



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

November 29, 1995

Amoco Production Company
P. O. Box 800
Denver, Colorado 80201
Attention: J. W. Hawkins

11/30/95
11/30/95
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

Administrative Order DD-126

Dear Mr. Hawkins:

Reference is made to Amoco Production Company's application dated November 6, 1995 for authorization to recomplete its existing Sheets "LS" Well No. 2 (API No. 30-045-10347) by side tracking off of the vertical wellbore and drill a high angle wellbore to a pre-determined bottom-hole location in order to further develop the Blanco-Mesaverde Pool underlying its existing 319.10-acre standard gas spacing and proration unit ("GPU") comprising Lot 1, the NE/4, the N/2 NW/4 and the SE/4 NW/4 (N/2 equivalent) of Section 28, Township 31 North, Range 9 West, NMPM, San Juan County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The Sheets "LS" Well No. 2, located at a standard gas well location 1650 feet from the North line and 1090 feet from the East line (Unit H) of said Section 28, was originally drilled and completed in 1953 as an initial Blanco-Mesaverde gas well, and was assigned the above-described 319.10-acre GPU;
- (3) By Order No. R-8170, as amended, the Division promulgated the "*General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Blanco-Mesaverde Pool*", which includes provisions for 320-acre gas spacing and proration units and well location requirements whereby the initial well drilled on a GPU shall be located be no closer than 790 feet to the outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary and the infill well drilled on an existing GPU shall be in the quarter section not containing a Mesaverde gas well and shall be located with respect to the restrictions as previously described;

- (4) Within this GPU Amoco is also producing Blanco-Mesaverde gas from its Sheets "LS" Well No. 2-A (API No. 30-045-22449), located at a standard infill gas well location 875 feet from the North line and 950 feet from the West line (Unit D) of said Section 28;
- (5) A high angle wellbore as proposed should provide Amoco a better opportunity to encounter the naturally occurring fracture system in the Mesaverde formation, which should result in a higher production rate and an increased ultimate recovery of gas from this well;
- (6) The applicant/operator proposes to kick-off from vertical at a depth of approximately 3,400 feet by milling a window in the existing production casing, drill in a northwesterly direction, build to an angle of approximately 45 degrees and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool, with total horizontal displacement of said wellbore to be approximately 1550;
- (7) The applicable drilling window or "producing area" for said wellbore should include that area within the N/2 equivalent of said Section 28 that is no closer than 790 feet to the outer boundary of the subject GPU; and,
- (8) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company, is hereby authorized to recomplete its existing Sheets "LS" Well No. 2 (API No. 30-045-10641), located at a standard gas well location 1650 feet from the North line and 1090 feet from the East line (Unit H) of Section 28, Township 31 North, Range 9 West, NMPM, San Juan County, New Mexico, by milling a window in the existing production casing at a depth of approximately 3,400 feet, kick-off from vertical in a northwesterly direction and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool (total horizontal displacement of said wellbore to be approximately 1550) within a drilling window or "producing area" in the N/2 equivalent of said Section 28 that is no closer than 790 feet to the outer boundary of the subject GPU.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Aztec district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Aztec offices of the Division upon completion.

(3) Blanco-Mesaverde gas production from both the existing Sheets "LS" Well No. 2-A (API No. 30-045-22449), located at a standard infill gas well location 875 feet from the North line and 950 feet from the West line (Unit D) of said Section 28, and Sheets "LS" Well No. 2, as described above, shall be attributed to the existing 319.10-acre standard gas spacing and proration unit ("GPU") comprising Lot 1, the NE/4, N/2 NW/4 and SE/4 NW/4 (N/2 equivalent) of Section 28.

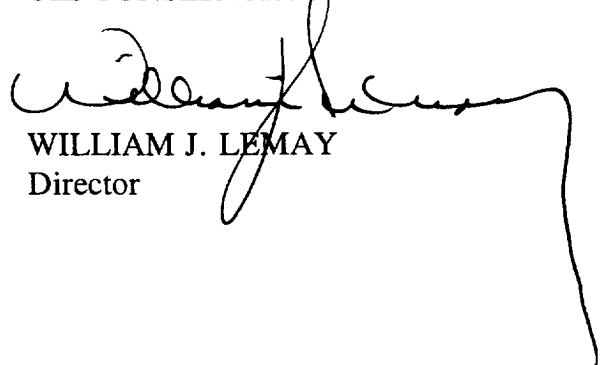
(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and Order No. R-8170, as amended.

(5) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/MES/kv

cc: Oil Conservation Division - Aztec ✓
File: Case 11,274