



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS ROAD - AZTEC
87410

September 3, 1974

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

Mr. Carl Traywick
Acting Area Superintendent
United States Geological Survey
Drawer 1857
Roswell, New Mexico

Re: J. Gregory Merrion and Robert L. Bayless, Carnahan Com #1
990' from the south line and 990' from the east line of Sec. 35-30N-12W

Dear Mr. Traywick:

On February 11, 1972, Merrion & Bayless filed an Application for Permit to Plug Back the above well from the Dakota Formation from which it had previously produced and to recompleate it in the Mesaverde Formation. The well was completed through perforations from 3766' to 3780' in the Mesaverde Formation and the operator defined it as an undesignated Mesaverde well. One hundred sixty acres was dedicated to the well which was the proper dedication under the statewide rules. Form C-104, authorization to Transport Oil and Gas, was approved on April 18, 1972, and the well was placed on production. In June, 1972, the Commission notified the operator that the well was within one mile of the Flora Vista Mesaverde Pool boundary and under our rules would be governed by spacing rules for that pool which called for 320 acre spacing units. The operator then applied for a non-standard 160 acre unit under administrative procedures but opposition was expressed by Continental Oil Co., Tenneco Oil Co. and El Paso Natural Gas Co. who owned acreage in the quarter section which was to be deleted. The matter was then set for hearing before the Commission and on September 6, 1972, Order R-4384 was entered denying approval of a non-standard 160 acre unit on the grounds that the well should be governed by the Flora Vista Mesaverde Pool rules. Based upon this action I wrote a letter to Merrion & Bayless on September 24, 1972, cancelling the Form C-104 previously approved and ordering the well shut-in. On April 24, 1974, I received a letter from Merrion & Bayless stating that the east half of Section 35 had been communitized. This letter was accompanied by Commission Form C-102, Acreage Dedication Plat, showing the east half of Section 35 as being dedicated to the well. We also received a new C-104 which was approved on April 24, 1974.

As there was a legitimate question concerning pool designation at the time the well was completed, and as the Commission did approve Form C-104 filed April 18, 1972, it appears to me that the production between April 18, 1972, and September 22, 1972, should be classified as legal production.

Enclosed are copies of the correspondence mentioned above.

Yours very truly,

Emery G. Arnold
Emery G. Arnold
Supervisor, District #3
ECA:mc
Encl.

cc: Oil Conservation Commission, Santa Fe, New Mexico
Merrion & Bayless, Farmington, New Mexico