



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-5178

Date: 10/17/88

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Proposed MC _____
Proposed DHC _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed FMX _____

Gentlemen: *PC*

I have examined the application dated Oct 17, 1988

for the Liberty Bay Shoreline A-21-30A-14W
Operator Lease & Well No.

A 21 30A 14W and my recommendations are as follows:
Unit, S-T-R

signatures with separate notations

Yours truly,

[Signature]

ROBERT L. BAYLESS

PETROLEUM PLAZA BUILDING
P. O. BOX 168
FARMINGTON, NEW MEXICO 87499
(505) 326-2659

RECEIVED

OCT 19 1988

OIL CON. DIV.
DIST. 2

July 21, 1988

New Mexico Oil Conservation Division
P.O. Box 2086
Santa Fe, NM 87501

ATTN: Mr. William LeMay

RE: Request for Surface Commingling
Hoover #1 and Coolidge Com #1
Section 21 and 22, T30N, R14W
San Juan County, New Mexico

Gentlemen:

We hereby request the surface commingling of gas production from our Hoover #1 located 860' FNL & 870' FEL, Section 21, T30N, R14W, and our Coolidge Com #1 location 950' FNL & 1190' FEL, Section 22, T30N, R14W. The Coolidge Com #1 proration unit is made up of Federal Oil & Gas Lease #NM15272 and #NM20314, while the Hoover #1 proration unit is entirely in #NM25857. We are currently selling gas from both the Coolidge Com #1 and Roosevelt #1 wells at the Coolidge Com #1 gas sales meter. The Roosevelt #1 well is located 1850' FSL & 790' FEC, Section 22, T30N, R14W. The surface commingling of these two wells was approved by your office on August 21, 1987.

The Hoover #1 was drilled and completed in the Fruitland Sand and Picture Cliffs formations by Bayless on July 31, 1983. This well has an AOF of 222 MCFD which is combined from the Fruitland sand and Picture Cliffs formation. The well is dedicated to the Harper Hill Fruitland - Picture Cliffs pool. These pool rules consider the Fruitland sand and Picture Cliffs formation to be one formation. No gas has been sold from this well.

The Coolidge Com #1 was drilled and completed in the Dakota formation by Bayless on March 6, 1985 for an AOF of 3279 MCFGPD. Northwest Pipeline evaluated this well and assigned enough reserves to justify a pipeline and meter installation. This well was first delivered on February 19, 1986. As of July 1, 1988, it has produced 20,533 MCFG.

Between the time the Coolidge Com #1 and Hoover #1 wells were drilled, Northwest Pipeline changed their policy on well hookups and meter installations. The producer, not the pipeline, now has the burden to hook his well up. The pipeline will do this for the producer, but the producer must pay for this hookup, up front, and the materials used for installation (meter installation, line pipe, etc.) are the property of Northwest Pipeline, not the producer. The estimated cost to connect this well by Northwest Pipeline is \$22,500.

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N.M. Oil Conservation Division
July 21, 1988

To bypass this unfair situation, Bayless requested and was granted a right-of-way from the BLM to lay a 2-3/8" surface pipeline from the Hoover #1 to the Coolidge Com #1 sales meter (see Attachment #1). This work has not started. We propose to set a gas metering facility on the Hoover #1 pad that will measure gas produced from this well. We propose to sell the gas from all these wells through the Coolidge Com #1 gas sales meter and determine the Coolidge Com #1 produced volume by subtracting the Hoover #1 and Roosevelt #1 measured gas volume from the total gas volume sold through the Coolidge Com #1 gas sales meter. Even though the proration units from these wells involve three separate Federal leases (NM-15272, NM-20314, and NM-25857) the working interest ownership in all three wells is the same.

We feel that surface commingling of these wells will maximize their economic gas production without violating correlative rights. Without this surface commingling, the cost of producing gas from the Hoover #1 will be burdensome. A plat showing the location of the subject wells is enclosed with the approved BLM right-of-way request in Attachment #1.

Should any questions arise on this matter, please contact me.

Yours truly,



ROBERT L. BAYLESS

RLB/clm

Enclosure

EXHIBIT "A"

STANDARD STIPULATIONS FOR SURFACE PIPELINE
RIGHTS-OF-WAY IN THE FARMINGTON RESOURCE AREA

1. All construction, maintenance and vehicular traffic is to be confined to the right-of-way.
2. No blading or mechanical clearing of vegetation will be allowed.
3. All pipeline(s) shall be buried to a depth of three (3) feet where it crosses any existing road. All pipelines shall also be buried to a depth of three (3) feet where they cross areas associated with existing roads (i.e. bar ditches, turnouts, etc...). The pipeline shall be marked with suitable signs on either side of the existing road.
4. If the pipeline is to be placed adjacent to an existing road, it shall be no closer than fifteen (15) feet from the road, or the bar-ditch of that road.
5. Plastic pipe shall not be allowed in the construction of a surface pipeline.
6. All design, material, construction, operation, maintenance and termination practices shall be in accordance with safe and proven engineering practices and industry standards.
7. The right-of-way shall be maintained by the grantee to the satisfaction of the local Bureau of Land Management Office. The maintenance shall be for the duration of the right-of-way grant.
8. Upon cancellation, relinquishment or expiration of this right-of-way, the grantee shall contact the BLM and comply with the abandonment procedures prescribed by the BLM, Albuquerque District Manager.
9. After all restoration stipulations have been complied with, a proof of construction letter shall be submitted to the authorized officer. Proof of construction letters shall be filed no later than one year after completion of construction.
10. The Holder agrees not to exclude any person from participating in employment or procurement activity connected with this grant on the ground of race, creed, color, national origin, and sex, and to ensure against such exclusions, the Holder further agrees to develop and submit to the proper reviewing official specific goals and timetables with respect to minority and female participation in employment and procurement activity connected with this grant. The Holder will take affirmative action to utilize business enterprises owned and controlled by minorities or women in its procurement practices connected with this grant. Affirmative action will be taken by the Holder to assure all minorities or women applicants full consideration of all employment opportunities connected with this grant. The Holder also agrees to post in conspicuous places on its premises which are available to contractors, subcontractors, employees, and other interested individuals, notices which set forth equal opportunity terms; and to notify interested individuals, such as bidders, contractors, purchasers, and labor unions or representatives of workers with whom it has collective bargaining agreements, of the Holder's equal opportunity obligations.

11. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy of use of public lands under this grant.

12. Each existing fence to be crossed by the right-of-way shall be braced and tied off before cutting so as to prevent slacking of the wire. The opening shall be closed temporarily as necessary during construction to prevent the escape of livestock and upon completion of construction the fence shall be repaired to BLM specifications. A cattleguard with an adjacent 12 foot gate shall be installed in any fence where a road is to be regularly travelled. Upon prior approval of the BLM representative a metal gate may be installed in lieu of a cattleguard. Prior to crossing any fence located on Federal land, or any fence between Federal and private land, the grantee shall contact the grazing lessee or owner of said fence and offer them the opportunity to be present when the fence is cut in order to satisfy himself that it is adequately braced and tied off.

Grazing Lessee _____ Address _____

 Phone _____

13. All above ground structures and/or pipelines shall be painted to blend with the natural surrounding according to the following schedule. When such structures occur near roads and may be a safety hazard, a reflective material may be used to reduce that hazard. The paint used should be a non-glare, non-reflective, non-chalking color that simulates:

☐ Federal Standard 595a ☐ Munsell Soil Color ☒ Munsell Soil Color
☒ 34127 (Juniper Green) ☐ 5Y 6/1 (State Gray) ☒ 2.5Y 6/2 (Carlsbad Canyon Brown)

14. If, in its operations, the right-of-way grantee discovers any historic or prehistoric ruin, monument or site, or any object of antiquity subject to the Antiquities Act of 1906, The Archeological Resources Protection Act of 1979, and 43 CFR Part 3, then work will be suspended and the discovery promptly reported to the BLM Area Manager. The BLM will then specify what action is to be taken. The right-of-way grantee will obtain at his/her expense, a qualified archeologist to carry out the specific instruction of the BLM.

15. All liquids produced during the operation of this right-of-way will be disposed of in a manner that makes them unavailable for livestock or wildlife consumption.

R/W Name Bayless-Hoover #1 No. _____

T. 30 N., R. 14 W., NMPM
21: NE 1/4 NE 1/4
 Section(s): 22: N 1/2 NW 1/4, N 1/2 NE 1/4

Mark Lynn Spear
 BLM Field Examiner

Date 10/22/86

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY GRANT/TEMPORARY USE PERMIT

Issuing Office

Albuquerque District

Serial Number

NM 65245

1. A (right-of-way) (~~PERMIT~~) is hereby granted pursuant to:

- a. ☐ Title V of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2776; 43 U.S.C. 1761);
- b. ☒ Section 28 of the Mineral Leasing Act of 1920, as amended (30 U.S.C. 185);
- c. ☐ Other (describe) _____

2. Nature of Interest:

- a. By this instrument, the holder Robert L. Bayless, Box 168, Farmington, NM 87499 receives a right to construct, operate, maintain, and terminate a 2 7/8-inch above ground oil & gas pipeline on public lands (or Federal land for MLA Rights-of-Way) described as follows:

T. 30 N., R. 14 W., NMPM, New Mexico
Sec. 21, NE $\frac{1}{4}$ NE $\frac{1}{4}$
22, W $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$

(0.952 miles)

- b. The right-of-way or permit area granted herein is 50 feet wide, 5026.700 feet long and contains 5.770 acres, more or less. ~~If a site is being, the facility contains XXXXXXXXXXXX acres~~
- c. This instrument shall terminate on December 11, 2016, 30 years from its effective date unless, prior thereto, it is relinquished, abandoned, terminated, or modified pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.
- d. This instrument ☒ may ☐ may not be renewed. If renewed, the right-of-way or permit shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.
- e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration, or prior termination, of the grant.

3. Rental:

For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

4. Terms and Conditions:

- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations parts 2800 and 2880.
- b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 180 days, or otherwise disposed of as provided in paragraph (4)(d) or as directed by the authorized officer.
- c. Each grant issued pursuant to the authority of paragraph (1)(a) for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter not to exceed 10 years. Provided, however, that a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.

- d. The stipulations, plans, maps, or designs set forth in Exhibit(s) "A", dated October 22, 1986, are incorporated into and made a part of this grant instrument as fully and effectively as if they were set forth herein in their entirety.
- e. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.

- f. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.

IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant or permit.

ROBERT L. BAYLESS
(Signature of Holder)

Operator

(Title)

November 26, 1986

(Date)

(Signature of Authorized Officer)

Chief, Branch of Adjudication

(Title)

December 11, 1986

(Effective Date of Grant)