



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

April 25, 2001

Lori Wrotenbery
Director
Oil Conservation Division

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



Attention: Mary Corley

Re: Administrative application of Amoco Production Company for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987, as amended, by Division Orders No. R-10987-B and R-10987-B (1), for the Florance "AC" Well No. 3-M to be drilled 1725 feet from the South line and 2375 feet from the West line (Unit K) of Section 22, Township 30 North, Range 9 West, NMPM, San 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 ("Division") concerning this matter, please be advised that:

- st*
- (1) with the inception of Division Order No. R-10987-B, issued in Case 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 given an additional 28.10 acres on the surface within a single quarter section to locate Dakota gas wells at a location considered to be standard;
 - (2) in instances where a single wellbore is to be utilized in more than one producing horizon, the operator is expected to drill that well at a location considered to be standard for all intended zones and not just one of the intended formations with the expectation that this is reason enough for approval;
 - (3) the reason for this location is neither based on topography or geology and therefore does not qualify for administrative approval; and.
 - (4) from the information provided, there appear to be areas within the 240 acres comprising the N/2 SW/4, SE/4 SW/4, W/2 SE/4, and SE/4 SE/4 of Section 22 that this well can be drilled that satisfy the minimum setback requirements for a dually completed initial Dakota/second infill Mesaverde gas well.

Amoco Production Company

April 25, 2001

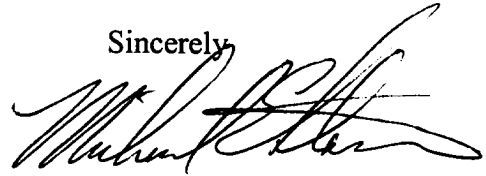
Page 2

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 amendments 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 this newly improved portion of New Mexico's conservation rules a meaningful success.

Sincerely,



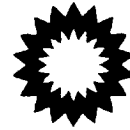
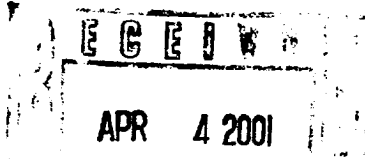
Michael E. Stogner
Chief Hearing Officer/Engineer

cc: **New 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

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109636747 NSL

4/24/01



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

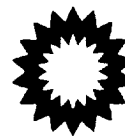
Application For Non-Standard Well Location
Florance AC Well No. 3M
1725' FSL, 2375' FWL, Section 22-T30N-R09W
Basin Dakota Gas Pool
San Juan County, New Mexico

Amoco Production Company hereby requests administrative approval for an non-standard well location for our Florance AC well no. 3M to be drilled and completed in both the Basin Dakota and the Blanco Mesaverde Gas Pools and downhole commingled. The subject well will 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 well be located no closer than 660' to any outer boundary of the quarter section on which the well is located. The proposed well location is 265' from the east line of the quarter section as shown on the attached Form C-102.

We respectfully request than administrative approval be granted for this Dakota location as stated above our intention is to completed in both the Dakota and Mesaverde Pools 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 being too close to the interior quarter section line thereby crowding our own spacing unit. Amoco is the only affected party. By completing the well at the proposed location it conforms to Mesaverde spacing requirements, prevents waste in the Mesaverde, minimizes interference with other 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 indicating 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,

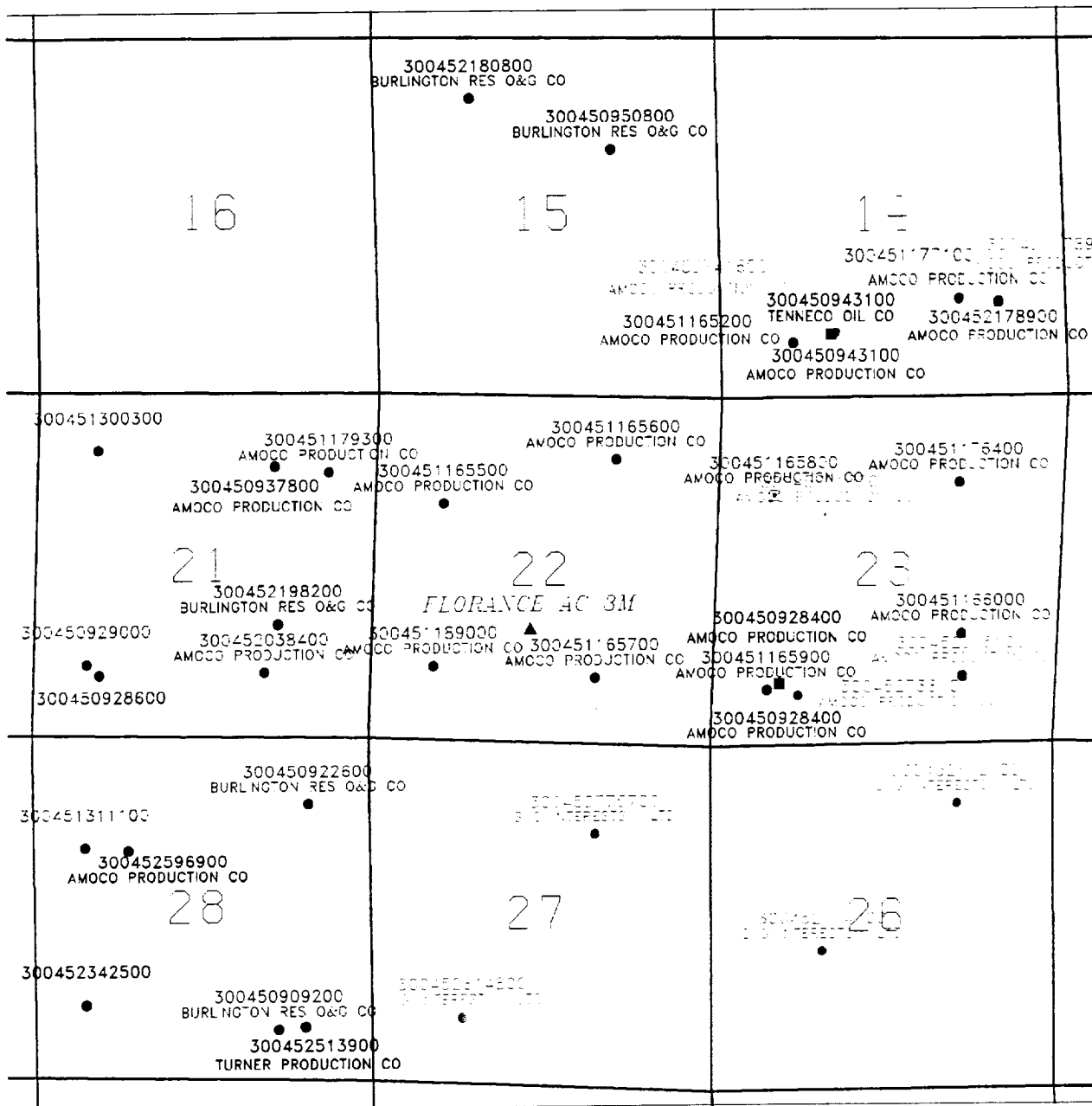
A handwritten signature in cursive script, reading "Mary Corley", is positioned above the printed name and title.

Mary Corley

Sr. Regulatory Analyst

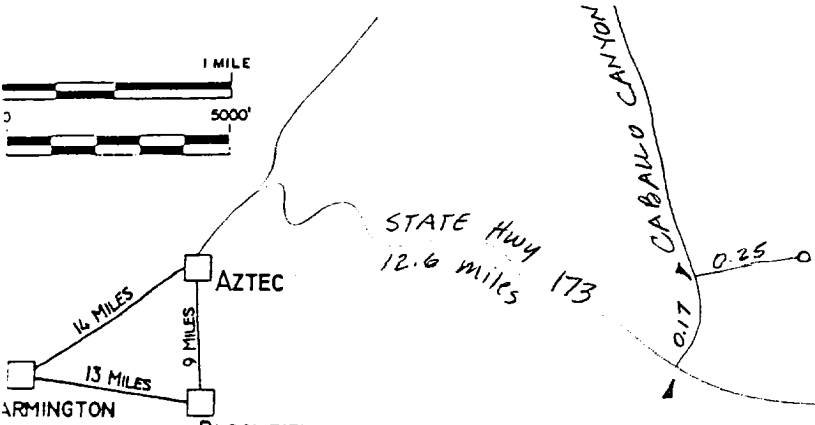
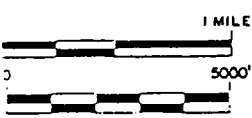
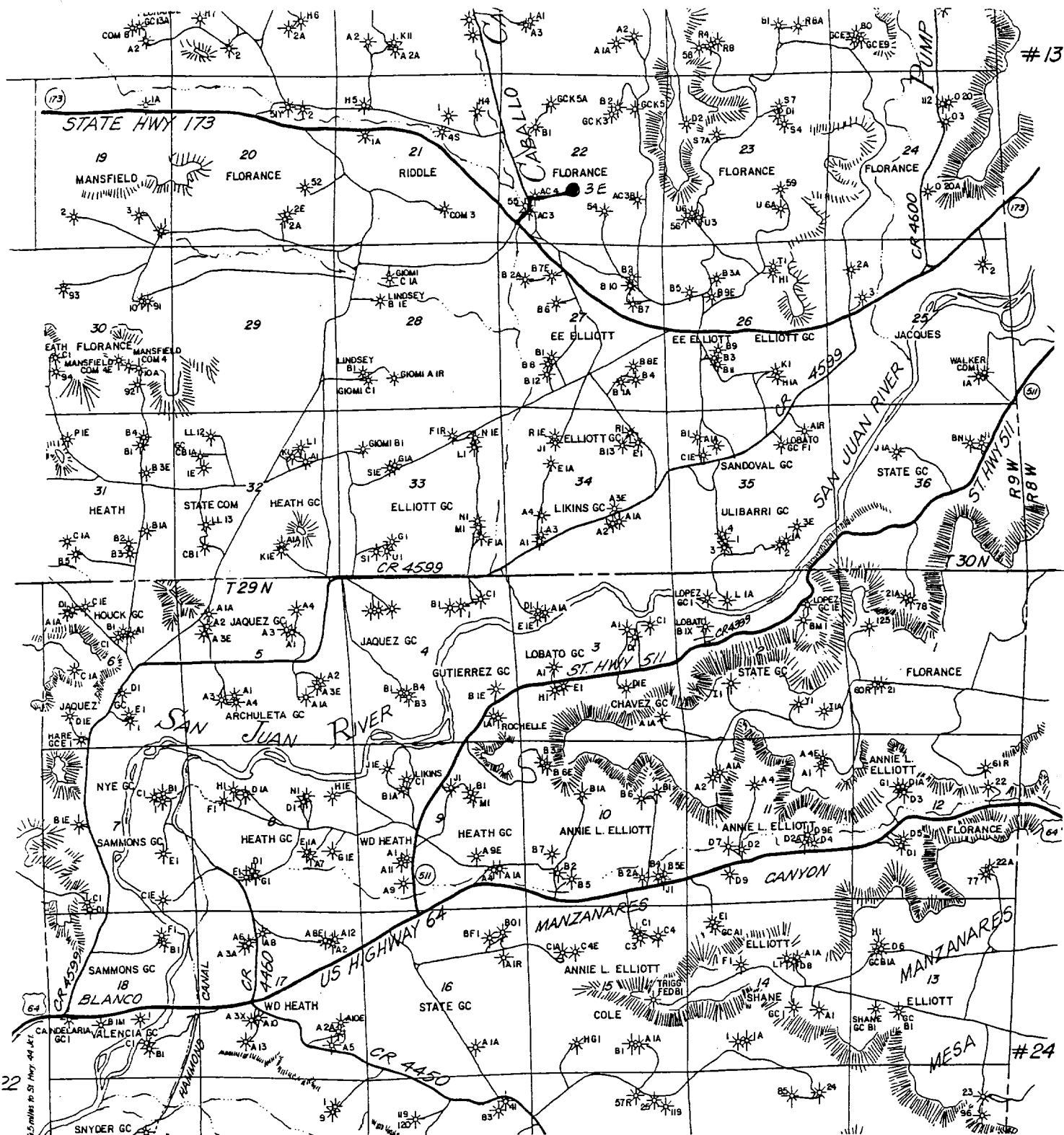
corleym1@bp.com

cc: Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road
Aztec, NM 87410



AMOCO PRODUCTION COMPANY		
HOUSTON, TEXAS		
9 SECTION PLAT		
30N 9 W SECTION 22		
FLORANCE AC 3M		
SCALE	DRAWN C. E. SACKETT	DATE 24-JUN-2001
DRAWING		

- DAKOTA ACTIVE WELL
- ◻ DAKOTA INACTIVE WELL
- MESAVENDE ACTIVE WELL
- ◻ MESAVENDE INACTIVE WELL
- RECOVERED CLIFFS ACTIVE WELL
- ◻ RECOVERED CLIFFS INACTIVE WELL



LAT: 36°47.7'
LONG: 107°46.1'

AMOCO PRODUCTION COMPANY
Florance AC 3M
 SW¼ Sec. 22, T30N, R9W, NMPM
 RAIL POINT:
 MUD POINT:

**AMOCO
PRODUCTION COMPANY**

**Florance # 3E
SW¼ Section 22,
T30N, R9W, N.M.P.M.**

**1000' New BLM Road Construction
T30N, R9W, Sec.19
NW¼SW¼ - 100'
NE¼SW¼ - 900'**

APD MAP # 1

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

04/25/01 15:23:37
OGOMES -TQKY
PAGE NO: 1

Sec : 22 Twp : 30N Rng : 09W Section Type : NORMAL

D 40.00 Federal owned	C 40.00 Federal owned A	B 40.00 Federal owned A A	A 40.00 Federal owned A
E 40.00 Federal owned A	F 40.00 Federal owned	G 40.00 Federal owned	H 40.00 Federal owned

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

04/25/01 15:23:42
OGOMES -TQKY
PAGE NO: 2

Sec : 22 Twp : 30N Rng : 09W Section Type : NORMAL

L 40.00	K 40.00	J 40.00	I 40.00
Federal owned	Federal owned	Federal owned	Federal owned
A			A
M 40.00	N 40.00	O 40.00	P 40.00
Federal owned	Federal owned	Federal owned	Federal owned
A A		A	

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12

CMD :	ONGARD	04/25/01 15:24:10
OG6IWCM	INQUIRE WELL COMPLETIONS	OGOMES -TQKY

API Well No : 30 45 22892 Eff Date : 10-01-1978 WC Status : A
Pool Idn : 72319 BLANCO-MESAVERDE (PRORATED GAS)
OGRID Idn : 778 AMOCO PRODUCTION CO
Prop Idn : 522 FLORANCE AC

Well No : 003B
GL Elevation: 6080

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
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B.H. Locn : I	22	30N	09W	FTG 1460	F S FTG 840	F E	P
Lot Identifier:							
Dedicated Acre: 320.00							
Lease Type : F							
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :							

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 04/25/01 15:24:27
OG6IWCN INQUIRE WELL COMPLETIONS OGOMES -TQKY

API Well No : 30 45 9282 Eff Date : 01-01-1900 WC Status : A
Pool Idn : 72319 BLANCO-MESAVERDE (PRORATED GAS)
OGRID Idn : 778 AMOCO PRODUCTION CO
Prop Idn : 522 FLORANCE AC

Well No : 003
GL Elevation: 5857

U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
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B.H. Locn	: M	22	30N	09W	FTG 990 F S FTG 990 F W	P
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Lot Identifier:

Dedicated Acre: 320.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC