 U.S.C. 351).

(p) *Lands patented with oil and gas deposits reserved to the United States* - To comply with all statutory requirements and regulations thereunder, if the lands embraced herein have been or shall hereafter be disposed of under the laws reserving to the United States the deposits of oil and gas therein, subject to such conditions as are or may hereafter be provided by the laws reserving such oil or gas.

(q) *Reserved or segregated lands* - If any of the land included in this lease is embraced in a reservation or segregated for any particular purpose, to conduct operations thereunder in conformity with such requirements as may be made by the Director, Bureau of Land Management, for the protection and use of the land for the purpose for which it was reserved or segregated, so far as may be consistent with the use of the land for the purpose of this lease, which latter shall be regarded as the dominant use unless otherwise provided herein or separately stipulated.

(r) *Protection of the environment including the surface, other resources and improvements* - In accordance with the directives contained in the National Environmental Policy Act (83 Stat. 852; 42 U.S.C. 4321-4347), the requirements of other environmental legislation, the oil and gas leasing regulations (43 CFR 3100) and the Oil and Gas Operating Regulations (30 CFR 221).

(1) *General* - Lessee shall take such steps as required by the drilling permit, the attached stipulations, or the authorized officer to prevent activities or operations on the leased lands from: (i) causing or contributing to soil erosion or damage to crops or other vegetative cover on Federal or non-Federal lands in the vicinity; (ii) polluting soil, air, or water; (iii) creating hazards to wildlife or depriving them of the use of the natural elements of their habitat; (iv) disturbing the surface or damaging areas of scenic value or natural beauty; (v) damaging or removing improvements owned by the United States or other parties; or (vi) destroying, damaging, or removing fossils, historic or removing fossils, historic or prehistoric ruins or artifacts. Lessee shall, prior to the termination of bond liability or at any other time when required and in the manner directed by lessor, reclaim all land the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite

and onsite damage caused by lessee's activity or activities incidental thereto, restore access roads or trails to their former condition and remove structures. Lessor may prescribe, by stipulations to be subsequently included in this lease or through the authorized officer, the steps to be taken by lessee to protect or restore the environment both on and off the lands, and improvements thereon whether or not the improvements are owned by the United States.

(2) *Use of other resources* - Timber, mineral materials, and water from public water reserves or water developed by the Bureau of Land Management or its lessees, licensees, or permittees, except water rights established under State law acquired by such lessees, licensees, or permittees may be used only with advanced authorization from and on terms and conditions imposed by the authorized officer.

(3) *Antiquities and objects of historic value*

(i) Lessee shall immediately bring to the attention of the authorized officer any and all American antiquities or other objects of historic or scientific interest including, but not limited to, historic or prehistoric ruins, fossils, or artifacts discovered as a result of operations under this lease, and to leave such item(s) or condition(s) intact. Failure to comply with any of the terms and conditions imposed by the authorized officer with regard to the preservation of antiquities shall constitute a violation of the Antiquities Act (16 U.S.C. 431-433).

(ii) If the authorized officer determines that archaeological values exist or may exist on the lands within the lease and that they might be impaired by oil and gas operations, lessee will engage a recognized authority on archaeology, acceptable to the Bureau of Land Management, to survey and salvage, in advance of any operations, such values on the lands involved. The responsibility for and cost of this survey and salvage will be that of lessee.

(4) *Pollution Control* - Lessee agrees that this lease is subject to all relevant pollution control legislation at the Federal, State, or local level. Such legislation includes, but is not limited to the Clean Air Act, as amended (77 Stat. 392; 42 U.S.C. 1857, et seq.), the Refuse Act of 1899 (30 Stat. 1152; 33 U.S.C. 407-409), the Federal Water Pollution Control Act (62 Stat. 1155; 33 U.S.C. 1151-1161).

(5) *Stipulations* - To comply with stipulations attached hereto which are made a part of the lease or the approved Application for Permit to Drill.

(s) *Overriding royalties* - Not to create overriding royalties in excess of five percent except as otherwise authorized by the regulations.

(t) *Deliver premises in case of forfeiture* - To deliver up to lessor in good order and condition the land leased including all improvements which are necessary for the preservation of producing wells.

Sec. 3. The lessor reserves:

(a) *Easements and rights-of-way* - The right to permit for joint or several use easements or rights-of-way, including easements in tunnels upon, through, or in the lands leased, occupied, or used as may be necessary or appropriate to the working of the same or of other lands containing the deposits described in the Act, and the treatment and shipment of products thereof by or under authority of the Government, its lessees or permittees, and for other public purposes.

(b) *Disposition of surface* - The right to lease, sell, or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted, insofar as said surface is unnecessary for the use of lessee in the extraction and removal of the oil and gas therein, or to dispose of any resource in such lands which will not unreasonably interfere with operations under this lease.

(c) *Monopoly and fair prices* - Full power and authority to promulgate and enforce all orders necessary to assure the sale of the production of the leased lands to the United States and to the public at reasonable prices, to protect the interests of the United States, to prevent monopoly, and to safeguard the public welfare.

(d) *Helium* - The ownership of helium and the right to extract or have extracted from all gas produced under this lease, subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. If lessor elects to take the helium, lessee shall deliver all or any portion of gas containing the same to lessor, in the manner required by lessor, at any point on the leased premises or, if the area is served at the time of production by a gas-gathering system owned or operated by lessee, at any point in that system specified by lessor, for extraction of the helium by such means as lessor may provide. The residue shall be returned to lessee, with no substantial delay in the delivery of the gas produced from the well to owner or purchaser thereof. Save for the value of the helium extracted, lessee shall not suffer a diminution of the value of the gas produced from the well, or loss otherwise, including any expense caused solely by the requirement of the delivery of the gas to permit the extraction of helium, for which he is not reasonably compensated. Lessor

reserves the right to erect, maintain and operate any and all reduction works necessary for extraction of helium on the leased premises. Lessee further agrees to include in any contract of sale of gas from the lands subject to this lease provisions setting forth that lessor owns, and reserves the right to extract or have extracted, any helium in the gas sold, and that lessor may take the gas from a pipeline carrier or any other gas-gathering system and extract the helium and return the gas to owner thereof, without delay other than that caused by the extraction process; save for the value of the helium, owner shall not suffer any diminution of the value of the gas from which helium has been extracted, or any other loss arising from the extraction of helium, including any expense caused solely by the requirement of the delivery of the gas to permit the extraction of helium, for which he is not reasonably compensated. It is further agreed that any rights reserved vested in lessor under this paragraph shall also run to any agent or assignee of lessor or any purchaser of the rights of lessor.

(e) *Taking of royalties* - All rights pursuant to Sec. 36 of the Act, to take royalties in amount or in value of production.

(f) *Casing* - All rights pursuant to Sec. 40 of the Act to purchase casing and lease or operate valuable water wells.

Sec. 4. Drilling and producing restrictions - It is agreed that the rate of prospecting and developing and the quantity and rate of production from the lands covered by this lease shall be subject to control in the public interest by the Secretary of the Interior, and in the exercise of his judgment the Secretary may take into consideration, among other things, Federal and State laws, and regulations issued thereunder, or lawful agreements among operators regulating either drilling or production, or both. After unitization, the Secretary of the Interior, or any person, committee, or State or Federal officer or agency so authorized in the unit plan, may alter or modify, from time to time, the rate of prospecting and development and the quantity and rate of production from the lands covered by this lease.

Sec. 5. Surrender and termination of lease - Lessee may surrender this lease or any legal subdivision thereof by filing in the proper BLM office, a written relinquishment, in triplicate, which shall be effective as of the date of filing subject to the continued obligation of lessee and his surety to make payment of all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for suspension or abandonment in accordance with the applicable lease terms and regulations.

Sec. 6. Purchase of materials, etc., on termination of lease - Upon expiration of the lease, or the earlier termination thereof pursuant to Sec. 5 above, lessee shall have the privilege at

any time within a period of ninety (90) days thereafter of removing from the premises all machinery, equipment, tools, and materials other than improvements needed for producing wells. Any materials, tools, appliances, machinery, structures, and equipment subject to removal as above provided, which are allowed to remain on the leased lands shall become the property of lessor on expiration of the 90-day period or such extension thereof as may be granted because of adverse climatic conditions throughout said period: *Provided, that* lessee shall remove any or all such property where so directed by lessor.

Sec. 7. Proceedings in case of default - If lessee shall not comply with any of the provisions of the Act or the regulations thereunder or of this lease, or shall make default in the performance or observance of any of the terms hereof this lease may be canceled or terminated in accordance with Sec. 31 of the Act. This provision shall not be construed to prevent the exercise by lessor of any legal or equitable remedy which lessor might otherwise have. Upon cancellation or termination of this lease, any casing, material, or equipment determined by the lessor to be necessary for use in plugging or preserving any well drilled on the leased land shall become the property of lessor. A waiver of any particular cause of cancellation or termination shall not prevent the cancellation or termination of this lease for any other cause of cancellation or termination, or for the same cause occurring at any other time.

Sec. 8. Heirs and successors in interest - It is further agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 9. Unlawful interest - It is also further agreed that no Member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, or either before or after he has qualified and during his continuance in office, and that no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(1), shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of Sec. 3741 of the Revised Statutes of the United States, (41 U.S.C. Sec. 22) as amended, and Secs. 431, 432, and 433, Title 18 U.S.C., relating to contracts, enter into and form a part of this lease so far as the same may be applicable.

Sec. 10. Stipulations - ☒ Stipulations are attached hereto and made a part hereof. ~~The attached stipulations appear as consecutively numbered pages commencing with page 1 hereafter.~~ ☐ Stipulations are not attached.

(Signature of Lessee) (J. Gregory Merrion)

THE UNITED STATES OF AMERICA

(Robert L. Bayless)

(Signature of Lessee)

(Authorized Officer)

Marie D. Larragoite
Acting Chief, Minerals Section

(Title)

(Signature of Lessee)

MAY - 2 1978

(Date)



K-E 5 YEARS BY MONTHS X 100 DIVISIONS
KEUFFEL & ESSER CO. MADE IN U.S.A.

46 3650

MERRION & BAYLESS

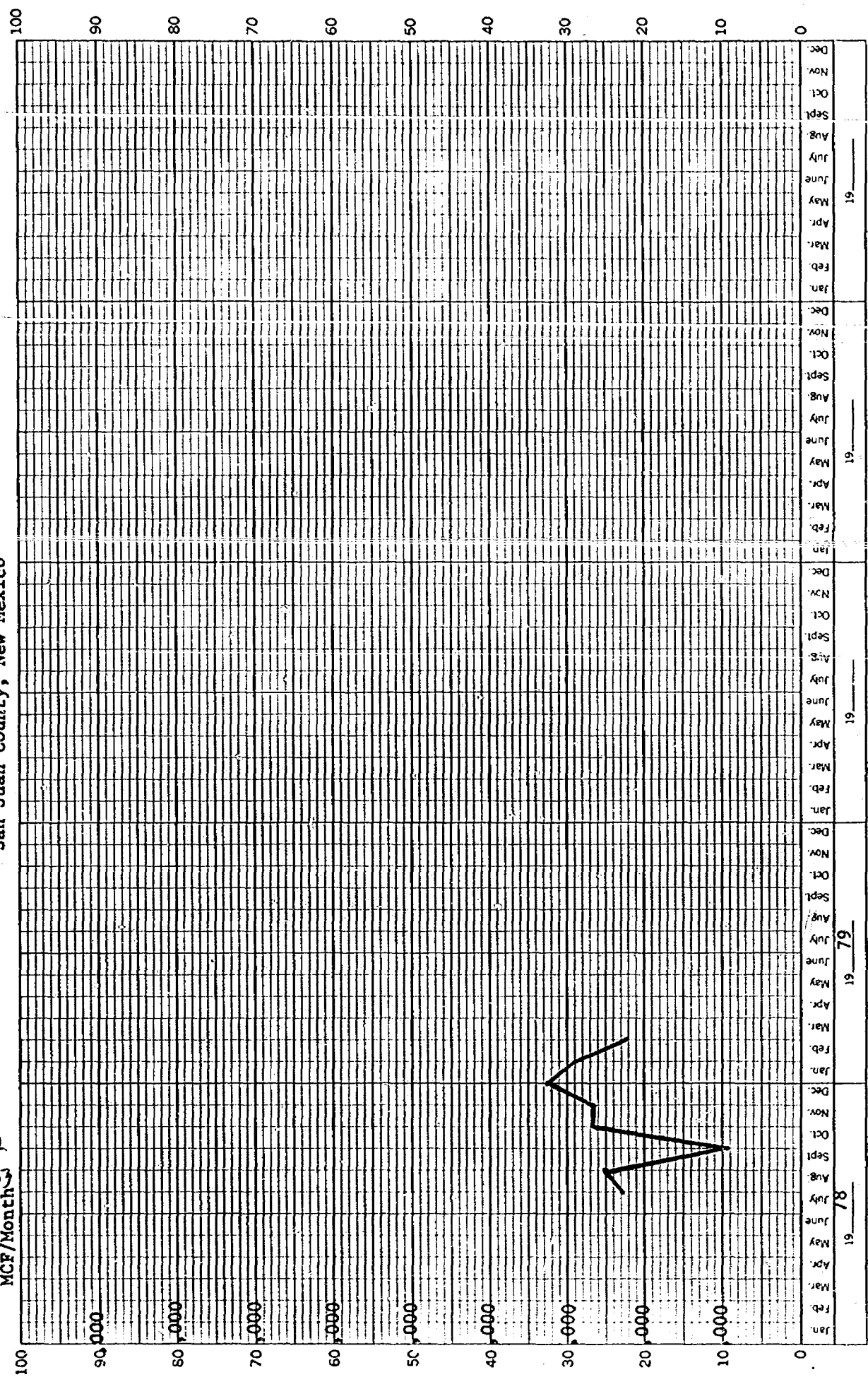
H1 Roll #1 - #4

Section 35, T27N, R13W

San Juan County, New Mexico

Exhibit 2
Case 6493

MCF/Month



W.A.W. Jonitland PC.
FIELD

MERRION & BAYLESS

Merrion & Bayless
#1
OPERATOR

SEC 35 TWP 27N RGE 13W

PRODUCTION DATA

WELL NO. 41
LEASE

SPUDDING DATE	COMPLETION OR RECOM- PLETION DATE	TOTAL DEPTH	EFFECTIVE DEPTH	W. S. O.	PERFORATED INTERVAL		CUMULATIVE PRODUCTION		MONTHS PRODUCED	ZONE
					FROM	TO	NET OIL BBL.	FORM GAS M.C.F.		

YEAR 1978

@ 15.025 PSI

MONTH	STA- TUS	DAYS PROD.	ALLOW- ABLE	TOTAL WATER & BS & W BARRELS		DLY. AVG.	NET OIL PRODUCTION BARRELS		DLY. AVG.	FORMATION GAS PRODUCTION M.C.F.		DLY. AVG.	GAS - OIL RATIO CU. FT./BBL.
				MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		
FORWARD													
JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY										7010			
AUG.										7619			
SEPT.										2245			
OCT.										6549			
NOV.										6801			
DEC.										7989			
TOTAL										38213	38,213		

YEAR 1979

JAN.										7134			
FEB.										5491			
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

YEAR

JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

Exhibit 3
Case 6493

W.A.W. Driftland P.C.
FIELD

MERRION & BAYLESS

Merrion & Bayless
OPERATOR

SEC 35 TWP 27N RGE 13W

PRODUCTION DATA

WELL NO. 42
LEASE Hi Roll

SPUDDING DATE	COMPLETION OR RECOM- PLETION DATE	TOTAL DEPTH	EFFECTIVE DEPTH	W. S. O.	PERFORATED INTERVAL		CUMULATIVE PRODUCTION		MONTHS PRODUCED	ZONE
					FROM	TO	NET OIL BBLs.	FORM GAS M.C.F.		

YEAR 1978

@ 15.025 PSI

MONTH	STA- TUS	DAYS PROD.	ALLOW- ABLE	TOTAL WATER & BS & W BARRELS		DLY. AVG.	NET OIL PRODUCTION BARRELS		DLY. AVG.	FORMATION GAS PRODUCTION M.C.F.		DLY. AVG.	GAS - OIL RATIO CU. FT./BBL.
				MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		
FORWARD													
JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY										8184			
AUG.										8895			
SEPT.										2621			
OCT.										7647			
NOV.										7941			
DEC.										9328			
TOTAL										44,616	44,616		

YEAR 1979

JAN.										8229			
FEB.										6412			
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

YEAR

JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

EXHIBIT 4
CASE 6893

W.A.M. Switland PC.
FIELD

MERRION & BAYLESS

Merrion & Bayless
OPERATOR

SEC 35 TWP 27N RGE 13W

PRODUCTION DATA

#3

WELL NO.

Hi Roll

LEASE

SPUDDING DATE	COMPLETION OR RECOM- PLETION DATE	TOTAL DEPTH	EFFECTIVE DEPTH	W. S. O.	PERFORATED INTERVAL		CUMULATIVE PRODUCTION		MONTHS PRODUCED	ZONE
					FROM	TO	NET OIL BBLs.	FORM GAS M.C.F.		

YEAR 1978

@ 15.025 PSI

MONTH	STA- TUS	DAYS PROD.	ALLOW- ABLE	TOTAL WATER & BS & W BARRELS		DLY. AVG.	NET OIL PRODUCTION BARRELS		DLY. AVG.	FORMATION GAS PRODUCTION M.C.F.		DLY. AVG.	GAS - OIL RATIO CU. FT./BBL.
				MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		
FORWARD													
JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY											0		
AUG.											0		
SEPT.											1820		
OCT.											5310		
NOV.											5515		
DEC.											6478		
TOTAL											19,123	19,123	

YEAR 1979

JAN.											5784		
FEB.											4453		
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

YEAR

JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

Exhibit 5
Case 6493

W.A.M. Smithland P.C.
FIELD

MERRION & BAYLESS

Merrion & Bayless
#4 OPERATOR

SEC 35 TWP 27N RGE 13W

PRODUCTION DATA

WELL NO.
Hi Roll
LEASE

SPUDDING DATE	COMPLETION OR RECOM- PLETION DATE	TOTAL DEPTH	EFFECTIVE DEPTH	W. S. O.	PERFORATED INTERVAL		CUMULATIVE PRODUCTION		MONTHS PRODUCED	ZONE
					FROM	TO	NET OIL BBL.	FORM GAS M.C.F.		

YEAR 1978 @ 15.025 PSI

MONTH	STA- TUS	DAYS PROD.	ALLOW- ABLE	TOTAL WATER & BS & W BARRELS		DLY. AVG.	NET OIL PRODUCTION BARRELS		DLY. AVG.	FORMATION GAS PRODUCTION M.C.F.		DLY. AVG.	GAS - OIL RATIO CU. FT./BBL.
				MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		
FORWARD													
JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY										7729			
AUG.										8401			
SEPT.										2476			
OCT.										7222			
NOV.										7500			
DEC.										8809			
TOTAL										42,137	42,137		

YEAR 1979

JAN.										7866			
FEB.										6056			
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

YEAR

JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

Exhibit 6
Case 6493

W.A.W. Smithland PC.
FIELD

MERRION & BAYLESS

Merrion & Bayless
OPERATOR
12,344

SEC 35 TWP 27N RGE 13W

PRODUCTION DATA

WELL NO. HiRoll
LEASE

SPUDDING DATE	COMPLETION OR RECOM- PLETION DATE	TOTAL DEPTH	EFFECTIVE DEPTH	W. S. O.	PERFORATED INTERVAL		CUMULATIVE PRODUCTION		MONTHS PRODUCED	ZONE
					FROM	TO	NET OIL BBL.	FORM GAS M.C.F.		

YEAR 1978 @ 15.025 PSI

MONTH	STA- TUS	DAYS PROD.	ALLOW- ABLE	TOTAL WATER & BS & W BARRELS		DLY. AVG.	NET OIL PRODUCTION BARRELS		DLY. AVG.	FORMATION GAS PRODUCTION M.C.F.		DLY. AVG.	GAS - OIL RATIO CU. FT./BBL.
				MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		MONTHLY	CUMULATIVE		
FORWARD													
JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY										22923			
AUG.										24915			
SEPT.										9162			
OCT.										26728			
NOV.										27757			
DEC.										32604			
TOTAL										144,089	144,089		

YEAR 1979

JAN.										29113			
FEB.										22412			
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

YEAR

JAN.													
FEB.													
MAR.													
APR.													
MAY													
JUNE													
JULY													
AUG.													
SEPT.													
OCT.													
NOV.													
DEC.													
TOTAL													

Exhibit 7
Case 6493

OIL CONSERVATION COMMISSION
Antelope DISTRICT

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

Dan Nutter

DATE 2-8-79

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Surface Commingling

Gentlemen:

I have examined the application dated 2-6-79
for the R.L. Payless McRae 35-27N-13W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Set for hearing.

Yours very truly,

DR Kendrick

ROBERT L. BAYLESS

PETROLEUM CLUB PLAZA BUILDING

P. O. BOX 1641

FARMINGTON, NEW MEXICO 87401

Case 6493

February 6, 1979

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

RE: Hi Roll Lease and
Gathering System

Gentlemen:

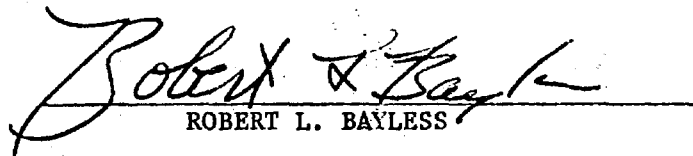
The enclosed Navajo Irrigation Project plat shows our Hi Roll Lease and the four Pictured Cliff wells we have drilled on it. At the time we planned the pipeline gathering system, the Navajo Irrigation Project personnel requested that we not place a meter house at either the #1 or the #2 well as it would interfere with the projected side roll sprinkling system for that specific field. Therefore we combined the #1 and #2 wells on a common meter located as shown. We have allocated production between these two wells based on actual production tests.

It should be noted there is common ownership throughout the lease and in all wells which eliminates any possibility of inequitable accounting.

By this letter we request commission approval to continue this manner of reporting production or advise on what steps we should take to satisfy all parties involved.

Yours truly,

MERRION & BAYLESS


ROBERT L. BAYLESS

RLB/pb

Enclosure

cc: NMOCC - Aztec office



March 28, 1979

CASE 6493

~~NSP~~ NSP: Farmington

Application of Merrion & Bayless for gas well commingling, San Juan County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the surface commingling, prior to measurement, of Pictured Cliffs production from the Hi Roll Wells Nos. 1 and 2 located in Units O and K of Section 35, Township 27 North, Range 13 West, San Juan County, New Mexico.

*error in ad was
not fatal -
don't need review*

JS

Memo

3-2-79
From

A. R. KENDRICK
Supervisor

To Dan & Lynn;

That part of the
ad for case 6493
that is underlined
was omitted from
the ad as shown
on the copy.

Al

NEW MEXICO OIL CONSERVATION COMMISSION - AZTEC, NEW MEXICO

11 West, Antec-Pictured
to a well to be located
line of said Section 10

CASE 6492:

Application of Yates Petroleum
compulsory pooling, Eddy

Applicant, in the above-styled
interests in the San Antonio
Township 17 South, Range 10
well to be drilled at a
be the cost of drilling
thereof as well as actual
be considered will be the
charge for risk involved

CASE 6072: (Reopened and

In the matter of Case 6072
R-5643 which order created
Mexico, with provisions:
and show cause why the Texas
on 40-acre spacing units.

CASE 6493:

Application of Merrion & Bayless for
gas well commingling, San Juan County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the surface commingling,
prior to measurement, of Pictured Cliffs production from the Hi Roll Wells Nos. 1
and 2 located in Units O and K of Section 35, Township 27 North, Range 13 West,
San Juan County, New Mexico.

CASE 6494:

Application of Morris R. Antweil for an
unorthodox gas well location and simultaneous
dedication, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox location
of his Mesa Macho Well No. 1 located in Unit O of Section 24, Township 20 South,
Range 27 East, Morrow formation, Eddy County, New Mexico, the E/2 of said Section
24 to be simultaneously dedicated to the aforesaid well and to applicant's Macho
Norte Well No. 1 located in Unit C of Section 24.

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

The State of New Mexico by its Oil
Conservation Division hereby gives
notice pursuant to law and the Rules
and Regulations of said Division
promulgated thereunder of the follow-
ing public hearing to be held at 9
o'clock a.m. on MARCH 14, 1979, at
the Oil Conservation Division Con-
ference Room, State Land Office
Building, Santa Fe, New Mexico, before
Daniel S. Butler, Examiner or Richard
L. Stewart, Adjunct Examiner, both
 duly appointed for said hearing as
 provided by law.

STATE OF NEW MEXICO
All named parties and persons
having any right, title or interest or
claim in the foregoing cause and
notice to the public.

All land descriptions herein refer to the
New Mexico Principal Meridian (whether
or not so stated).

CASE 6491: Application of O and E
Operators, Inc. for an unorthodox well
location and a non-standard proration
unit, San Juan County, New Mexico.

Applicant, in the above-styled cause,
seeks approval of an 80-acre non-
standard gas proration unit comprising
the E/2 NW/4 of Section 10, Township
30 North, Range 11 West, Antec-
Pictured Cliffs Pool, San Juan County,
New Mexico, to be dedicated to a well
to be located 1700 feet from the South
line and 1760 feet from the West line
of said Section 10.

CASE 6493:
Application of Merrion and Bayless
for gas well commingling, prior to
measurement, of Pictured Cliffs
production from the Hi Roll Wells Nos.
1 and 2 located in Units O and K of
Section 35, Township 27 North, Range
13 West, San Juan County, New
Mexico.

GIVEN Under the Seal of the New
Mexico Oil Conservation Commission at
Santa Fe, New Mexico, on this 23rd day
of February, 1979.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
JOE D. RAMEY
Division Director

SEAL
Legal No. 5383 published in the
Farmington Daily Times, Farmington,
New Mexico on Wednesday, February
26, 1979.

in County, New Mexico, to be dedicated

South line and 1760 feet from the West

or

seeks an order pooling all mineral

lying the NE/4 NW/4 of Section 13,

y, New Mexico, to be dedicated to a

thereon. Also to be considered will

well and the allocation of the cost

charges for supervision. Also to

applicant as operator of the well and a

1.

suant to the provisions of Order No.

Pennsylvanian Pool, Eddy County, New

All interested parties may appear

nian Pool should not be developed

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

February 6, 1979

Case 6493

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

RE: Hi Roll Lease and
Gathering System

Gentlemen:

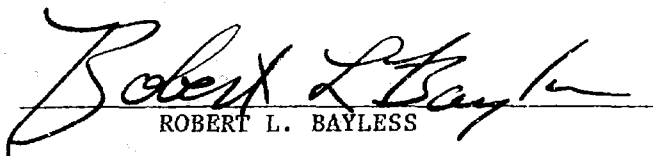
The enclosed Navajo Irrigation Project plat shows our Hi Roll Lease and the four Pictured Cliff wells we have drilled on it. At the time we planned the pipeline gathering system, the Navajo Irrigation Project personnel requested that we not place a meter house at either the #1 or the #2 well as it would interfere with the projected side roll sprinkling system for that specific field. Therefore we combined the #1 and #2 wells on a common meter located as shown. We have allocated production between these two wells based on actual production tests.

It should be noted there is common ownership throughout the lease and in all wells which eliminates any possibility of inequitable accounting.

By this letter we request commission approval to continue this manner of reporting production or advise on what steps we should take to satisfy all parties involved.

Yours truly,

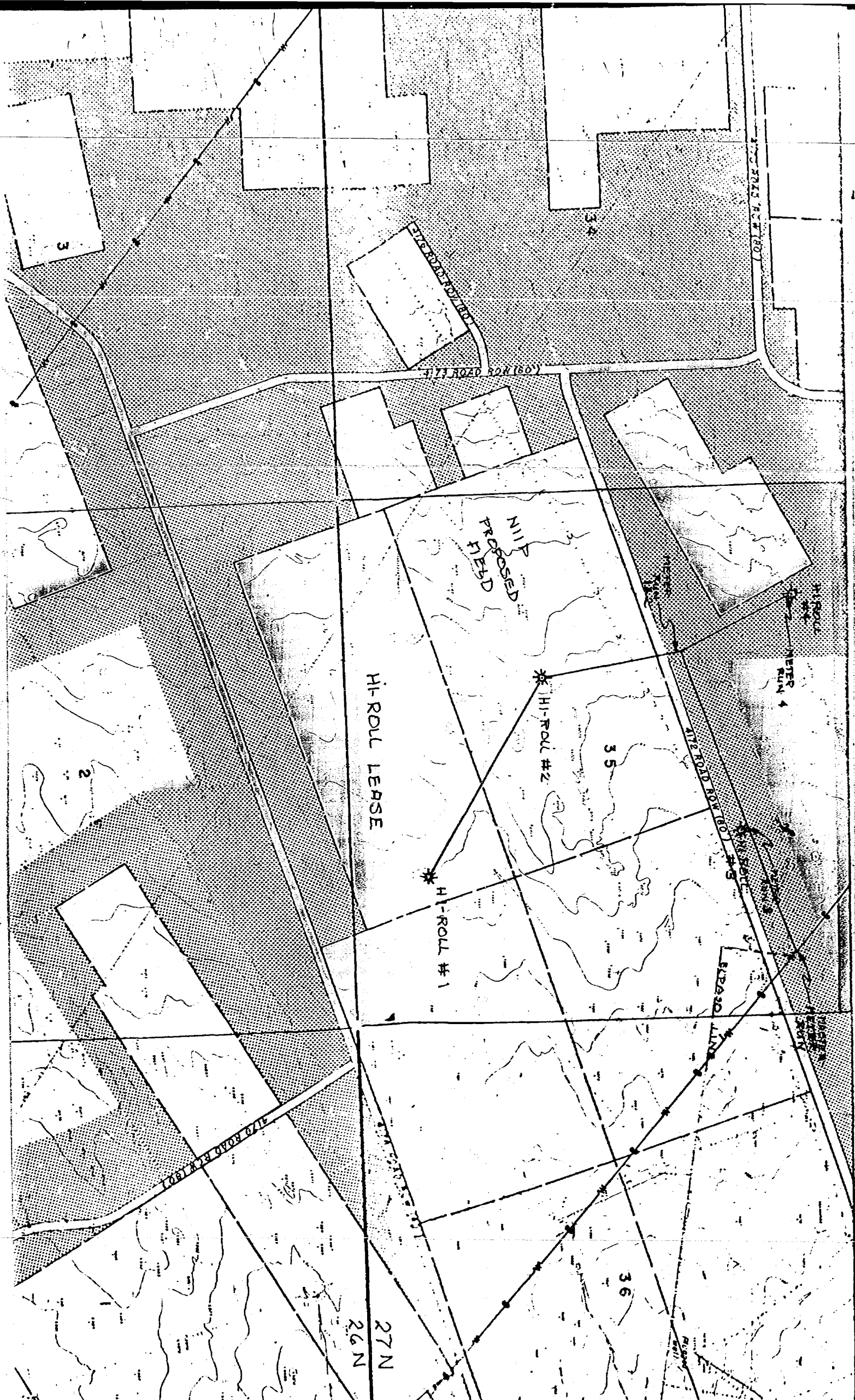
MERRION & BAYLESS


ROBERT L. BAYLESS

RLB/pb

Enclosure

cc: NMOCC - Aztec office



Dockets Nos. 11-79 and 12-79 are tentatively set for hearing on March 14 and 28, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - MARCH 7, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6489: Application of J. V. Fritts and Wm. B. Barnhill for review of Order No. R-4831, Eddy County, New Mexico. Applicants, in the above-styled cause, seek the review and interpretation of Order No. R-4831 to permit them the opportunity to join in the drilling of the Federal "B" Well No. 1 located in Unit 1 of Section 1, Township 18 South, Range 26 East, Atoka-Pennsylvanian Pool, Eddy County, New Mexico, and to determine the applicability of the 200% risk factor.

CASE 6398: (DE NOVO)

Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for the Wolfcamp and Pennsylvanian formations of its State Com Well No. 1, to be located 660 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Catclaw Draw Field, Eddy County, New Mexico, all of said Section 18 to be dedicated to the well in the Morrow formation.

Upon application of Texas Oil & Gas Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 11-79

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 14, 1979

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for April, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6490: Application of L. C. Harris for a unit agreement, Chaves and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for his Walnut Draw Unit Area comprising 9,797 acres, more or less, of Federal, state and fee lands in Townships 15 and 16 South, Ranges 23 and 24 East, Chaves and Eddy Counties, New Mexico.

CASE 6491: Application of C & E Operators, Inc. for an unorthodox well location and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration unit comprising the E/2 SW/4 of Section 10, Township 30 North, Range 11 West, Aztec-Pictured Cliffs Pool, San Juan County, New Mexico, to be dedicated to a well to be located 1700 feet from the South line and 1760 feet from the West line of said Section 10.

CASE 6477: (Continued from February 28, 1979, Examiner Hearing)

Application of Sun Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Millman Pool Unit Area by the injection of water into the Queen and Grayburg formations through eleven wells located in Sections 12 and 13 of Township 19 South, Range 28 East, East Millman Pool, Eddy County, New Mexico.

CASE 6492: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NW/4 of Section 13, Township 17 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6072: (Reopened and Readvertised)

In the matter of Case 6072 being reopened pursuant to the provisions of Order No. R-5643 which order created the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, with provisions for 80-acre spacing. All interested parties may appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

CASE 6493: Application of Merrion & Bayless for gas well commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling, prior to measurement, of Pictured Cliffs production from the H1 Koll Wells Nos. 1 and 2 located in Units C and E of Section 35, Township 27 North, Range 13 West, San Juan County, New Mexico.

CASE 6494: Application of Morris R. Antweil for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Mesa Macho Well No. 1 located in Unit O of Section 24, Township 20 South, Range 27 East, Morrow formation, Eddy County, New Mexico, the E/2 of said Section 24 to be simultaneously dedicated to the aforesaid well and to applicant's Macho Norte Well No. 1 located in Unit G of Section 24.

CASE 6495: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 23 and 24, Township 19 South, Range 29 East, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and 29, Township 19 South, Range 30 East, and Sections 7, 8, 17, 18, and 19, Township 19 South, Range 31 East, all in Eddy County, New Mexico.

CASE 6496: Application of Llano, Inc. for rescission of pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-3006, which promulgated 640-acre spacing for the Grama Ridge-Morrow Gas Pool, Lea County, New Mexico. Applicant proposes that said pool be developed and operated under 320-acre spacing and well location requirements.

CASE 6497: Application of Llano, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be located 1650 feet from the South line and 660 feet from the East line of Section 34, Township 21 South, Range 34 East, Grama Ridge-Morrow Gas Pool, Lea County, New Mexico, the E/2 of said Section 34 to be dedicated to the well.

CASE 6498: Application of Pogo Producing Company to limit application of pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to limit the application of the Grama Ridge-Morrow Gas Pool Rules to the horizontal limits of said pool, being all of Sections 2, 3, 4, and 10, Township 22 South, Range 34 East and Sections 33 and 34, Township 21 South, Range 34 East, Lea County, New Mexico.

CASE 6499: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending horizontal limits and contracting vertical limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Antelope Sink-Morrow Gas Pool. The discovery well is Maddox Energy Corporation State 32 Well No. 1 located in Unit I of Section 32, Township 18 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 32: E/2

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Baldrige Canyon-Morrow Gas Pool. The discovery well is W. A. Moncrief, Jr., Baldrige Canyon Com Well No. 1 located in Unit G of Section 13, Township 24 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 13: E/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Burton Flat-Delaware Pool. The discovery well is Yates Petroleum Corporation Stonewall EP State Well No. 3 located in Unit N of Section 19, Township 20 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 19: SW/4

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the East Crossroads-San Andres Pool. The discovery well is MGF Oil Corporation Santa Fe Railway Well No. 1 located in Unit A of Section 13, Township 10 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 36 EAST, NMPM
Section 13: NE/4

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the South Culebra Bluff-Atoka Gas Pool. The discovery well is Delta Drilling Company South Culebra Bluff Unit Well No. 1 located in Unit G of Section 23, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 14: E/2
Section 23: All
Section 26: All

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Dublin Ranch-Morrow Gas Pool. The discovery well is J. C. Barnes Oil Company Big Chief Com Well No. 1 located in Unit F of Section 22, Township 22 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 22: All
Section 27: N/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Gardner Draw-Morrow Gas Pool. The discovery well is Phoenix Resources Company Gardner Draw Unit Well No. 1 located in Unit C of Section 20, Township 19 South, Range 21 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 21 EAST, NMPM
Section 17: W/2
Section 19: N/2
Section 20: N/2

(h) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Jubilee-Pennsylvanian Gas Pool. The discovery well is Tom L. Ingram Jubilee Well No. 1 located in Unit E of Section 28, Township 10 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM
Section 28: W/2

(i) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production and designated as the King-Mississippian Gas Pool. The discovery well is Cabot Corporation J. L. Reed Well No. 1 located in Unit H of Section 35, Township 13 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 37 EAST, NMPM
Section 35: NE/4

(j) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Atoka production and designated as the Lone Wolf-Atoka Gas Pool. The discovery well is Depco, Inc. Sundance A Federal Well No. 1 located in Unit J of Section 25, Township 12 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 29 EAST, NMPM
Section 25: S/2

(k) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Strawn production and designated as the Lost Lake-Strawn Gas Pool. The discovery well is Texas Oil & Gas Corporation O'Brien Well No. 1 located in Unit I of Section 11, Township 9 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM
Section 2: S/2
Section 11: All
Section 14: N/2

(l) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the West Mescalero-Morrow Gas Pool. The discovery well is Natomas North America, Inc. New Mexico State Well No. 1 located in Unit M of Section 19, Township 10 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 19: W/2

(m) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Permo-Penn production and designated as the Penasco Draw Permo-Penn Gas Pool. The discovery well is Yates Petroleum Corporation La Cama Com Well No. 1 located in Unit F of Section 20, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 18: S/2
Section 19: All
Section 20: All
Section 21: W/2
Section 30: All
Section 31: All

(n) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Siegreist Draw-Morrow Gas Pool. The discovery well is Yates Petroleum Corporation Siegreist JS State Com Well No. 1 located in Unit C of Section 30, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 30: N/2

(o) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the North Turkey Track-Atoka Gas Pool. The discovery well is Amoco Production Company State ER Com Well No. 1 located in Unit G of Section 6, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 6: N/2

(p) EXTEND the Angell Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 35: E/2

(q) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 17: S/2

(r) EXTEND the Cato-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 5: NW/4 SW/4

(s) EXTEND the Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 25: W/2
Section 26: E/2
Section 36: NW/4

(t) EXTEND the East Chisum-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPM
Section 9: E/2 NE/4
Section 10: W/2 NW/4

(u) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 20: SW/4

- (v) EXTEND the Double L Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM
Section 24: NW/4 and E/2 SW/4
Section 36: NW/4 NW/4, S/2 NW/4 and SW/4

- (w) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 18: SE/4

- (x) EXTEND the East Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 7: N/2

- (y) EXTEND the Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 35: All

- (z) REDEFINE the vertical limits of the Monument Tubb-Drinkard Pool in Lea County, New Mexico, to include only the Tubb formation and redesignate said pool as the Monument-Tubb Pool.

- (aa) EXTEND the West Indian Basin-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
Section 23: E/2

- (bb) EXTEND the Millman-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 12: E/2

- (cc) EXTEND the South Prairie-Wolfcamp Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 20: N/2

- (dd) EXTEND the Querecho Plains-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 34: NW/4

- (ee) EXTEND the Richard Knob Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 7: All
Section 18: N/2

- (ff) EXTEND the Round Tank-Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM
Section 30: NE/4

- (gg) EXTEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 5: Lots 11, 12, 13, 14 and SW/4

- (hh) EXTEND the North Teague-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: NW/4

- (ii) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 30: SW/4

(jj) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 36: NE/4

Docket No. 12-79

DOCKET: COMMISSION HEARING - THURSDAY - MARCH 15, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6222: (Rehearing) (Continued from March 2, 1979, Commission Hearing)

Application of Paul Hamilton for salt water disposal well shut-in, Lea County, New Mexico. Upon application of Paul Hamilton there will be a rehearing of Case No. 6222, Order No. R-5753. This case involves the application of Paul Hamilton for an order shutting down salt water disposal operations in the Texaco Inc., New Mexico State "BO" SWD Well No. 3, located in Unit D of Section 24, Township 11 South, Range 32 East, Moore-Devonian Pool, Lea County, New Mexico. Pursuant to Commission Order No. R-5753-A, evidence at said rehearing shall be limited to evidence relating to data regarding water quality and water level obtained from an observation well completed next to the aforesaid SWD Well No. 3, and to other new evidence unavailable at the time of the original hearing of this case on May 31, 1978.

ROUGH

dr/

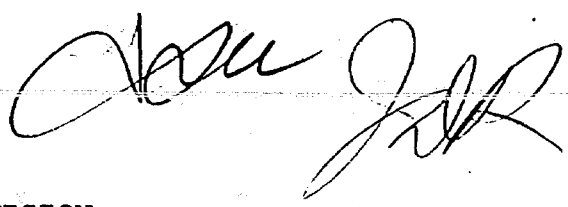
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6493

Order No. A-5967

APPLICATION OF MERRION & BAYLESS
FOR GAS WELL COMMINGLING, SAN
JUAN COUNTY, NEW MEXICO.



ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 14
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of March, 19 79, the
Division Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Merrion and Bayless, is the owner and
operator of the Hi Roll Wells Nos. 1 and 2, located in Units O and K
of Section 35, Township 27 North, Range 13 West, NMPM, San Juan County
New Mexico.

(3) That the applicant seeks authority to surface commingle,
prior to measurement, Pictured Cliffs production from the above-
described wells.



(4) That both of said wells are located in a proposed Navajo Indian Irrigation Project field which will utilize travelling sprinklers, and that the installation of a meter run at the wells would interfere with the sprinkler operation.

(5) ~~That from the~~ ^{zone the} ~~That both of the subject wells produce small amounts of~~ ^{subject well is capable of low marginal production only.} ~~gas from a non-prorated gas pool.~~

(5) ~~That from the~~ ^{zone the} ~~That the surface commingling of the gas produced from~~ ^{subject well is capable of low marginal production only.} ~~the subject wells at a meter run off the lease will not cause~~ ^{waste nor impair correlative rights.}

(6) ~~That the proposed commingling may result in the recovery~~ ^{of additional hydrocarbons from each of the subject pools, thereby} ~~preventing waste, and will not violate correlative rights.~~

(7) ~~That the reservoir characteristics of each of the~~ ^{subject zones are such that underground waste would not be caused} ~~by the proposed commingling provided that the well is not shut-in~~ ^{for an extended period.}

(8) ~~That to afford the Division the opportunity to assess~~ ^{the potential for waste and to expeditiously order appropriate} ~~remedial action, the operator should notify the~~ ^{district office of the Division any time the subject well is} ~~shut in for 7 consecutive days.~~

o/c
1/ (6) ~~That in order to allocate the commingled production~~ ^{to each of the commingled zones in the subject wells, individual 24-hour} ~~percent of the commingled~~ ^{wells tests through the common meter run should be conducted} ~~production should be~~ ^{semi-annually, with the well not on test shut-in at the well-head.} ~~allocated to the~~ ^{zone, and}

~~percent of the commingled~~ ^{production to the} ~~zone.~~

(ALTERNATE)

(9) ~~That in order to allocate the commingled production to~~ ^{each of the commingled zones in the wells, applicant should} ~~consult with the supervisor of the~~ ^{district office} ~~of the Division and determine an allocation formula for each of~~ ^{the production zones.}

IT IS THEREFORE ORDERED:

(1) That the applicant, Merrion & Bayless, is
surface
hereby authorized to commingle, prior to measurement, ~~xxxxxxx~~
Pictured Cliffs production ~~from the Hi Roll Wells~~
~~within the well xxxxxx~~

~~xxxx~~ Nos. 1 and 2, located in Unit O and K of

Section 35, Township 27 North, Range 13 West,

NMPM, San Juan County, New Mexico.

~~(2) That the applicant shall conduct semi-annual~~
~~(2) That the applicant shall consult with the Supervisor~~

24-hour

~~tests on each of the above wells, producing the same~~
~~of the Aztec district office of the Division and~~
~~through the common meter run while the other well~~
~~determine an allocation formula for the allocation of production~~
~~remains shut-in at the well head, and the results of~~
~~to each zone in each of the subject wells.~~

~~Such tests shall be used to allocate production to~~
~~(ALTERNATE) each of the wells herein authorized to be commingled.~~

(2) That percent of the commingled

production shall be allocated to the

zone and percent of the commingled

production shall be allocated to the

~~zone.~~

~~(3) That the operator of the subject well shall immediately~~
~~notify the Division's Aztec district office any time the~~
~~well has been shut-in for 7 consecutive days and shall concurrently~~
~~present, to the Division, a plan for remedial action.~~

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

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