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Amoco Production Company
~~1670 Broadway~~
P.O. Box 800
Denver, Colorado 80201

May 24, 1990

Meridian Oil, Inc.
P.O. Box ~~4289~~
Farmington, NM 87499-4289

Attention: ~~Peggy Bradfield~~ J. W. Hawkins

at a previously approved (Division Administrative Order NSL-1001) dated December 18, 1978 under the

Administrative Order NSL- 1001-A (NSP)

Dear ~~Ms. Bradfield~~: Mr. Hawkins

Reference is made to your application dated November 4, ~~1990~~ 1992 for a non-standard Basin-Fruitland coal gas well location for your existing Jackson Well No. 3 which was drilled in 1982 and completed in the Basin Dakota Pool ~~at a standard~~ gas well location 1430 feet from the South line and 1140 feet from the East line (Unit I) of Section 10, Township 28 North, Range 9 West, NMPM, San Juan County, New Mexico. irregular

It is my understanding that the Basin Dakota zone will be properly plugged back and said well will be recompleted to the Basin-Fruitland Coal Gas Pool, which pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, as amended is unorthodox. Further, all of said Section 10 shall be dedicated to the well forming a non-standard ~~320~~ 270.36-acre gas spacing and proration unit for said pool. Rules 6 and 8 as amended

By the authority granted me under the provisions of ~~Rule 9~~ of said Division Order No. R-8768, the above-described unorthodox coal gas well location is hereby approved. and non-standard gas proration unit are

Sincerely,

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington

F/c ; NSL-1001

of this program, with the Environment Department (ED) administering some well classifications. Federal delegation of the program is to OCD (Class II) and Water Quality Control Commission (WQCC) (Class I, III, IV and V). Some of the WQCC regulated wells are also under OCD jurisdiction pursuant to a signed delegation of responsibility (discussed below). Classification of wells:

Class I: **Industrial land municipal disposal wells: OCD has 4 permitted under WQCC Regulations.**

Class II: **Oil and natural gas injection wells: Used for salt water disposal, reservoir pressure maintenance, secondary recovery and natural gas storage. OCD regulates approximately 5,300 of these wells.**

Class III: **Mineral extraction wells: OCD administers WQCC Regulations for 21 facilities injecting water to produce salt brine used in oil and gas operations.**

Class IV: **Shallow hazardous waste injection wells: Not authorized in New Mexico and closed when discovered either by ED or OCD.**

Class V: **Other categories of wells: Examples are commercial septic tank systems, dry wells, geothermal wells. OCD administers WQCC rules for these wells at geothermal sites, and the oilfield service industry. Because of the potential for serious ground water contamination by the oilfield chemicals and wastes, OCD is requiring service companies to close these wells when located by OCD staff. EPA has praised OCD's efforts in this area and is expected to provide additional funding during the next fiscal year in support of OCD's program.**

The state requires permits for these wells, and specifies design and performance standards for construction and operation.

III. HIGHLIGHTS OF PROGRAM INITIATIVES

A. Fresh Water Protection

Section 70-2-12.B of the Oil and Gas Act combined with delegation to OCD of appropriate WQCC regulatory authority provide OCD with the tools to protect fresh water. Discussed below are some of the efforts underway to address these responsibilities:

1. An aggressive effort was conducted to complete permitting of all existing natural gas plants and refineries under the Water Quality Act. By the end of 1990, all such facilities and others found to need a permit (in excess of 122 total) either have approved groundwater discharge plans or are in the permitting process. Efforts are now being focused on gas compressor stations and oilfield service facilities. A condition of approval for older facilities is a requirement that all underground process and wastewater lines demonstrate integrity, and, for all facilities, that process and chemical storage areas