



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

January 27, 1997

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OIL CON. DIV
DIST. 3

Amoco Production Company
P. O. Box 800
Denver, Colorado 80201
Attention: Pamela W. Staley

Administrative Order NSL-3064-A

Dear Ms. Staley:

Reference is made to your application dated October 23, 1996 and to additional correspondence concerning this matter dated November 21, 1996, December 2, 1996, December 24, 1996, and January 7, 1997 requesting approval of a non-standard Basin-Fruitland coal gas well location within a standard 320-acre gas spacing and proration unit comprising the E/2 of Section 28, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico, for your existing Pollock Com "E" Well No. 1-R (API No. 30-045-24247), formerly the Harold B. Chapson Well No. 1, located 1800 feet from the South line and 1650 feet from the East line (Unit J) of said Section 28. According to the well records on file with the New Mexico Oil Conservation Division, the Harold B. Chapson Well No. 1 was drilled in 1980 and completed in the Armenta-Gallup Oil Pool at a standard oil well location.

It is our understanding that the Gallup interval will be abandoned and said well will be plugged back and recompleted to both the Aztec-Pictured Cliffs and Basin-Fruitland Coal (Gas) Pools such that production from both these gas intervals will be commingled downhole under authority of Division Administrative Order DHC-1422 dated January 16, 1997. Pursuant to Division General Rule 104.C(3) said location is considered to be at a standard gas well location in the Aztec-Pictured Cliffs Pool; however, pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*", as promulgated by Division Order No. R-8768, as amended, this location is considered to be "unorthodox".

It is our further understanding that said well is to be a replacement well for the recently plugged and abandoned Pollock Com "E" Well No. 1 (API No. 30-045-25743), located at an unorthodox coal gas well location (approved by Division Administrative Order NSL-3064, dated October 23, 1991) 860 feet from the South line and 805 feet from the East line (Unit P) of said Section 28, which had been dedicated the E/2 of said Section 28 being a standard 320-acre gas

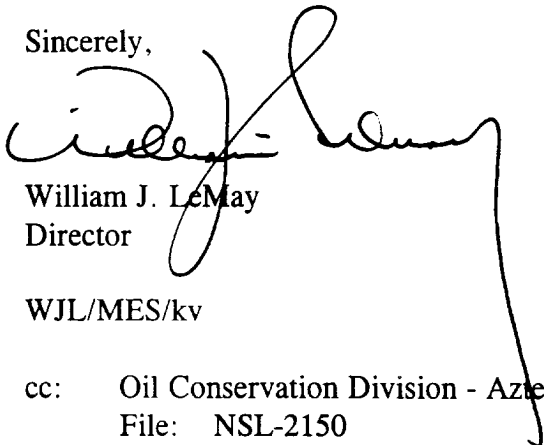
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spacing and proration unit for said pool. The Sanchez Gas Com "C" Well No. 1 (API No. 30-045-25618), located 750 feet from the North line and 660 feet from the East line (Unit A) of said Section 28, which was the subject of Division Administrative order NSL-2150-A, dated November 13, 1995, was never recompleted in the Basin-Fruitland Coal (Gas) Pool and is to be plugged and abandoned at this time.

By the authority granted me under the provisions of Rule 8 of said Order No. R-8768, as amended, the above-described unorthodox coal gas well location for the Pollock Com "E" Well No. 1-R/Harold B. Chapson Well No. 1 is hereby approved.

Further, both Division Administrative Orders NSL-2150-A and NSL-3064 shall be placed in abeyance until further notice.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'William J. LeMay', is written over the typed name and extends downwards across the distribution list.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec /
File: NSL-2150
NSL-2150-A
NSL-3064
DHC-1422