

CASE 6253: MERRION & BAYLESS FOR
A NON-STANDARD PRORATION UNIT,
RIO ARriba COUNTY, NEW MEXICO

19
Continue to July ~~19~~

CASE NO.

6253

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
19 July 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Merrion & Bayless
for a non-standard proration unit
and unorthodox location, Rio
Arriba County, New Mexico.

CASE 6253

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road - Phone (505) 888-3404
Santa Fe, New Mexico 87501

I N D E X

ROBERT L. BAYLESS

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1 MR. STAMETS: We'll call next Case 6253.

2 MS. TESCHENDORF: Case 6253. Application of
3 Merrion & Bayless for a non-standard proration unit and
4 unorthodox location, Rio Arriba County, New Mexico.

5 MR. STAMETS: Call for appearances in this
6 case.

7 MR. BAYLESS: I'm Robert L. Bayless. I'm a
8 co-venturer in Merrion & Bayless and I have testified
9 before.

10 I reside in Farmington, New Mexico. What
11 is the appropriate number of exhibits that I should tender
12 you?

13 MR. STAMETS: Three copies, if you have them;
14 two, if you don't.

15 MR. BAYLESS: I certainly do.

16 MR. STAMETS: I'd like to have you stand
17 and be sworn, Mr. Bayless.

18 (Thereupon Mr. Bayless was
19 sworn.)

20 MR. STAMETS: Mr. Bayless, have you previously
21 qualified as an engineer or owner or --

22 MR. BAYLESS: I have as an owner.

23 MR. STAMETS: As an owner. Okay, thank you.
24 Would you have a seat, Mr. Bayless, and proceed.
25

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1 ROBERT L. BAYLESS

2 having been duly sworn upon his oath, testified as follows,
3 to-wit:
4

5 STATEMENT BY MR. BAYLESS:

6 MR. BAYLESS: Okay. On Exhibit Two, to start
7 out with, you will note that --

8 MR. STAMETS: Exhibit Two is the map?

9 MR. BAYLESS: Exhibit Two is the map and Ex-
10 hibit One will be the reasons.

11 MR. STAMETS: Okay.

12 MR. BAYLESS: On Exhibit Two you will note
13 that Township 26 North, 2 West, is a truncated township.
14 That is, the west side of the township has been -- well,
15 when it was surveyed it was cut off. Instead of having
16 a full section there you only have 40-acre strip running
17 the full length of the township.

18 There has been a well drilled in Section 18
19 and 19 known as the Mobil Featherstone No. 1, many years
20 ago, and this was set up, these two sections were set up
21 as a 320-acre drill site for the Blanco Mesaverde Gas Pool.

22 We happen to have an interest under that
23 well in the south end of Section 19.

24 If you will now look at Section 30 and 31,
25 we propose to do the same thing, set up that 40-acre strip

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Santa Fe, New Mexico 87501

1 throughout those two sections as a non-standard gas pro-
2 ration unit. That will give us 366.44 acres.

3 This is the reasoning behind the non-standard
4 proration unit. We now have a problem with an orthodox
5 well location. The Mesaverde rules call for 790 feet in
6 from the line and we can't get 790 feet in from the line.

7 We have proposed to move 1650 from the north
8 and 750 from the east for our location in Section 30, this
9 being -- the 750 from the east being approximately in the
10 center on the east/west basis of the 40-acre strip.

11 We have the acreage in 30 and 31. The map
12 will show other Mesaverde wells in the area, which are
13 quite scarce. This is at the southeast extremity of the
14 Blanco Mesaverde Pool.

15 The Featherstone Well I've already referred
16 to, in 19. Then Nerrion & Bayless has a well known as the
17 North Lindrith Unit in the southwest of 20. Up in Section
18 24 Amoco has two Jicarilla wells. No, pardon me, it's
19 Mobil that has the two Jicarilla wells in Section 24.

20 And that's all of the Mesaverde wells in the
21 immediate area.

22 And that pretty well winds up my reasoning
23 and if you have questions.

24
25 CROSS EXAMINATION

SALLY WALTON BOYD
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1 BY MR. STAMETS:

2 Q Okay, Mr. Bayless, that well that you propose
3 seems to be pretty far to the north end of the unit. Why
4 did you not choose a more centrally located position?

5 A Because of geologic control. There is no
6 control to the south. We will -- well, I won't go into
7 that. That's the reason.

8 Q If you get a good well up there there is
9 nothing to prevent you from drilling an infill well fur-
10 ther south?

11 A There is nothing for infill and we have under
12 our program working a well that will be in 29, in the
13 southwest of 29. We're trying to feel our way to the
14 southeast, is what we're attempting to do.

15 MR. STAMETS: Any other questions of the
16 witness?

17 Mr. Kendrick.

18

19

CROSS EXAMINATION

20 BY MR. KENDRICK:

21 Q Mr. Bayless, do you know of any other wells
22 that produce from the Mesaverde southeast from your pro-
23 posed location?

24 A I do not. We would be the furthest south-
25 east.

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Santa Fe, New Mexico 87501

1 Q So this is a very edge location.

2 A I hope not.

3 MR. STAMETS: Any other questions of the
4 witness? He may be excused.

5 MR. KELLAHIN: I'll offer his exhibits.

6 MR. STAMETS: Okay. We will accept Exhibits
7 One and Two in this case. The witness may be excused.

8 If there is nothing further, we'll take the
9 case under advisement.

10 (Hearing concluded.)

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Santa Fe, New Mexico 87501

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REPORTER'S CERTIFICATE

I, SALLY WALTON 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 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 Walton Boyd CSR
Sally Walton Boyd, C.S.R.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road • Phone (505) 988-3404
Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6253
heard by me on 7-19-76
Charles R. Starn Examiner
New Mexico Oil Conservation Commission



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

August 2, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

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

Re: CASE NO. 6253
ORDER NO. R-5777

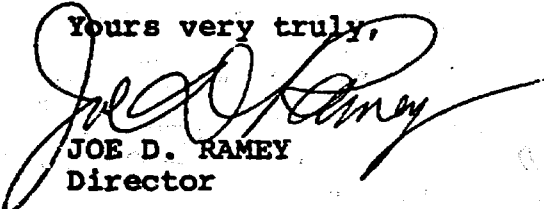
Applicant:

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. 6253
Order No. R-5777

APPLICATION OF MERRION & BAYLESS
FOR A NON-STANDARD PRORATION UNIT
AND UNORTHODOX LOCATION, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 19, 1978,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 1st day of August, 1978, 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 & Bayless, seeks
approval of a 366.44-acre non-standard gas proration unit
comprising the W/2 of Sections 30 and 31, Township 26
North, Range 2 West, NMPM, Rio Arriba County, New Mexico,
to be dedicated to a well to be drilled at an unorthodox
location 1650 feet from the North line and 750 feet from the
East line of said Section 30.

(3) That the entire non-standard proration unit may
reasonably be presumed productive of gas from the Blanco
Mesaverde Gas Pool and that the entire non-standard gas
proration unit can be efficiently and economically drained
and developed by the aforesaid well.

-2-

Case No. 6253
Order No. R-5777

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Blanco Mesaverde Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Merrion and Bayless are hereby granted a 366.44-acre non-standard gas proration unit in the Blanco Mesaverde Gas Pool comprising the W/2 of Sections 30 and 31, Township 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 750 feet from the East line of said Section 30.

(2) 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


Joe D. Ramey
JOE D. RAMEY,
Director

dr/

MERRION & BAYLESS
Exhibit No. 1
Application for Non-Standard Gas Proration Unit

Merrion & Bayless seek approval for a non-standard gas proration unit to be dedicated to a Blanco Mesaverde Gas well to be drilled at an unorthodox location on the proration unit. The facts pertaining to this case are enumerated as follows:

- I. The non-standard gas proration unit will consist of 366.44 acres more or less and will be comprised of the following lands: (see exhibit No. 2 "Location Map")

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
SECTION 30: Lots 1, 2, 3, and 4 (entire truncated section.)
SECTION 31: Lots 1, 2, 3, and 4 (entire truncated section.)
Rio Arriba County, New Mexico

- II. Merrion & Bayless cite as precedent for their request a similar gas proration unit established in the Blanco Mesaverde field for the Featherstone Federal No. 1 well located on Lot 1 of Section 19, T26N, R2W, and consisting of truncated sections 18 and 19 of T26N, R2W NMPM, Rio Arriba County, New Mexico.

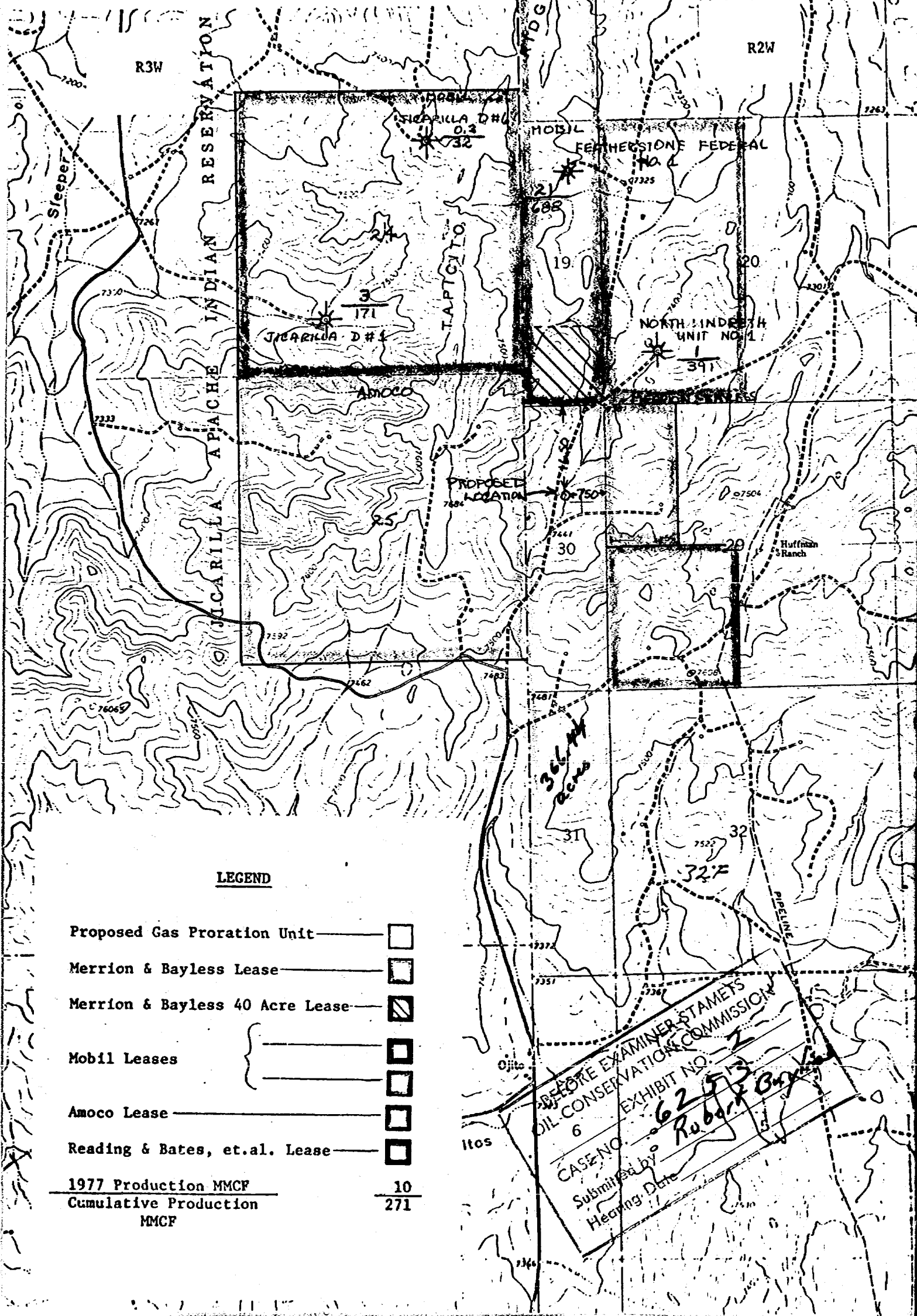
- III. The proposed unorthodox well location would be 1650 feet from the north line and 750 feet from the east line of Section 30, T26N, R2W, NMPM, Rio Arriba County, New Mexico.

- IV. Merrion & Bayless request approval for the unorthodox location described because the proposed non-standard gas proration unit does not contain adequate width to accommodate an orthodox location by current spacing rules.

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 6253
Submitted by _____
Hearing Date _____

MERRION & BAYLESS
EXHIBIT NO. 2
Application for Non-Standard Gas Proration Unit
Case No. 6253

Section 30, T26N, R2W
1650 FNL & 750 FEL
Rio Arriba County, New Mexico



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
21 June 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Merrion &
Bayless for a non-standard pro-
ration unit, Rio Arriba County,
New Mexico.

CASE
6253

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico 87501

SALLY WALTON BOYD

CERTIFIED SHORTHAND REPORTER

730 Bishop's Lodge Road • Phone (505) 968-3404
Santa Fe, New Mexico 87501

1 MR. STAMETS: Case 6253.

2 MS. TESCHENDORF: Case 6253. Application of
3 Merrion and Bayless for a non-standard proration unit,
4 Rio Arriba County, New Mexico.

5 The applicant in this case has requested that
6 it be continued and re-advertised.

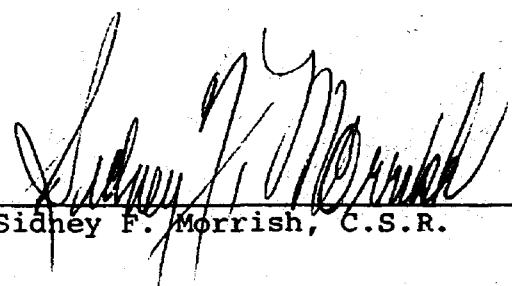
7 MR. STAMETS: This case will be continued
8 and re-advertised.

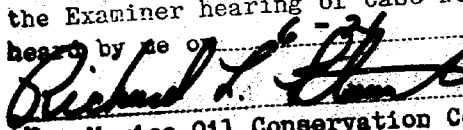
9 (Hearing concluded.)
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road • Phone (505) 988-3404
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Court Reporter, DO HEREBY CERTIFY that the attached and foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that 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.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6253 heard by me on 6-24-1998.
, Examiner
New Mexico Oil Conservation Commission

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road • Phone (505) 988-3404
Santa Fe, New Mexico 87501

Dockets Nos. 24-78 and 25-78 are tentatively set for hearing on August 2 and 16, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 19, 1978

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for August, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6274: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Shar-Alan Oil Company, The Travelers Indemnity Co., and all other interested parties to appear and show cause why the Lillian State Well No. 2-X located in Unit P of Section 2 and the Emma McDaniel Well No. 2 located in Unit G of Section 22, both in Township 24 North, Range 1 West, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6241: (Continued from June 7, 1978, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Eagle Creek Permo-Penn and West Atoka-Morrow gas production in the wellbore of its Powell DG Well No. 1 located in Unit O of Section 35, Township 17 South, Range 25 East, Eddy County, New Mexico.

CASE 6275: Application of Delta Drilling Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Donaldson "A" Com. Well No. 1 located 1930 feet from the North line and 2303 feet from the West line of Section 23, Township 23 South, Range 28 East, Strawn formation, Eddy County, New Mexico, the W/2 of said Section 23 to be dedicated to the well.

CASE 6276: Application of Jerome P. McHugh for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Chris Well No. 4 to be drilled 1902 feet from the South line and 1650 feet from the East line of Section 9, Township 27 North, Range 3 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, the S/2 of said Section 9 to be dedicated to the well.

Applicant further seeks authority to commingle Blanco Mesaverde and Gavilan-Pictured Cliffs production in the wellbore of said well.

CASE 6277: Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gavilan Pictured Cliffs and Blanco Mesaverde production in the wellbores of his Chris Wells Nos. 3 and 3A, located in Units H and I of Section 21, Township 27 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 6253: (Continued and Readvertised)

Application of Merrion & Bayless for a non-standard proration unit and unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 366.44-acre non-standard gas proration unit comprising the W/2 of Sections 30 and 31, Township 26 North, Range 2 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 750 feet from the East line of said Section 30.

CASE 6278: Application of Consolidated Oil & Gas, Inc., for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jenney Well No. 1-A located in Unit P of Section 13, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Blanco Mesaverde Pool and the Basin-Dakota Pool and to commingle Greenhorn gas production with the aforesaid Dakota production in said well.

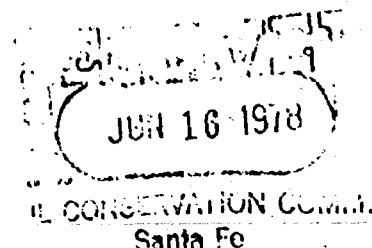
CASE 6279: Application of Hanagan Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 28, Township 21 South, Range 26 East, Avalon Hills-Morrow Pool, 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 6253 (Continued and readjusted)

Application of Merriam & Bayless for
a non-standard protraction and
unorthodox location, Rio Arriba
County, New Mexico.

Applicant, in the above-styled case,
seeks approval for a 366.44-acre
non-standard gas protraction unit com-
prising the W $\frac{1}{2}$ of Sections 30 and 31,
Township 26 North, Range 2 West, Blanco
Mesaville Pool, Rio Arriba County,
New Mexico, to be dedicated to a well
to be drilled at an unorthodox location
1650 feet from the North line and
750 feet from the East line of said
Section 30.

J. GREGORY MERRION
PETROLEUM ENGINEER
P. O. BOX 807
FARMINGTON, NEW MEXICO 87401



June 14, 1978

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

RE: Unorthodox locations
for Hi Roll #2 & #3
and Hill #1

Dear Sir:

Pursuant to our conversation of June 14th, enclosed are topographic
plats showing our proposed locations.

The Hi Roll #2 well was moved by the Bureau of Indian Affairs to
avoid infield conflict with their proposed irrigation system. The
Hi Roll #3 was moved entirely out of a proposed field, as our
desired location on this well was within the field boundary.

The Hill #1 Blanco Mesaverde well will be located in the NE of
Section 30, T26N, R2W, Rio Arriba at the following distances:

1650 ft. FNL and 750 ft. FEL

I trust this information is satisfactory.

Yours truly,

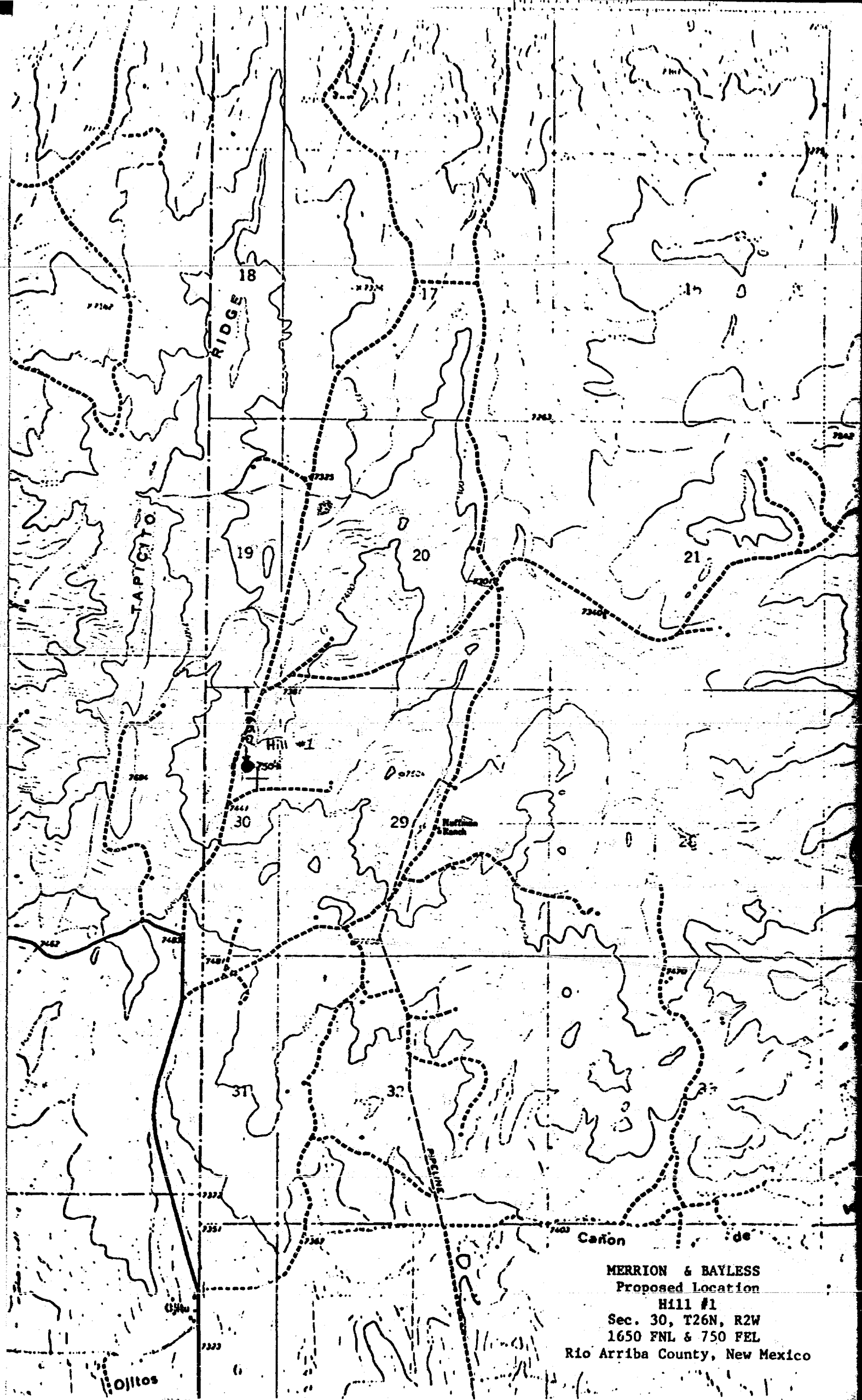
MERRION & BAYLESS

By Steven S. Dunn
STEVEN S. DUNN

SSD/pb

Enclosures

Enc.
6253



ROBERT L. BAYLESS

PETROLEUM CENTER BUILDING

P. O. BOX 1541

FARMINGTON, NEW MEXICO 87401

(505) 325-5093

JUN 14 1978

June 12, 1978

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

RE: Section 30 & 31
of T26N, R2W
Rio Arriba

Gentlemen:

Our request of May 23 which resulted in your case #6253 does not fully cover our problems.

In addition to the non-standard pro-ration unit we need as unorthodox location; which will be as near as feasible, based on archeological and esthetic values, to the North-South center-line of the sections and in the northern portion of the total tract.

You will note the tract is comprised of eight 40⁺ acre tracts, and it is impossible to follow standard Mesa Verde location regulations.

A precedence for our request was set in the Mobil Oil Featherstone well covering sections 18 and 19 of the same township.

Please re-advertise and re-schedule if you think necessary to accomplish our request.

Yours very truly,

MERRION & BAYLESS

By

Robert L. Bayless
Robert L. Bayless

RLB/pb

cc: Aztec NMOCC

*Talked to Steve
6-14-78 to send
Donner location.
RLB*

Dockets Nos. 22-78 and 23-78 are tentatively set for hearing on July 6 and 19, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 21, 1978

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for July, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6238: (Continued from June 7, 1978, Examiner Hearing)

Application of Barber Oil, Inc., for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Saladar Unit Area comprising 240 acres, more or less, of Federal and fee lands in Township 20 South, Range 28 East, Eddy County, New Mexico.

CASE 6226: (Continued from June 7, 1978, Examiner Hearing)

Application of Barber Oil, Inc., for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Saladar Unit, by the injection of water into the Yates formation through five wells located in Units K, L, N and O of Section 33, Township 20 South, Range 28 East, Saladar-Yates Pool, Eddy County, New Mexico.

CASE 6251: Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 27, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, 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 6252: Application of Holly Energy, Inc., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 14 Well No. 1, a Morrow test to be located 990 feet from the North line and 660 feet from the East line of Section 14, Township 18 South, Range 28 East, Eddy County, New Mexico, the N/2 of said Section 14 to be dedicated to the well.

CASE 6253: Application of Merrion & Bayless for a non-standard proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for 364.44-acre non-standard gas proration unit comprising the W/2 of Sections 30 and 31, Township 26 North, Range 2 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6254: Application of Read & Stevens, Inc., for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bone Spring formation underlying the W/2 SE/4 of Section 7, Township 19 South, Range 35 East, Scharb-Bone Spring Pool, Lea County, New Mexico, to be dedicated to a well drilled at an unorthodox 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 6255: Application of Hanagan Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 8, Township 19 South, Range 26 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.

ROBERT L. BAYLESS

PETROLEUM CENTER BUILDING

P. O. BOX 1541

FARMINGTON, NEW MEXICO 87401

(505) 325-5093

MAY 21 1978

May 23, 1978

Case 6253

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

Gentlemen:

Please schedule a hearing for non-standard spacing and pro-ration unit covering the W/2 of Sections 30 and 31 of T26N, R2W, Rio Arriba County.

These tracts total 364.44 acres and we propose to drill a Mesa Verde test well.

Thank you,

MERRION & BAYLESS

By


ROBERT L. BAYLESS

RLB/eh

cc: NMOCC, Aztec

DRAFT

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. 6253

Order No. R- 5777

APPLICATION OF MERRION & BAYLESS

FOR A NON-STANDARD PRORATION UNIT, AND UNORTHODOX LOCATION,
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 19
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets
NOW, on this August day of July, 19 78, 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 & Bayless
seeks approval of a 366.44-acre non-standard gas proration unit
and 31,
comprising the W/2 of Section s 30/, Town-
ship 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico,
to be dedicated to
location 1650 feet from
a well to be drilled at an unorthodox/
the North line and 750 feet from the East line
Unit 30 of said Section 30.

(3) That the entire non-standard proration unit may reasonably
be presumed productive of gas from the Blanco Mesaverde
Gas Pool and that the entire non-standard gas proration unit can
be efficiently and economically drained and developed by the
aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce ^{its} just and equitable share of the gas in the Blanco Mesaverde Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

*Merrion and Bayless
are hereby granted a*

(1) That 366.44 -acre non-standard gas proration unit in the Blanco Mesaverde Gas Pool comprising the W/2 and 31, of Section 30, Township 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, ~~is hereby established and~~ ^{to be} dedicated to ~~its~~ a well to be drilled at feet from the North line and 750 feet from the East line an unorthodox location 1650, ~~located in Unit xxxxx~~ of said Section 30.

(2) 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.