



Amoco Production Company

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R. J. Broussard
District Manager

October 17, 1985

Mr. Frank Chavez
New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico 87410

File: DBB-220-400.1

Drilling Program
USG Section 18 No. 47 1C-7-29-16
Hogback Pennsylvanian Field
San Juan County, New Mexico

This letter confirms the conversation of October 15, 1985 between Ernie Busch of your office and Brad Salzman of this office regarding the drilling program for the subject well. As discussed, the planned directional drilling will not be undertaken due to mechanical and wellbore difficulties.

This well was permitted as a 40-acre oil well and directional drilling would have been necessary to TD the well within the bottom hole target. While attempting to run the bent sub and mud motor, parted casing was encountered in the intermediate string at 2102', and the bottom hole assembly could not be worked through this spot. To avoid further complications, the plans for directional drilling were abandoned and the well will be drilled to TD (7200') as if on 160-acre spacing.

A Commission hearing is scheduled for Wednesday, October 23, 1985 in Santa Fe at which time Amoco will request 160-acre spacing for the entire Hogback Pennsylvanian Field. It is our opinion that the spacing exception will be granted and the bottom hole location of the subject well will then be acceptable. We will continue to monitor deviation and azimuth in this well to determine the actual bottom hole location. If there are any further questions concerning this matter, please contact Brad Salzman at 325-8841, ext. 249.

Sincerely,

BWS/cjm

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OIL CON. DIV.
DIST. 3