

ROBERT L. BAYLESS

P. O. BOX 168
FARMINGTON, NM 87499

FAX NO.
(505) 326-6911

OFFICE NO.
(505) 326-2659

April 16, 1993

Mr. William J. LeMay
N.M. Oil Conservation Division
PO Box 2088
Santa Fe, New Mexico 87504

RE: Request for Administrative Approval
for an Unorthodox Pinon Gallup Location
Robert L. Bayless
T.L. Rhodes #1E
790' FSL & 1160' FWL
Section 20-T28N-R11W
San Juan County, New Mexico

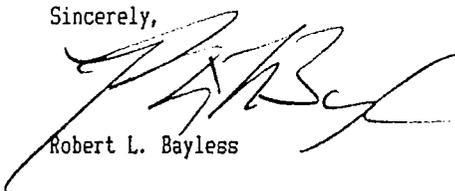
Gentlemen:

Robert L. Bayless, as operator of the T.L. Rhodes #1E, requests administrative approval of an unorthodox Pinon Gallup well. Currently, the well is completed in the Basin Dakota formation, and is a marginally economic well. Amoco, as the initial operator of this well, had planned to dually complete this well, but had never started the work. The well is located in the SW/4 of SW/4 of the section, approximately 170 ft east of the window for an orthodox Gallup location. There is no existing wellbore within an orthodox location window for this eighty acres, and the Pinon Gallup does not provide the economics for a new wellbore.

Enclosed, please find a map showing the ownership of the leases around this well, along with the existing wells. Also enclosed is an acreage dedication plat for this well and copies of this letter which were sent to offset leaseholders. As per NMOCD Regulations, by copy of this letter to offset leaseholders, Robert L. Bayless is asking offset leaseholders that they waive any objection to this Pinon Gallup unorthodox location.

I believe this request provides all of the information required by NMOCD Regulations for an unorthodox location. If any other information is needed, please contact Tucker Bayless at the phone number shown above. Thank you in advance for your prompt response to this request.

Sincerely,


Robert L. Bayless

copy by Return Receipt Requested:
Amoco Production Company
Meridian Oil Company
Arco Oil & Gas Company
Conoco, Inc.

The undersigned has no objection to the above location.

Amoco Production Company

By: _____

Date: _____

If you concur and have no objection, please sign and return one copy of this letter to the NMOCD in Santa Fe and one copy to our office.

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

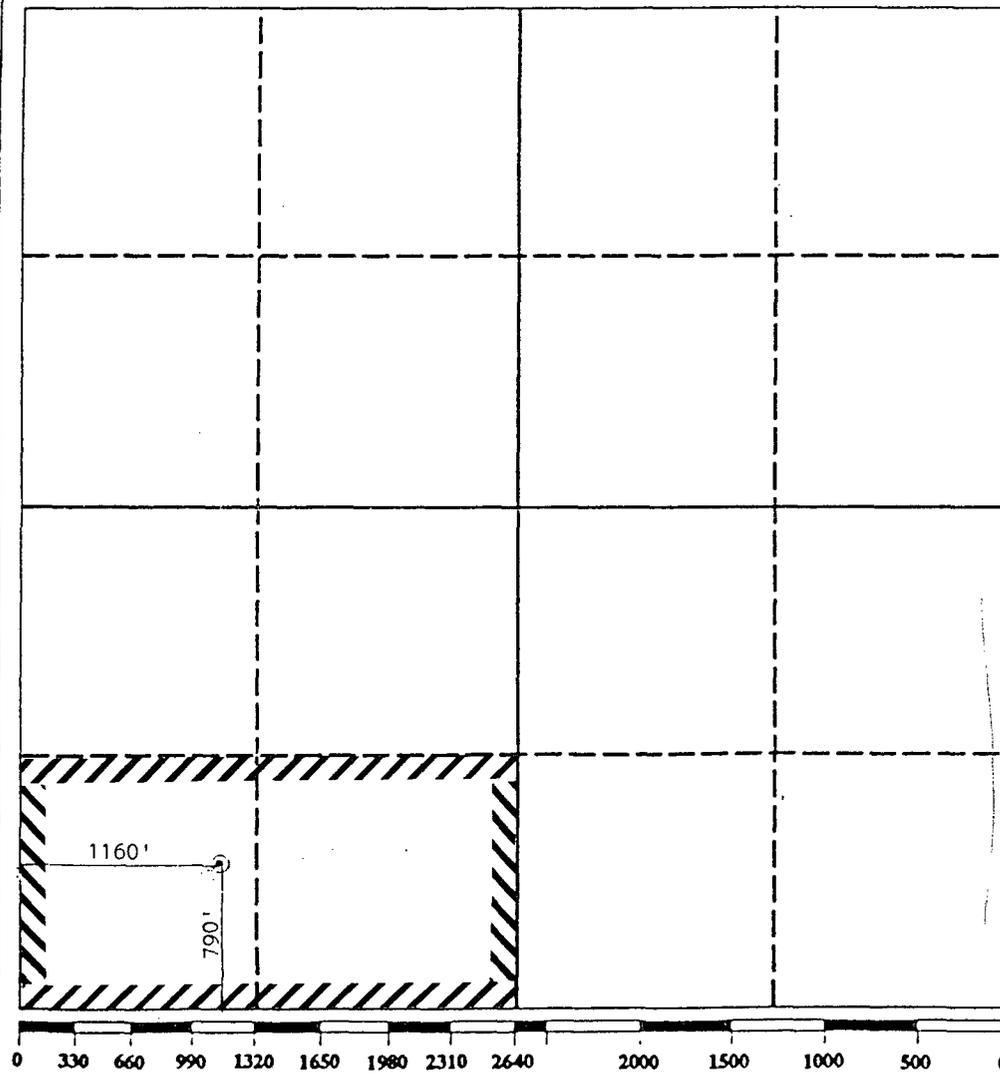
| | | | | |
|---|--------------------------------------|-----------------------------------|------------------------------------|--------------------|
| Operator Robert L. Bayless | | Lease T.L. Rhodes B | | Well No. 1E |
| Unit Letter M | Section 20 | Township 28N | Range 11W | County San Juan |
| Actual Footage Location of Well: 790 feet from the South line and 1160 feet from the West line | | | | |
| Ground level Elev. 5724 | Producing Formation Dakota/Gallup | Pool Basin Dakota/Pinon Gallup | Dedicated Acreage: 320/80 Acres | |

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Printed Name
Price M. Bayless

Position
Petroleum Engineer

Company
Robert L. Bayless

Date
4-20-93

SURVEYOR CERTIFICATION

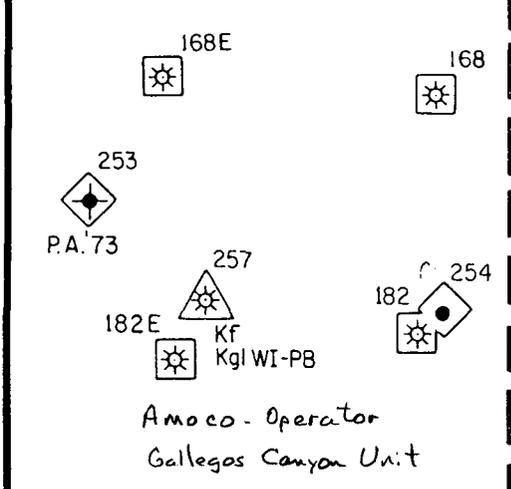
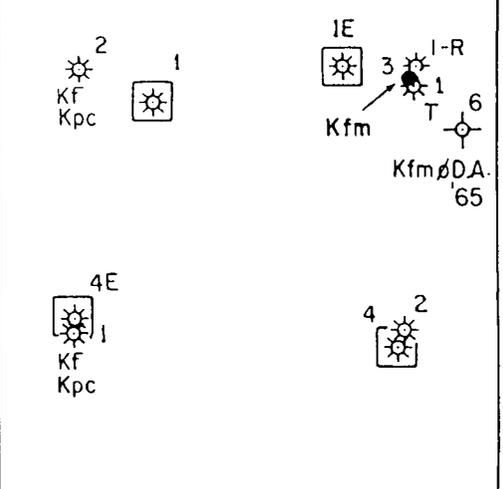
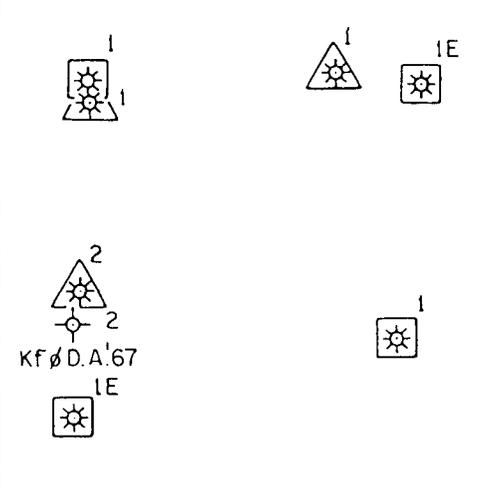
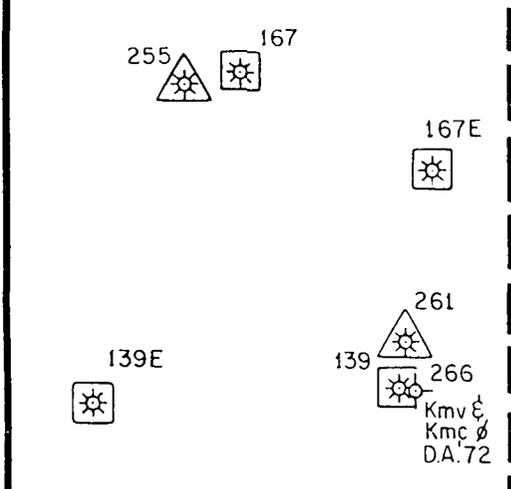
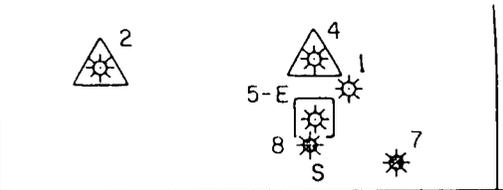
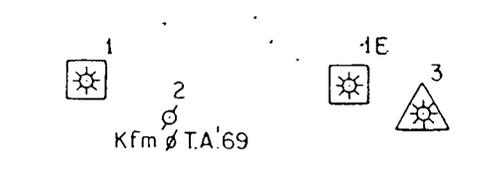
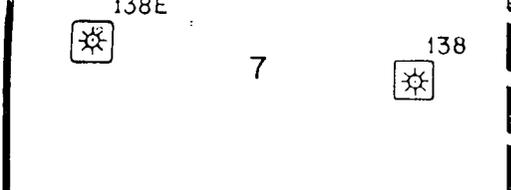
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Signature & Seal of Professional Surveyor

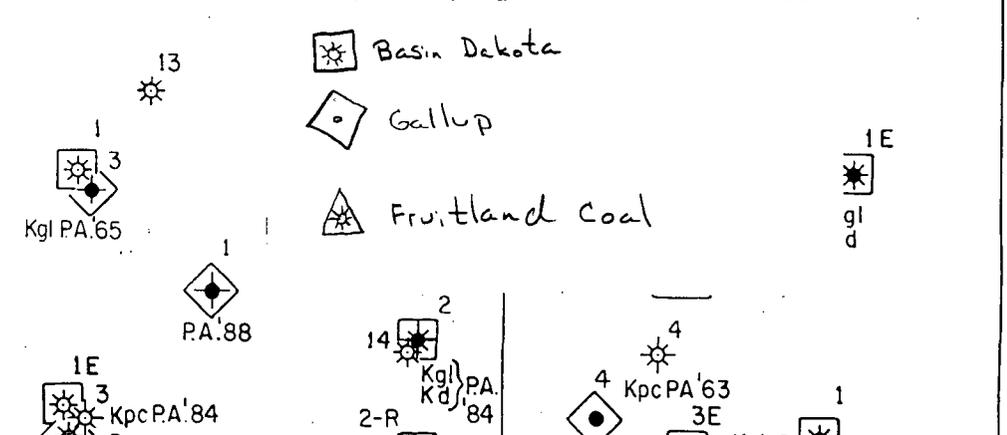
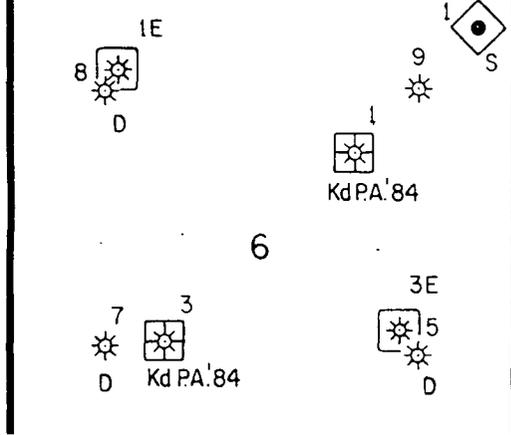
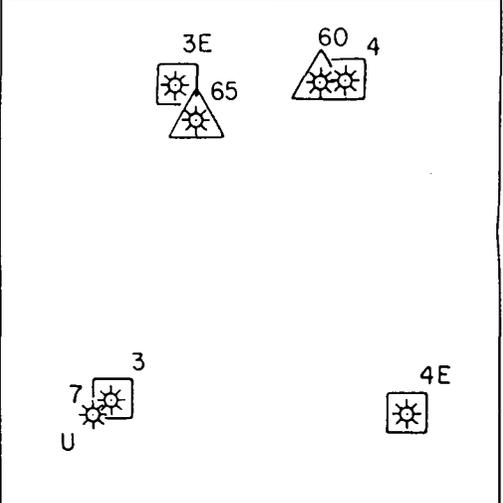
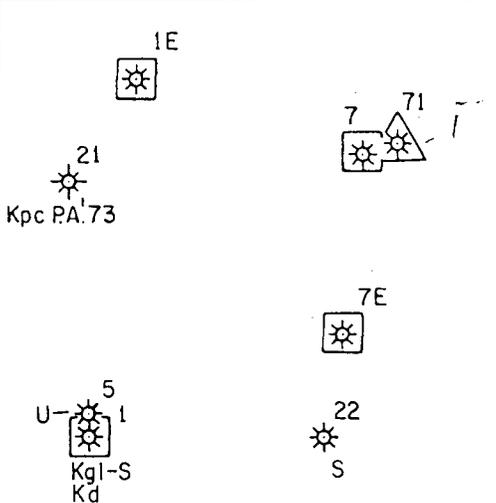
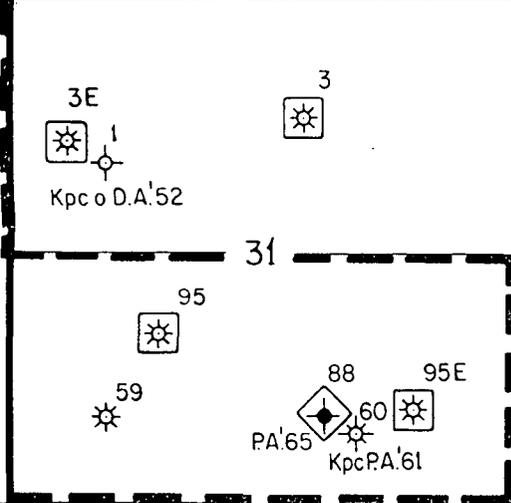
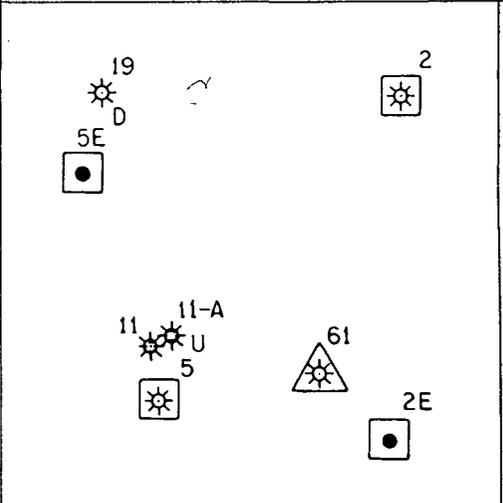
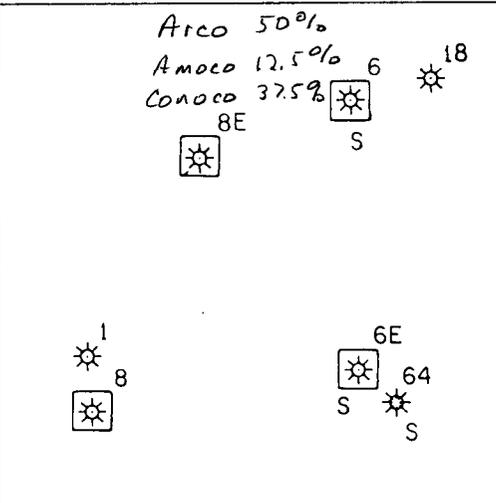
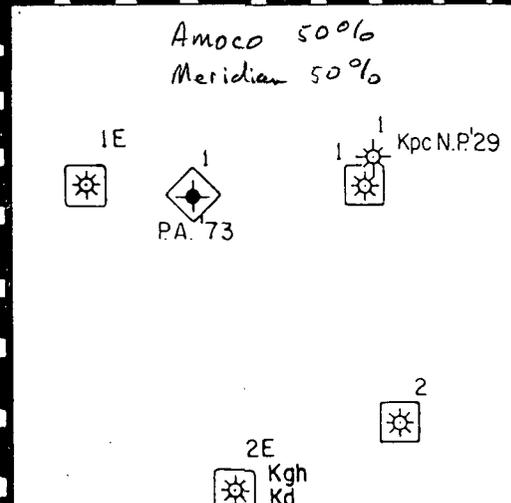
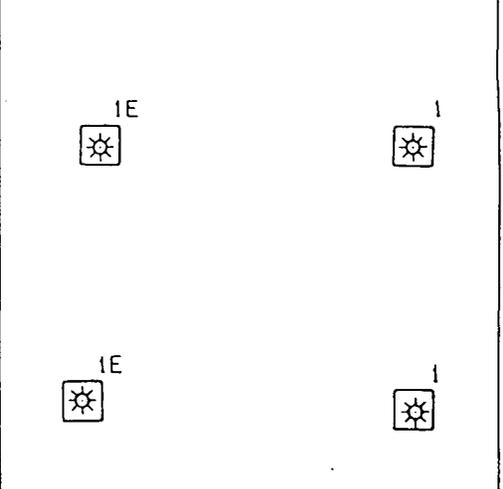
Original plat on file

Certificate No.



Amoco 50%
Meridian 50%

Bayless 50%
Meridian 50%



ROBERT L. BAYLESS

P. O. BOX 168
FARMINGTON, NM 87499

OIL CONSERVATION DIVISION
RECEIVED

'93 MAY 3 AM 9 13

FAX NO.
(505) 326-6911

OFFICE NO.
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April 16, 1993

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N.M. Oil Conservation Division
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Santa Fe, New Mexico 87504

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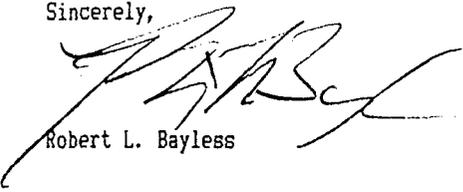
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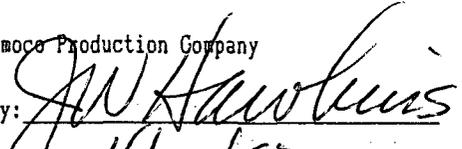
Sincerely,


Robert L. Bayless

copy by Return Receipt Requested:
Amoco Production Company
Meridian Oil Company
Arco Oil & Gas Company
Conoco, Inc.

The undersigned has no objection to the above location.

Amoco Production Company

By: 

Date: 4/28/93

If you concur and have no objection, please sign and return one copy of this letter to the NMOCD in Santa Fe and one copy to our office.

ROBERT L. BAYLESS

P. O. BOX 168
FARMINGTON, NM 87499

OIL CONSERVATION DIVISION
RECEIVED

'93 MAY 3 AM 9:16
OFFICE
15057326-6911

FAX NO.
(505) 326-6911

April 16, 1993

Mr. William J. LeMay
N.M. Oil Conservation Division
PO Box 2088
Santa Fe, New Mexico 87504

RE: Request for Administrative Approval
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Sincerely,



Robert L. Bayless

The undersigned has no objection to the above location.

Meridian Oil Company

By: 

Date: April 29, 1993

copy by Return Receipt Requested:
Amoco Production Company
Meridian Oil Company
Arco Oil & Gas Company
Conoco, Inc.

If you concur and have no objection, please sign and return one copy of this letter to the NMOCD in Santa Fe and one copy to our office.

(QUAIL RIDGE-MORROW GAS POOL - Cont'd.)

Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before December 15, 1969.

(4) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Quail Ridge-Morrow Gas Pool shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Quail Ridge-Morrow Gas Pool or in the Morrow formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

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

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

PINON-GALLUP POOL
San Juan County, New Mexico

Order No. R-3103, Creating and Adopting Operating Rules for the Pinon-Gallup Pool, San Juan County, New Mexico, August 11, 1966.

Application of Pan American Petroleum Corporation for Creation of a New Pool, Special Pool Rules and Four Non-Standard Proration Units, San Juan County, New Mexico.

CASE NO. 3422
Order No. R-3103

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m., on June 29, 1966, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of August, 1966, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Pan American Petroleum Corporation, seeks the creation of a new oil pool for Gallup production in San Juan County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 160-acre spacing units and specified well locations.

(3) That the applicant further seeks approval of the following non-standard oil proration units in Township 28 North, Range 12 West, NMPM, San Juan County, New Mexico:

A 164.44-acre unit comprising Lots 2, 3, and 4 and the S/2 SW/4 of Section 9;

A 176.14-acre unit comprising Lot 1 and the S/2 SE/4 of Section 9 and Lot 4 and the SW/4 SW/4 of Section 10;

A 163.29-acre unit comprising Lots 1, 2, and 3 and the SW/4 SE/4 and SE/4 SW/4 of Section 10; and

A 175.14-acre unit comprising the SE/4 SE/4 of Section 10 and the S/2 SW/4 and Lots 3 and 4 of Section 11.

(4) That the evidence fails to establish that one well in the proposed pool can efficiently and economically drain and develop 160 acres.

(5) That the evidence does indicate that one well in the proposed pool can efficiently and economically drain and develop 80 acres.

(6) That the horizontal limits, as requested by the applicant for the subject pool, have not been adequately established by wells producing from the Gallup formation in the subject area.

(7) That the application for 160-acre spacing and pool limits, as defined by the applicant, should be denied.

(8) That inasmuch as the Commission finds that the application for 160-acre spacing should be denied, it becomes unnecessary at this time for the Commission to rule upon the applicant's request for approval of the above-described four non-standard proration units.

(9) That the Pan American Petroleum Corporation Gallegos Canyon Unit Well No. 250, located in Unit N of Section 14, Township 28 North, Range 12 West, NMPM, San Juan County, New Mexico, has discovered a separate common source of supply which should be designated the Pinon-Gallup Oil Pool; that the vertical limits of said pool should be the Gallup formation; and that the horizontal limits of said pool should consist of:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM
Section 14: SW/4 NE/4, S/2 NW/4, SW/4,
and W/2 SE/4
Section 15: SE/4 NE/4 and E/2 SE/4
Section 23: N/2 NW/4 and NW/4 NE/4

(PINON-GALLUP POOL - Cont'd.)

(10) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, special rules and regulations providing for 80-acre spacing units should be promulgated for the Pinon-Gallup Oil Pool.

(11) That the special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant's request for 160-acre spacing is hereby denied.

(2) That the application for pool limits, as defined by the applicant, is hereby denied.

(3) That a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production, is hereby created and designated the Pinon-Gallup Oil Pool, with vertical limits comprising the Gallup formation, and horizontal limits comprising the following-described area:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM
Section 14: SW/4 NE/4, S/2 NW/4, SW/4,
and W/2 SE/4
Section 15: SE/4 NE/4 and E/2 SE/4
Section 23: N/2 NW/4 and NW/4 NE/4

(4) That Special Rules and Regulations for the Pinon-Gallup Oil Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
PINON-GALLUP OIL POOL

RULE 1. Each well completed or recompleted in the Pinon-Gallup Oil Pool or in the Gallup formation within one mile thereof, and not nearer to or within the limits of another designated Gallup oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice

and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of either governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.33 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Pinon-Gallup Oil Pool or in the Gallup formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before September 1, 1966.

(2) That each well presently drilling to or completed in the Pinon-Gallup Oil Pool or in the Gallup formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

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

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