

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT


OIL CONSERVATION DIVISION

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

October 16, 1995

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OIL CON. DIV.  
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AD - A  
  
Amoco Production Company  
P. O. Box 800  
Denver, Colorado 80201

Attention: J. W. Hawkins

*Administrative Order DD-121*

Dear Mr. Hawkins:

Reference is made to Amoco Production Company's application dated September 15, 1995 for authorization to directional drill a high-angle well to a pre-determined bottom-hole location in order to further develop the Blanco-Mesaverde Pool underlying an existing 319.51-acre standard gas spacing and proration unit ("GPU") comprising Lots 1 and 4, the E/2 NE/4, and the SE/4 (E/2 equivalent) of Section 28, Township 32 North, Range 10 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) 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;
- (3) Initial development of Blanco-Mesaverde gas pool production within the subject 319.51-acre GPU occurred with the ~~Holmberg Gas Com Well No. 1~~ (API No. 30-045-11281) being drilled in 1954 at a standard gas well location 890 feet from the North line and 1650 feet from the East line (Lot 1/Unit B) of said Section 28. The Holmberg Gas Com Well No. 1-A (API No. 30-045-22631) was drilled in 1977 as an "infill well" at a

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standard gas well location 1165 feet from the South line and 810 feet from the East line (Unit P) of said Section 28. It is our understanding that the Holmberg Gas Com Well No. 1 has been plugged and abandoned;

- (4) The applicant/operator proposes to drill its replacement well for the Holmberg Gas Com Well No. 1 from a standard gas well location in Lot 1 (NW/4 NE/4 equivalent) of said Section 28, kick-off of vertical at a depth of approximately 3600 feet in a southerly direction, build to an angle of approximately 45 degrees and continue to drill in such a manner as to bottom back into the Blanco-Mesaverde Pool, with total horizontal displacement of said well to be approximately 1300 feet;
- (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 GPU.
- (6) The applicable drilling window or "producing area" for said wellbore should include that area within the NE/4 equivalent of said Section 28 that is no closer than 790 feet to the quarter section lines; and,
- (7) 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 directionally drill its proposed replacement well for the above-described Holmberg Gas Com Well No. 1 from a standard gas well location in Lot 1 (NW/4 NE/4 equivalent) of Section 28, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico, by kicking-off from vertical in a southerly direction and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool (total horizontal displacement of said well to be approximately 1300 feet) within a drilling window or "producing area" the NE/4 equivalent of said Section 28 that is no closer than 790 feet to the quarter section lines.

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 Holmberg Gas Com Well No. 1-A (API No. 30-045-22631), located at a standard infill gas well location 1165 feet from the South line and 810 feet from the East line (Unit P) of said Section 28, and the proposed well as described above shall be attributed to the existing 319.51-acre standard gas spacing and proration unit ("GPU") comprising Lots 1 and 4, the E/2 NE/4, and the SE/4 (E/2 equivalent) of Section 28.

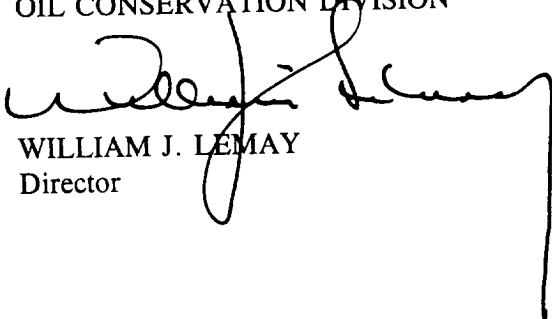
(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and Order No. R-8170, as amended.

(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

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WJL/MES/kv

cc: Oil Conservation Division - Aztec ✓  
U. S. Bureau of Land Management - Farmington  
File: Case 11,274