

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Jennifer A. Salisbury
Cabinet Secretary

Amoco Production Company San Juan Business Unit 501 West Lake Park Boulevard Houston, Texas 77079-3092

Attention: Mary Corley

April 26, 2001

Lori Wrotenbery
Director
onservation Division



Re: Administrative application of Amoco Production Company for an except at to the well location requirements provided within the "Special Rules and Regulation for the Basin-Dakota Pool," as promulgated by Division Order No. R-10987, as amount led, by Division Orders No. R-10987-B and R-10987-B (1), for the Trigg Federal Gase Man. "B" Well No. 1-M to be drilled 1140 feet from the South line and 2420 feet from the West line (Lot 14/Unit N) of Section 15, Township 29 North, Range 9 West, NMPM, and Juan County, New Mexico.

Dear Ms. Corley:

I, along with the Division's Aztec district office, have reviewed the subject application and the records of the New Mexico Oil Conservation Division ("I ision") concerning this matter, please be advised that:

- (1) with the inception of Division Order No. R-10987-B, issued in See No. 12290 and dated June 30, 2000, as amended by Division Order No. R-10987-B (1), dated August 10, 2000, most operators have been an additional 28.10 acres on the surface within a single quarter locate Dakota gas wells at a location considered to be standard;
- in instances where a single wellbore is to be utilized in more producing horizon, the operator is expected to drill that well at a ocation considered to be standard for all intended zones and not just of the intended formations with the expectation that this is reason en tigh for approval;
- the reason for this location is neither based on topography or ged gy and therefore does not qualify for administrative approval; and.
- (4) from the information provided, there appear to be areas within the 227.74 acres comprising Lots 9, 10, 12, 13, 14, and 16 of Section 15 that is well can be drilled that satisfy the minimum setback requirements for dually completed initial Dakota/second infill Mesaverde gas well.

This application is hereby denied and is being returned to you at this time.

As a reminder our pool rules are serious matters for the purpose of orderly development of New Mexico's valuable oil and gas resources. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues. Since the primary objective of the recent an endments to all location requirements in the San Juan Basin (see Division Rule 104 and Division Orders No. R-10987-A and R-8768-B) were to grant operators increased flexibility in locating wells and to decrease the number of applications for unorthodox locations, all future location exceptions will require substantial justification, *i.e.*, unusual circumstances.

Thank you for your understanding, cooperation, and continued support in making newly improved portion of New Mexico's conservation rules a meaningful success.

Sincerely

Michael E. Stogner

Chief Hearing Officer/Engineer

Mexico Oil Conservation Division - Aztec

U. S. Bureau of Land Management - Farmington Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe Kathy Valdes, NMOCD - Santa Fe

William F. Carr, Legal Counsel for Amoco Production Company - Santa Fe

cc:

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APR 4 2001

San Juan Business Unit Amoco Production Company A Part of the BP Amoco Group 501 WestLake Park Blvd. Houston, TX 77079-3092

Phone: 281-366-4491

April 2, 2001

Mr. Michael Stogner New Mexico Oil Conservation Division 2040 S. Pacheco Street Santa Fe, NM 87505

Application For Non-Standard Well Location
Trigg Federal Gas Com B Well No. 1M
1140' FSL, 2420' FWL, Section 15-T29N-R09W
Basin Dakota Gas Pool
San Juan County, New Mexico

Amoco Production Company hereby requests administrative approval for an non-standar well location for our Trigg Federal Gas Com B well no. 1M to be drilled and completed in bar the Basin Dakota and the Blanco Mesaverde Gas Pools and downhole commingled. The subject well require a non-standard location exception for the Basin Dakota completion as the proposed location does not conform to the Dakota location requirements that stipulate that a little located no closer than 660' to any outer boundary of the quarter section on which the located. The proposed well location is 220' from the east line of the quarter section as lown on the attached Form C-102.

We respectfully request than administrative approval be granted for this Dakota local and stated above our intention is to completed in both the Dakota and Mesaverde Pour and downhole commingle. Application will be made to commingle the Mesaverde and Dakota via a separate application. The well is outside the well location window for the Dakota by be at too close to the interior quarter section line thereby crowding our own spacing unit. Among the only affected party. By completing the well at the proposed location it conforms to Mesaverde party. By completing the well at the proposed location it conforms to Mesaverde requirements, prevents waste in the Mesaverde, minimizes interference with there Mesaverde wells and allows maximum drainage and recovery of the Mesaverde resource.

Also attached for your reference is a 9 Section plat with the subject well and surrounding wells identified, a portion of a topographic map with the well identified, and a map in ating directions to the well location.

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Your attention to this matter is greatly appreciated. Should you have any questions concerning this application please do not hesitate to call me at 281-366-4491.

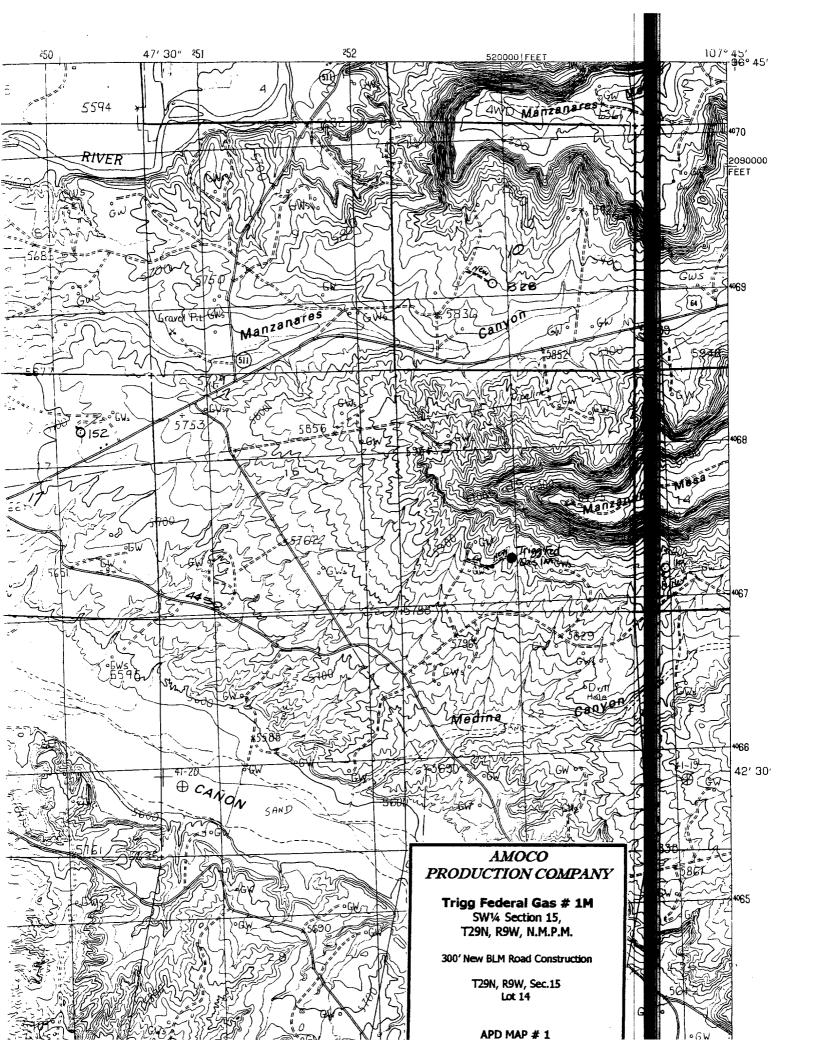
Sincerely

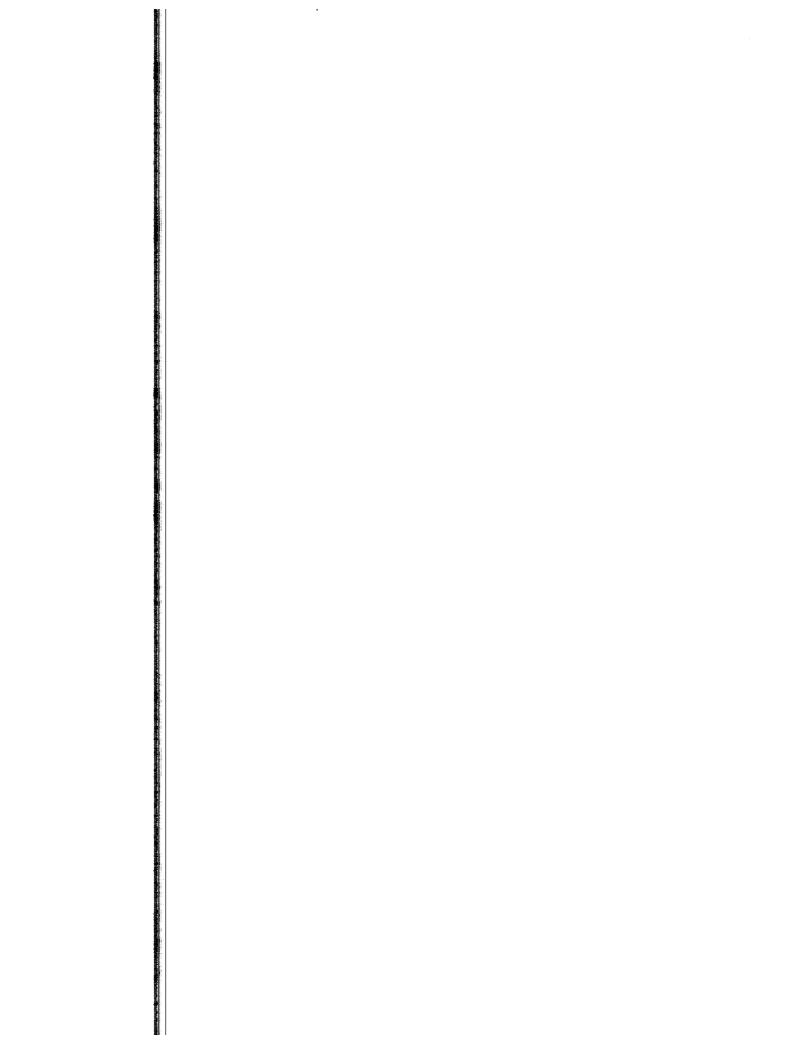
Sr. Regulatory Analyst corleyml@bp.com

cc:

Frank Chavez, Supervisor

NMOCD District III 1000 Rio Brazos Road Aztec, NM 87410





Discrict I
PO Box 1980, Hobbs NM 88241-1980
District II
PO Drawer KK, Artesia, NM 87211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410

PO Box 2088, Santa Pe. NM 87504-2088

District IV

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Revised F uary 21, 1994
Ins ptions on back
Submit to Appropris
State ase - 4 Copies
Fee ase - 3 Copies

AME DED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT ¹ Pool Code API Number 71599 & 72319 BASIN DAKOTA & BLANCO MESAVERD ⁴ Property Code 1M Trigg Federal Gas 001172 1 OGRID No. 000778 5940 AMOCO PRODUCTION COMPANY Surface Location North/South line Bast/West line Feet from the UL or Lot No. Township Range Lot Idn Feet from the WEST AN JUAN 29 N 9 W 1140 SOUTH 2420 15 N (Lot 14) 11 Bottom Hole Location If Different From Surface East/West line ¹ UL or lot no. Section Township Lot Idn Feet from the North/South line 12 Dedicated Acres Joint or Infill 14 Consolidation Code Drder No. 303.67 NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CON OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION 5193(R) OPERATOR CERT ICATION I hereby certify that the informati true and complete to the best of m ontained herein is owledge and belief. Lot 2 Lot 1 Lot 4 Lot 3 MAŔY CORLEY Printed Name REGULATORY ANALYST Lot 5 Lot 6 Lot 7 Lot 8 04-02-2001 "SURVEYOR CE**RT** I hereby certify that the well locate hown on this plat rveys made by me was plotted from field notes of acts or under my supervision, and that correct to the best of my belief same is true and Stebes Com A Cors. January 29, 2 Lot 12 Lat 10 Lat 9 Date of Survey GARY D. Signature and Seal 2420' 0 30-045 - 72668 7016 Lot 13 Lot 14 Lot 15 PROFESSIONA 7016 Certificate Numb (R) - BLM Record

