

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

Case 11586

APPLICATION OF AMOCO PRODUCTION COMPANY FOR AN UNORTHODOX  
"INFILL" GAS WELL LOCATION AND SIMULTANEOUS DEDICATION, SAN  
JUAN COUNTY, NEW MEXICO.

*ORDER NO. R-10682 and  
DIVISION ADMINISTRATIVE ORDER NSL-3717*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 8, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of October, 1996 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) On July 16, 1996 Amoco Production Company ("Amoco") filed with the New Mexico Oil Conservation Division ("Division"), an application for an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indians "A" Well No. 22, to be drilled at a standard gas well location in the NW/4 equivalent of Section 2, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico, and from its existing Ute Indians "A" Well No. 17 (API No. 30-045-24604), located at a standard gas well location 1120 feet from the North and West lines (Lot 4/Unit D) of said Section 2, and for the simultaneous dedication of both wells to the 160.24-acre gas spacing and proration unit

comprising Lots 3 and 4 and the E/2 NW/4 (NW/4 equivalent) of said Section 2.

(3) The Ute Dome-Dakota Pool is at this time considered an "unprorated gas pool" and therefore is not governed by the "*General Rules for the Prorated Gas Pools of New Mexico*", as promulgated by Division Order No. R-8170, as amended. The Ute Dome-Dakota Pool is therefore subject to the Division's Statewide Rule 104.C(3)(a), which require standard 160-acre gas spacing and proration units with wells to be located no closer than 790 feet to any outer boundary of the tract nor closer than 130 feet to any quarter-quarter section or subdivision inner boundary.

(4) The Ute Indians "A" Well No. 17 was drilled in 1981 and completed in the Ute Dome-Dakota Pool. Its location 1120 feet from the North and West lines of said Section 2 was based on established and surveyed section lines to the east and projected into the then unsurveyed Ute Mountain Indian Reservation. According to the evidence presented by the applicant and to records on file with the State of New Mexico, the Chief Cadastral Surveyor for New Mexico accepted on behalf of the United States Department of the Interior - Bureau of Land Management on April 27, 1987 an official survey of Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico.

(5) Pursuant to the 1987 survey the location of the Ute Indians "A" Well No. 17 is actually 1150 feet from the North line and 1050 feet from the West line (Lot 4/Unit D) of said Section 2, which is still considered to be a standard gas well location for this pool.

(6) On August 8, 1996, immediately after the hearing and upon the hearing examiner's request, Amoco submitted a request for administrative review of its application for the subject Ute Indians "A" Well No. 22 to be drilled at an unorthodox gas well location, based on the 1987 survey, 1880 feet from the North line and 2150 feet from the West line (Unit F) of said Section 2.

(7) Since issues common to both applications were discussed on the record at the time of the examiner's hearing both applications should be jointly considered, reviewed, and, if applicable, a single order by the Division should be issued for clerical and administrative purposes.

(8) As indicated by Amoco with its administrative request filed pursuant to the provisions of Division General Rule 104.F, revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996 and through testimony and evidence presented at the time of the hearing, necessity for the unorthodox location of the proposed Ute Indians "A" Well No. 22 is both geologic and topographic:

(a) Geologically, the gas bearing Dakota interval in the immediate area indicates a dome that is shattered and broken

up with numerous faults. Seismic data available to Amoco indicates the existence of a southwest/northeast trending fault between the existing Ute Indians "A" Well No. 17 and the proposed Ute Indians "A" Well No. 22 and without the second well the Dakota interval to the east of this fault would not be adequately drained by the existing well.

(b) Topographically, it is deemed advantageous to both surface use agencies involved in this matter, the United States Bureau of Land Management and the Ute Mountain Ute Indian Tribe, to utilize existing drilling pads where available. In this particular instance the Amoco Ute Indians "A" Well No. 7 (API No. 30-045-11049), a Ute Dome-Paradox Pool gas producing well, is situated within the SE/4 NW/4 (Unit F) of said Section 2 at an accessible location to accommodate the proposed Ute Indians "A" Well No. 22.

(9) All of said Section 2 and all immediate offsetting sections are included within a single 4,200-acre lease from the Ute Mountain Ute Indians to Amoco, therefore, no other interest owners or properties are adversely affected by the proposed unorthodox "infill" gas well location or the inclusion of a second well on the existing 160.24-acre Ute Dome-Dakota Pool gas spacing and proration unit.

(10) Approval of the subject application is in the best interest of conservation, exhibits sound reservoir engineering practices, will not violate correlative rights, will afford the applicant the opportunity to produce its just and equitable share of the gas in the Ute Dome-Dakota Pool, and will serve to prevent waste.

**IT IS THEREFORE ORDERED THAT:**

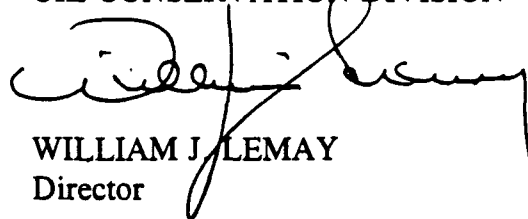
(1) The application of Amoco Production Company to drill its Ute Indians "A" Well No. 22 at an unorthodox "infill" gas well location in the Ute Dome-Dakota Pool, 1880 feet from the North line and 2150 feet from the West line (Unit F) of Section 2, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico is hereby approved.

(2) The applicant's request for an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indians "A" Well No. 22 and from its existing Ute Indians "A" Well No. 17 (API No. 30-045-24604), located at a standard gas well location 1150 feet from the North line and 1050 feet from the West line (Lot 4/Unit D) of said Section 2, and for the simultaneous dedication of both wells to the 160.24-acre gas spacing and proration unit comprising Lots 3 and 4 and the E/2 NW/4 (NW/4 equivalent) of said Section 2, is also approved.

(3) 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

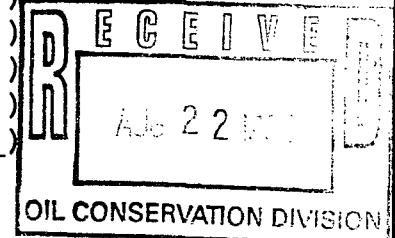
S E A L

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY )  
THE OIL CONSERVATION DIVISION FOR THE )  
PURPOSE OF CONSIDERING: )

CASE NO. 11,586

APPLICATION OF AMOCO PRODUCTION COMPANY )  
FOR SIMULTANEOUS DEDICATION, SAN JUAN )  
COUNTY, NEW MEXICO )



REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

August 8th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, August 8th, 1996, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

STEVEN T. BRENNER, CCR  
(505) 989-9317

## I N D E X

August 8th, 1996  
 Examiner Hearing  
 CASE NO. 11,586

PAGE

## APPLICANT'S WITNESS:

PAMELA W. STALEY (Engineer)

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Examination by Mr. Johnson	15

## REPORTER'S CERTIFICATE

17

\* \* \*

## E X H I B I T

Applicant's	Identified	Admitted
Exhibit 1	5	12

\* \* \*

## A P P E A R A N C E S

## FOR THE DIVISION:

ROY E. JOHNSON  
 Geologist, NMOCD  
 2040 South Pacheco  
 Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.  
 Suite 1 - 110 N. Guadalupe  
 P.O. Box 2208  
 Santa Fe, New Mexico 87504-2208  
 By: WILLIAM F. CARR

\* \* \*

1 WHEREUPON, the following proceedings were had at  
2 8:15 a.m.:

3 EXAMINER STOGNER: Call this hearing to order.  
4 Please make note of today's docket, Number 22-96, today's  
5 date, August 8th, 1996. I'm Michael Stogner, appointed  
6 Hearing Examiner for today's cases.

7 I'll call at this time Case Number 11,586, which  
8 is the Application of Amoco Production Company for  
9 simultaneous dedication, San Juan County, New Mexico.

10 At this time I'll call for appearances.

11 MR. CARR: May it please the Examiner, my name is  
12 William F. Carr with the Santa Fe law firm Campbell, Carr,  
13 Berge and Sheridan. We represent Amoco Production Company  
14 in this matter, and I have one witness.

15 EXAMINER STOGNER: Are there any other  
16 appearances in this matter?

17 Will the witness please stand to be sworn?

18 (Thereupon, the witness was sworn.)

19 EXAMINER STOGNER: Mr. Carr?

20 PAMELA W. STALEY,  
21 the witness herein, after having been first duly sworn upon  
22 her oath, was examined and testified as follows:

23 DIRECT EXAMINATION

24 BY MR. CARR:

25 Q. Would you state your name for the record, please?

1 A. My name is Pamela Staley.

2 Q. And where do you reside?

3 A. I reside in Denver, Colorado.

4 Q. By whom are you employed?

5 A. Amoco Production Company.

6 Q. And what is your current position with Amoco?

7 A. I'm a staff petroleum engineer in regulatory  
8 affairs.

9 Q. Ms. Staley, have you previously testified before  
10 this Division and had your credentials as a petroleum  
11 engineer accepted and made a matter of record?

12 A. Yes, sir, I have.

13 Q. Are you familiar with the Application filed in  
14 this case on behalf of Amoco?

15 A. Yes.

16 Q. And are you familiar with the subject area?

17 A. Yes.

18 MR. CARR: Are the witness's qualifications  
19 acceptable?

20 EXAMINER STOGNER: They are.

21 Q. (By Mr. Carr) Would you initially just summarize  
22 what Amoco seeks with this Application?

23 A. Amoco seeks an exception to Division Rule 104 (D)  
24 (3) to simultaneously dedicate the following wells to the  
25 160.24-acre gas spacing and proration unit, comprised of



1 Lots 3 and 4 in the east half of the northwest quarter of  
2 Section 2, Township 31 North, Range 14 West of the New  
3 Mexico Principal Meridian, San Juan County, New Mexico.

4 That includes Amoco's proposed Ute Indian "A"  
5 Well Number 22, to be drilled at a location 1880 feet from  
6 the north line and 2150 feet from the west line of the said  
7 Section Number 2, also Amoco's existing Ute Indian "A" Well  
8 Number 17, located 1150 feet from the north line and 1050  
9 feet from the west line of the said Section 2.

10 Amoco proposes to continuously and concurrently  
11 produce Ute Dome-Dakota Pool gas from these wells.

12 Q. Now, Ms. Staley, we're dealing with an irregular  
13 section, are we not?

14 A. Yes, we are.

15 Q. And when we put in Lots 3 and 4 with the east  
16 half of the northwest, we're looking at what is the  
17 northwest quarter equivalent for Section 2; is that  
18 correct?

19 A. That's correct.

20 Q. Have you prepared exhibits for presentation here  
21 today?

22 A. Yes, sir, I have.

23 Q. And are those exhibits contained in a booklet  
24 marked Amoco Production Company Exhibit Number 1?

25 A. Yes.

1 Q. Let's go to that booklet, and could you just  
2 identify the first document contained therein?

3 A. The first document there is our Application to  
4 the NMOCD for simultaneous dedication.

5 Q. Now, Ms. Staley, there is a discrepancy between  
6 the well locations in the Application filed for this  
7 hearing and in the exhibits prepared for hearing today.  
8 Could you review the reasons for that discrepancy for the  
9 Examiner?

10 A. Yes. This particular tract is in an area that we  
11 originally used an earlier survey of 1923. This area had  
12 been resurveyed. The description in the Application was  
13 based on that old survey that had been in use for about 50  
14 years.

15 The tract is in an area that's within where the  
16 new survey was published and accepted in 1993, and the  
17 descriptions in our exhibit book today are from that new  
18 survey.

19 Q. Now, there are other wells in the area that Amoco  
20 has plans to drill. They fall outside the area where the  
21 survey has been published and accepted; is that not  
22 correct?

23 A. That is correct. There will be some wells that  
24 we drill that are in an unpublished, unsurveyed area.

25 Q. What is the impact of the new survey on the

1 locations of the wells which are, in fact, the subject of  
2 this Application?

3 A. This causes the locations to move. The location  
4 of the Ute "A" Number 22 is now unorthodox, and the well is  
5 490 feet from the east line and 760 feet from the south  
6 line of this 160-acre unit, instead of the regulated 790-  
7 foot setback.

8 Q. So the original locations that were proposed and  
9 contained in the Application are based on the old USGS  
10 survey; is that right?

11 A. Yes, that is correct.

12 Q. So this new 1993 survey changes the markers; the  
13 wells are still where you had hoped to originally drill  
14 them?

15 A. That is correct.

16 Q. Now, as to the unorthodox location for the Ute  
17 Indian "A" Well Number 22, will Amoco file an application  
18 for administrative approval?

19 A. Yes, we will. This location is necessary for  
20 geological reasons and the surface-use requirements. We've  
21 met with the Ute Mountain Utes, as well as the BLM, and  
22 we're trying to use existing pads where we can. And for  
23 geological and surface-location reasons, we want to use  
24 this location.

25 Q. Does Amoco operate all the offsetting tracts to

1 this proposed well location?

2 A. Yes, Amoco does.

3 Q. So it would qualify for administrative approval?

4 A. Yes, it would.

5 Q. What is the primary objective in the proposed  
6 well?

7 A. The basal Dakota formation.

8 Q. Let's go to the next document in this exhibit,  
9 the topographic map. Could you review that for Mr.  
10 Stogner?

11 A. Yes, the topographic map shown with the arrow  
12 shows the location of the well. This also includes the  
13 area that we shot the 3-D seismic across.

14 All the well locations in here are operated by  
15 Amoco and represent both Dakota and Paradox wells.

16 The red dots in the area are proposed wells in  
17 our drilling program this year that we'll be filing  
18 administrative applications on, as well as the well we're  
19 talking about here today.

20 Q. Now, you indicated Amoco had met with the Ute  
21 Mountain Utes and the BLM concerning the location for the  
22 proposed Ute Mountain -- or the Ute Indian "A" Well Number  
23 22?

24 A. Yes, we met with them, and this location is  
25 acceptable to them.

1 Q. Let's go to the next plat in the exhibit book.  
2 Can you identify and review that, please?

3 A. Yes, this plat shows part of the 4200-acre lease  
4 that we have under lease from the Ute Mountain Utes. As  
5 you can see, Amoco would be the only affected offset  
6 operator in this particular location.

7 Q. The next page is what?

8 A. The next page is just a C-102, which shows the  
9 survey location for the Ute Indian "A" Well Number 22.

10 Q. All right, and let's go, then, to the following  
11 plat. Can you identify and review that?

12 A. Yes, we're going to be talking about two wells  
13 today in this quarter section. This shows the location of  
14 both of the wells on the proration unit. There are 1320  
15 feet between the two wells.

16 Q. And these are -- You're showing here the new  
17 footage setbacks?

18 A. That is correct.

19 Q. And the proposed well is unorthodox to the east?

20 A. That is correct.

21 Q. All right. Let's go to the seismic map, the next  
22 exhibit, and I'd ask you to explain what this is and then  
23 review the information on this exhibit for Mr. Stogner.

24 A. This is a map on the base of the Dakota. The red  
25 area -- and I apologize for the quality of the reproduction

1 here, but the red area shows the highs in the -- on the  
2 dome, the green areas would show the lowest areas on the  
3 dome.

4 The arrow shows the location of the Ute Indian  
5 "A" Number 22.

6 The bright-colored faults, red, blue, light blue,  
7 et cetera, going across the structure, are existing faults  
8 that we have known about.

9 The 3-D seismic has shown quite a few new faults,  
10 as you can see in the light brown, and we found that this  
11 is a much more shattered and broken-up dome than we  
12 originally anticipated.

13 There is fault separation. If you look between  
14 the "A" Number 22 -- and the "A" 17 is posted to the  
15 northwest of that well -- rather faintly, I apologize, but  
16 it is posted there on the seismic. As you can see, they  
17 are fault-separated by the fault right next to the "A" 22  
18 well.

19 The -- There are more wells needed to produce the  
20 reserves in this pool, we believe, because of the complex  
21 faulting.

22 There is a well, you'll note, right next to the  
23 "A" Number 22. It's a small circle there. This well is  
24 producing deep sour gas from the Paradox limestone, and we  
25 will twin the existing "A" 7 well, rather than producing

1 out of it, because we don't want any chance of mixing those  
2 gas streams.

3 Q. Let's go now to the two-well cross-section, and  
4 I'd ask you to review that for the Examiner.

5 A. We're going to be looking from the "A" 17 well  
6 across to the Ute Indian Number 7, which was the well right  
7 next to the "A" 22.

8 Between those wells we have very good evidence  
9 now of the fault separation between those blocks. Two  
10 faults we see, or we believe actually separate these wells.  
11 The log and the seismic data confirm the fault separation  
12 between the "A" 17 well and the Number 2 well that we have  
13 proposed.

14 Q. All right, let's go to the last page of the  
15 exhibit book, and I'd ask you to review the 3-D seismic  
16 analysis.

17 A. Again, we're going to tour here from the "A" 17  
18 well, shown with a well marker at the top, to the "A" 7  
19 well, then through our proposed location, and then on  
20 across the section to the next fault.

21 The basal Dakota, which is our objective, is  
22 shown in the green, and you can see that there is a fault  
23 -- the two faults that we saw shown on the cross-section,  
24 and then our well, showing it in a high location, and then  
25 the downthrown fault, again confirming the evidence that

1 this is fault-separated from the "A" 22 -- pardon me, from  
2 the "A" 17 well.

3 Q. Ms. Staley, in your opinion is the Ute Indian "A"  
4 Well Number 22 necessary to effectively drain the reserves  
5 under the subject 160-acre spacing and proration unit?

6 A. Yes, we believe this is on a separate fault  
7 block.

8 Q. Will approval of this Application and the  
9 simultaneous dedication of the Indian "A" Wells Numbers 17  
10 and 22 be in the best interests of conservation, the  
11 prevention of waste and the protection of correlative  
12 rights?

13 A. Yes, sir.

14 Q. Was Exhibit 1 either prepared by you, or can you  
15 testify as to its accuracy?

16 A. Yes.

17 MR. CARR: At this time, Mr. Stogner, we would  
18 move the admission into evidence of Amoco Exhibit Number 1.

19 EXAMINER STOGNER: Exhibit Number 1 will be  
20 admitted into evidence at this time.

21 MR. CARR: And that concludes my direct  
22 examination of Ms. Staley.

23 EXAMINATION

24 BY EXAMINER STOGNER:

25 Q. Ms. Staley, whenever I look at the Form C-102 in



1 your plat -- or, I'm sorry, in your booklet -- that is, of  
2 course, the land plat in the OCD form -- is that based on  
3 the old survey or the new survey?

4 A. That is based on the new survey. We have  
5 surveyed this now three times, and this is a brand-new plat  
6 that we have done.

7 Q. And how about the location of the Number 17 well?

8 A. The survey? Are you asking about --

9 Q. Yeah, what is its new location? Is that shown on  
10 the next plat?

11 A. That is shown on the next plat. The two  
12 locations shown on the plat saying "Well Locations" at the  
13 top are the correct surveyed locations.

14 Q. Now, has this survey been published and accepted  
15 by the USGS?

16 A. Yes, sir, it has.

17 Q. And that was the resurvey of 1993?

18 A. It was accepted in -- It was actually surveyed in  
19 1985 and not accepted until 1993 and published.

20 Q. And this is based on the New Mexico Principal  
21 Meridian?

22 A. Yes, sir.

23 Q. Mr. Carr stated in his cross-examination -- I  
24 mean in his direct examination to you that Amoco plans to  
25 file for a nonstandard location?

1 A. Yes, sir.

2 Q. Has that been done yet?

3 A. It has not.

4 EXAMINER STOGNER: I see, it's not.

5 I'm going to request, Mr. Carr, at this time that  
6 if you can get something over to me this afternoon or  
7 tomorrow --

8 MR. CARR: Yes, sir, we can do that.

9 EXAMINER STOGNER: -- requesting that in a one-  
10 page letter, referencing back to this material and what's  
11 been presented today, and let's try to kill two birds with  
12 one stone, and I'll just include that as applicable in any  
13 order that's issued from this order.

14 Q. (By Examiner Stogner) Would that be any problem  
15 with Amoco?

16 A. That would be quite acceptable. We'd like to  
17 drill these --

18 MR. CARR: That would be preferred, Mr. Stogner.

19 Q. (By Examiner Stogner) Okay. Now, when I look at  
20 the topographic map of the Ute Dome field, you show section  
21 lines in here. Is that based on the old one, or is this a  
22 new survey?

23 A. We have taken the topography off of that quad and  
24 we have put the new surveyed lines onto that. So  
25 everything in this booklet represents the new survey.

1 Q. Now, usually a section 2 is in the northern  
2 portion of a township, and they usually have -- how would  
3 you say? -- corrective lots in the northern tier. Is that  
4 apparent in this new survey? I don't have a copy of it.

5 A. I don't believe so, Mr. Stogner. I believe that  
6 the -- there are not any along the northern line that I'm  
7 aware of. I believe the northern line is a true line.

8 Q. And so that is a true 640 acres in Section 2?

9 A. I believe it's slightly over 640 acres, but the  
10 correction, I believe, is on the east side.

11 Q. Okay.

12 A. And it's very slight.

13 EXAMINER STOGNER: Any other questions of this  
14 witness?

15 MR. JOHNSON: I have one.

16 EXAMINATION

17 BY MR. JOHNSON:

18 Q. What was the discrepancies in the footage calls  
19 from the 1923 survey to the 1993 survey?

20 A. We had as much as -- well, not on this particular  
21 well. We had as much as 300-foot discrepancy on this well.  
22 We had as much as 4200 feet on some of our wells. That was  
23 in the next township up, in trying to tie to the new  
24 markers.

25 Q. Is Amoco going to be filing new C-102s on all of

1 these existing wells out there to show the correction on  
2 the survey plots?

3 A. Yes, we've gone back and actually -- We've  
4 resurveyed, like I said, three times, twice during our  
5 seismic activity, and that's where we had the problem of  
6 everything not locating on the map correctly. And so we  
7 believe we have the correct survey at this time, on this  
8 particular well.

9 This well did not move much at all to the final  
10 survey. 300 feet was in an earlier adjustment that we had  
11 made. But this particular well moved the least of any of  
12 the wells that we're going to drill. But there were some  
13 severe movements.

14 EXAMINER STOGNER: No other questions of Ms.  
15 Staley? You may be excused.

16 Again, Mr. Carr, if you will submit to me a  
17 written request for a nonstandard location and ask that the  
18 record in this matter be incorporated in that Application.

19 Other than that, as far as the simultaneous-  
20 dedication portion goes, that will be taken under  
21 advisement at this time.

22 MR. CARR: Thank you, Mr. Stogner.

23 (Thereupon, these proceedings were concluded at  
24 8:35 a.m.)

25 \* \* \*

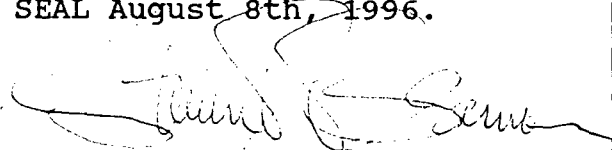
# CERTIFICATE OF REPORTER

STATE OF NEW MEXICO    )  
                                   )   ss.  
 COUNTY OF SANTA FE    )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL August 8th, 1996.

  
 STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 1998

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 11586, heard by me on 18 August 1996.

  
 \_\_\_\_\_, Examiner  
 Oil Conservation Division

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

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JACK M. CAMPBELL  
OF COUNSEL

RECEIVED

AUG 8 1996

Oil Conservation Division

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August 8, 1996

**HAND-DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: *Application of Amoco Production Company for Administrative Approval of an Unorthodox Well Location for its Ute Indian "A" Well No. 22, 1880 feet from the North line and 2150 feet from the West line of Section 2, Township 31 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.*

Dear Mr. LeMay:

Amoco Production Company hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Ute Indian "A" Well No. 22 to be drilled at an unorthodox well location 1880 feet from the North line and 2150 feet from the West line of Section 2, Township 31 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.

This well was the subject of Oil Conservation Division Case No. 11586 which was presented to Examiner Stogner on this date. When this case was docketed, Amoco used the U S G S survey that had been in effect for this area for over 50 years. Subsequent to filing this application, Amoco discovered that there had been a resurvey of this area in the mid-1980's. This survey was published and accepted by the BLM in 1993 and the new unorthodox footage location is the result of this resurvey.

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
August 8, 1996  
Page 2

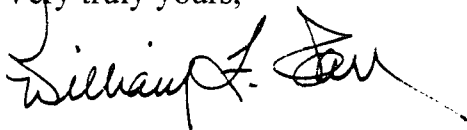
Attached hereto as Exhibit A is a copy of the exhibit book that was admitted into evidence in Case 11586. This exhibit contains a plat showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

This unorthodox location is necessary for geological reasons and to comply with the surface use requirements of the Ute Mountain Utes. Included in the enclosed exhibit book is a 3-D seismic map, a cross section and a 3-D Seismic Analysis which show the proposed location is necessary if the Dakota reserves under this spacing unit are to be drained.

As is shown on the lease plat in the attached exhibit there are no affected owners to whom notice of this application must be provided.

Your attention to this application is appreciated.

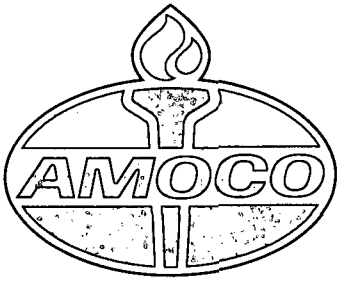
Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long, sweeping horizontal stroke extending to the right.

WILLIAM F. CARR  
Attorney for Amoco Production Company  
Enclosures

cc: Michael E. Stogner  
Chief Hearing Examiner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Ms. Pam Staley  
Amoco Production Company  
Post Office Box 800  
Denver, Colorado 80201



Application of Amoco Production Company  
for Simultaneous Dedication  
Ute Indian #1-22 Well  
San Juan County, New Mexico

**NMOCD Case 11586**

**August 8, 1996**

**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Case No. 11586 Exhibit No. 1

Submitted by: Amoco Production Company

Hearing Date: August 8, 1996



BEFORE THE  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

APPLICATION OF AMOCO PRODUCTION  
COMPANY FOR SIMULTANEOUS DEDICATION,  
SAN JUAN COUNTY, NEW MEXICO

CASE NO. \_\_\_\_\_

APPLICATION

AMOCO PRODUCTION COMPANY ("Amoco"), through its undersigned attorneys,  
hereby makes application for authorization for simultaneous dedication, and in support of its  
application states:

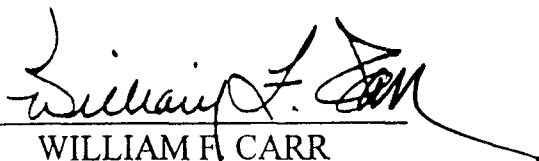
1. Amoco is the operator of the Ute Indian A-17 Well which is completed as a  
producing gas well in the Dakota formation, Ute Dome-Dakota Gas Pool, at a standard  
location in the NW/4 of Section 2, Township 31 North, Range 14 West, N.M.P.M., San Juan  
County, New Mexico.
2. The Amoco Ute Indian A-17 Well is unable to effectively drain the reserves  
under the NW/4 of said Section 2 due to faults in the Dakota formation which transverse this  
spacing unit.
3. Amoco seeks an exception to Oil Conservation Division General Rule 104 C  
3 to permit it to drill its proposed Ute Indian A-22 Well at a standard location as a second  
well in the NW/4 of said Section 2 and simultaneously dedicate the NW/4 of Section 2 to the  
Ute Indian A-17 and A-22 Wells.

4. Approval of this application and the drilling of the Ute Indian A-22 Well will enable Amoco to produce its just and fair share of the reserves under the NW/4 of said Section 2 and will otherwise be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, Amoco Production Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 1996, and, after notice and hearing as required by law, the Division enter its order granting this application and authorizing the simultaneous dedication of the NW/4 of Section 2, Township 31 North, Range 14 West, N.M.P.M. to the Amoco Ute Indian A-17 and A-22 Wells.

Respectfully submitted,

CAMPBELL, CARR, BERGE,  
& SHERIDAN, P.A.

By:   
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR AMOCO PRODUCTION  
COMPANY

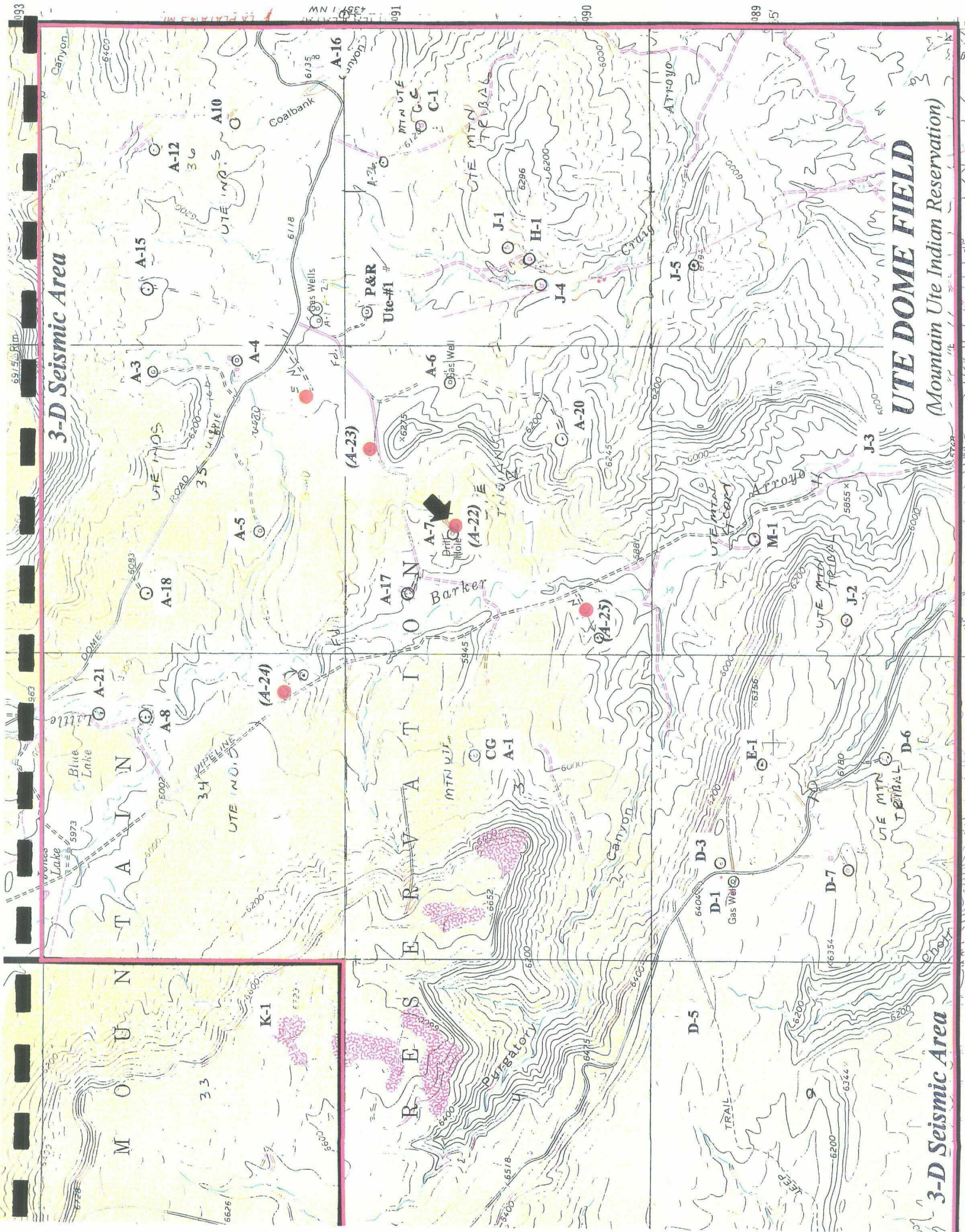


3-D Seismic Area

UTE DOME FIELD

(Mountain Ute Indian Reservation)

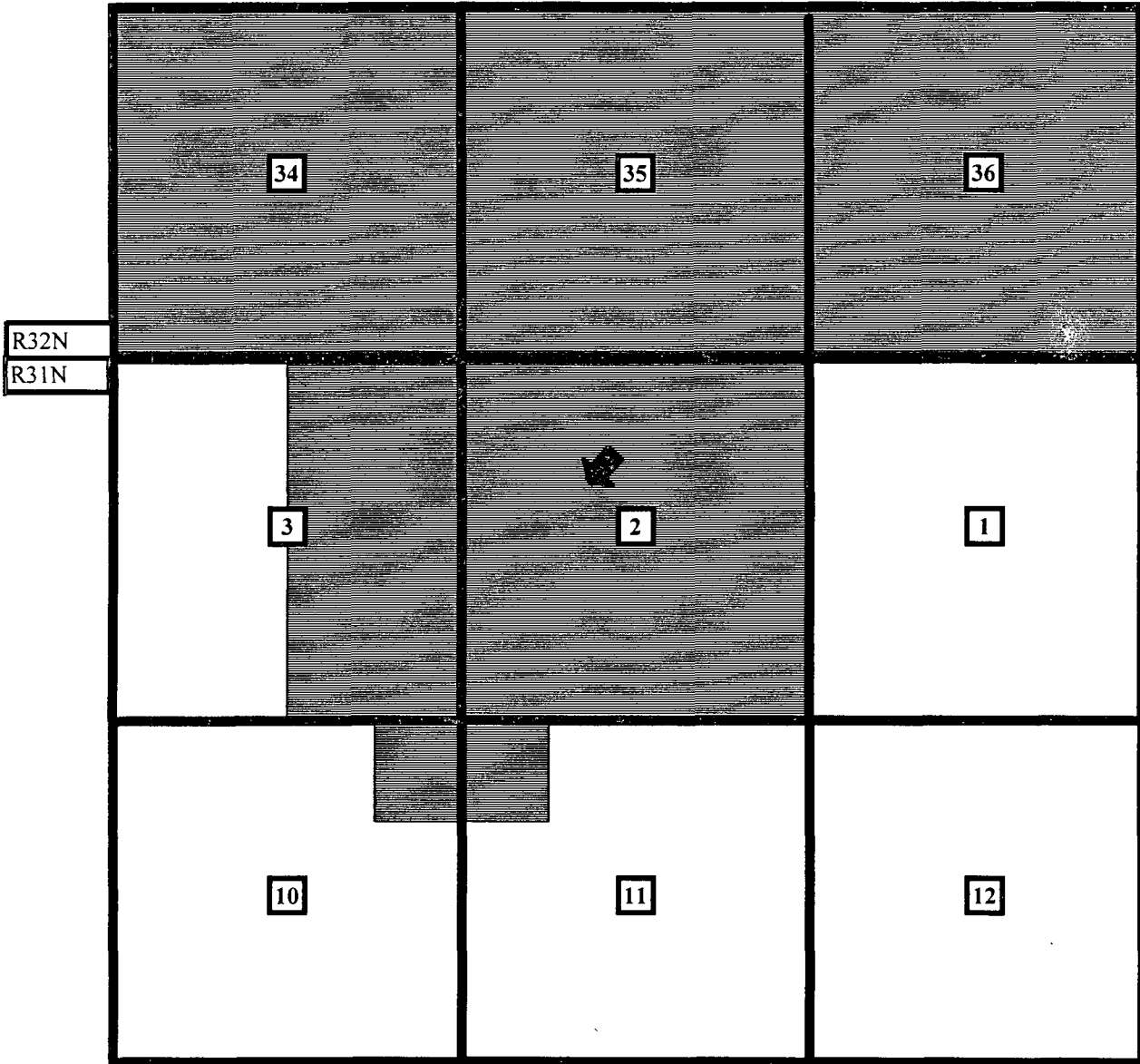
3-D Seismic Area





**AMOCO PRODUCTION COMPANY NOTICE PLAT**

**Proposed Ute Indian A-22  
2150'FWL & 1880'FNL  
Unit F Section 2 - T31N- R14W  
San Juan County, NM**



**AMOCO PRODUCTION COMPANY UNDER LEASE FROM UTE MOUNTAIN UTES  
PART OF A 4200-ACRE LEASE WITH SAME ROYALTY**

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer D10, Artesia, NM 88211-0719  
District III  
1000 W. Hrazar Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name UTE INDIANS # A-22	
Property Code	Property Name NW 2-31-14			Well Number	
GRID No.	Operator Name AMOCO PRODUCTION COMPANY			Elevation 5995	

<sup>10</sup> Surface Location

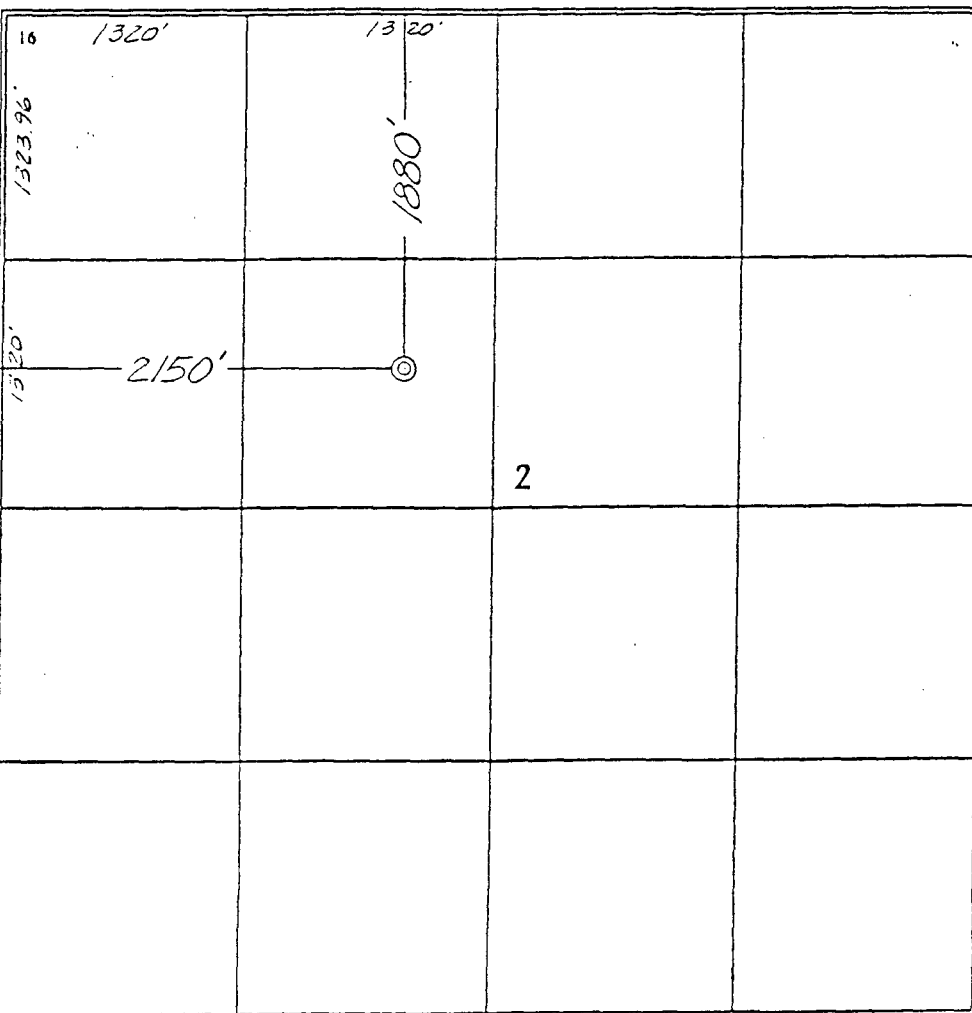
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	2	31 N	14 W		1880	NORTH	2150	WEST	SAN JUAN

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

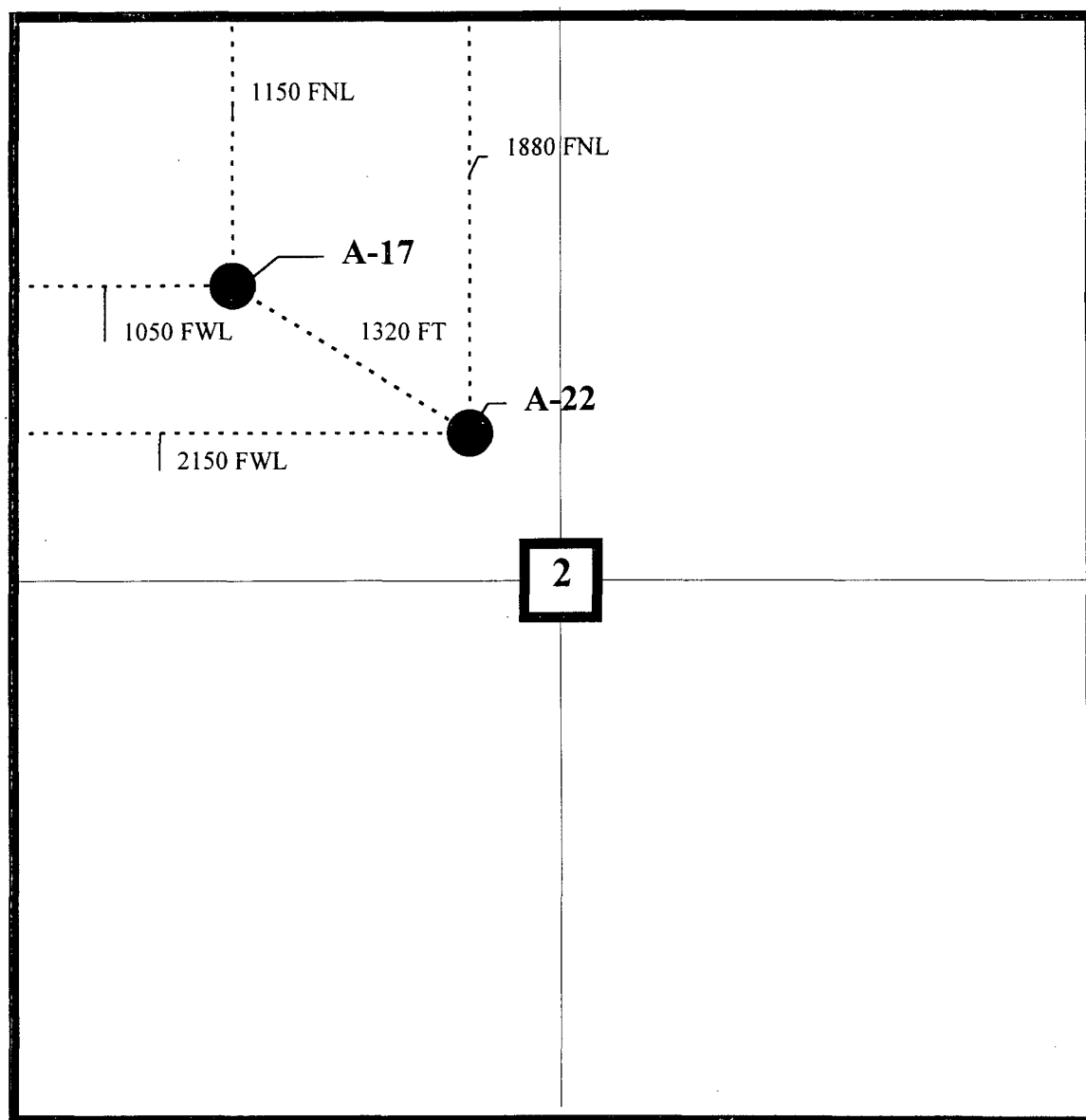
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>	
	<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>July 5, 1996</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>7016</p> <p>Certificate Number _____</p>	

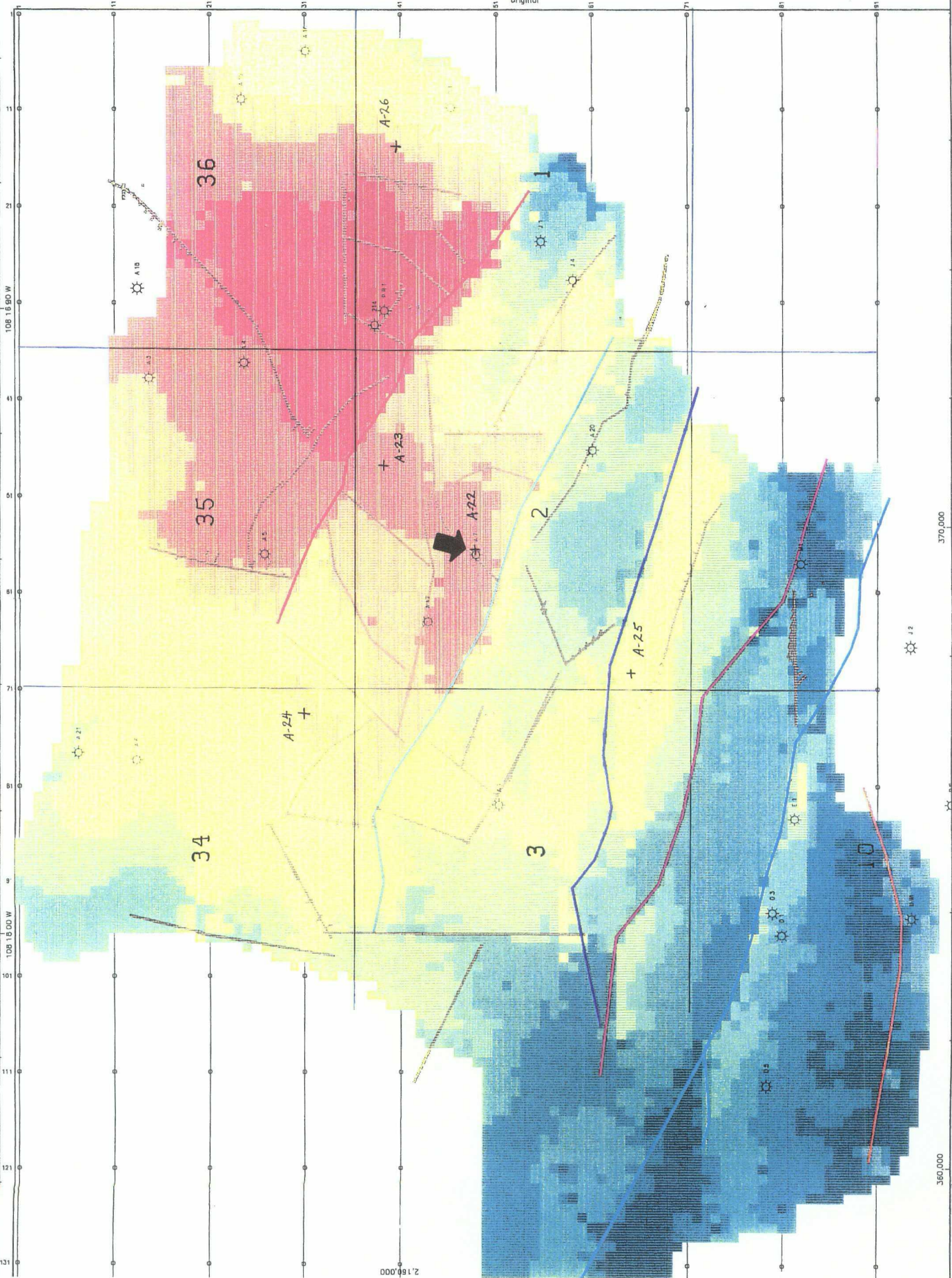
**AMOCO PRODUCTION COMPANY**  
**WELL LOCATIONS**

**Proposed Ute Indian A-22**  
**2150'FWL & 1880'FNL**  
**Unit F Section 2 - T31N- R14W**  
**San Juan County, NM**



- A-17 WELL IS AT AN ORTHODOX LOCATION
- A-22 WELL IS 490 FEL AND 760 FSL
- DISTANCE BETWEEN WELLS WILL BE 1320'

bmap\_ute\_dome\_18 1-Aug-1996 16:13  
 bmap\_ute\_dome\_18.cgm for .zgsf05.at.dsgsf05

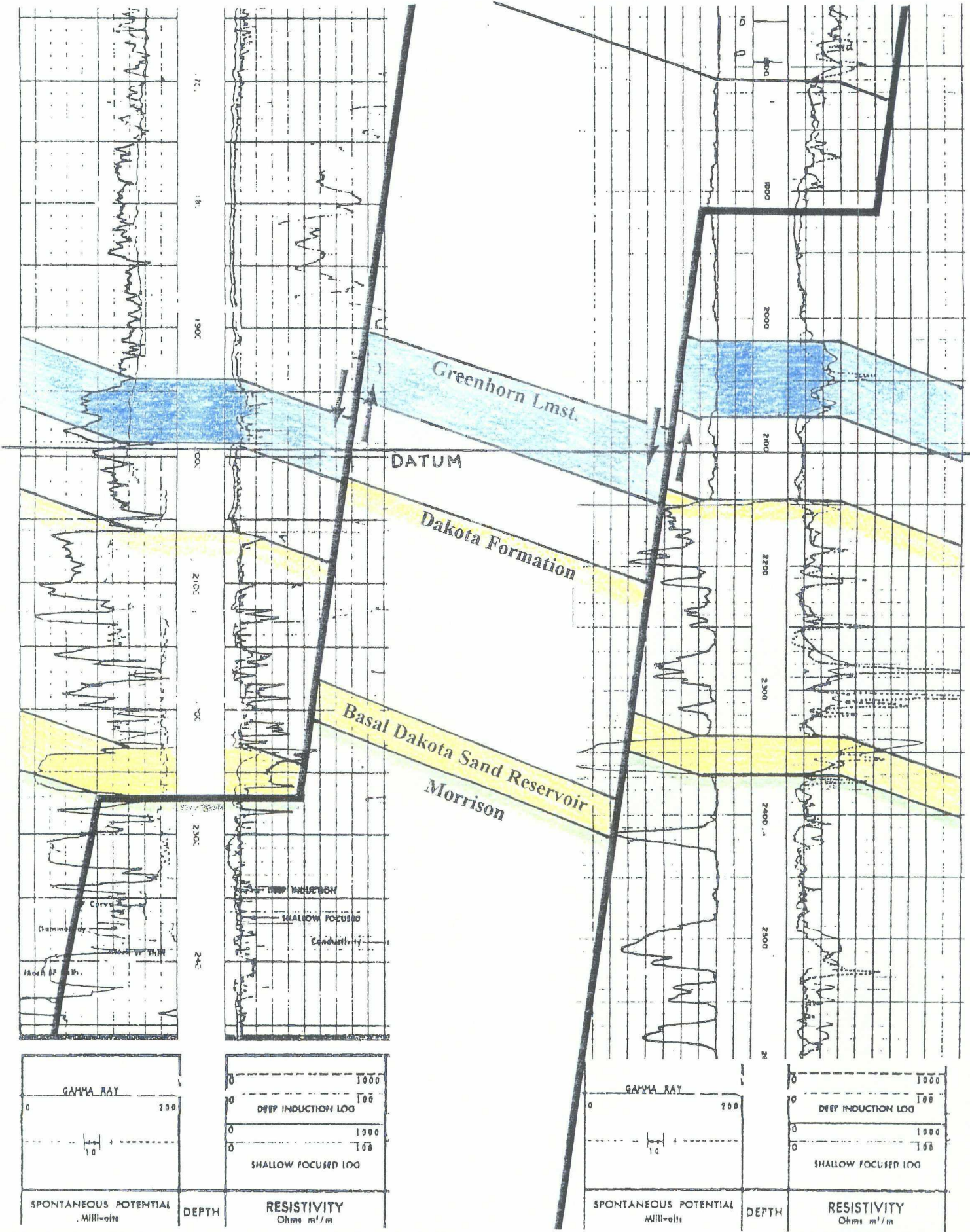


bmap\_ute\_dome\_18 1-Aug-1996 16:13  
 bmap\_ute\_dome\_18.cgm for .zgsf05.at.dsgsf05



Amoco Production Company  
 Ute Indian "A" #17  
 NWNW Sec. 2 T31N R14E  
 San Juan County, New Mexico  
 KB 5895'

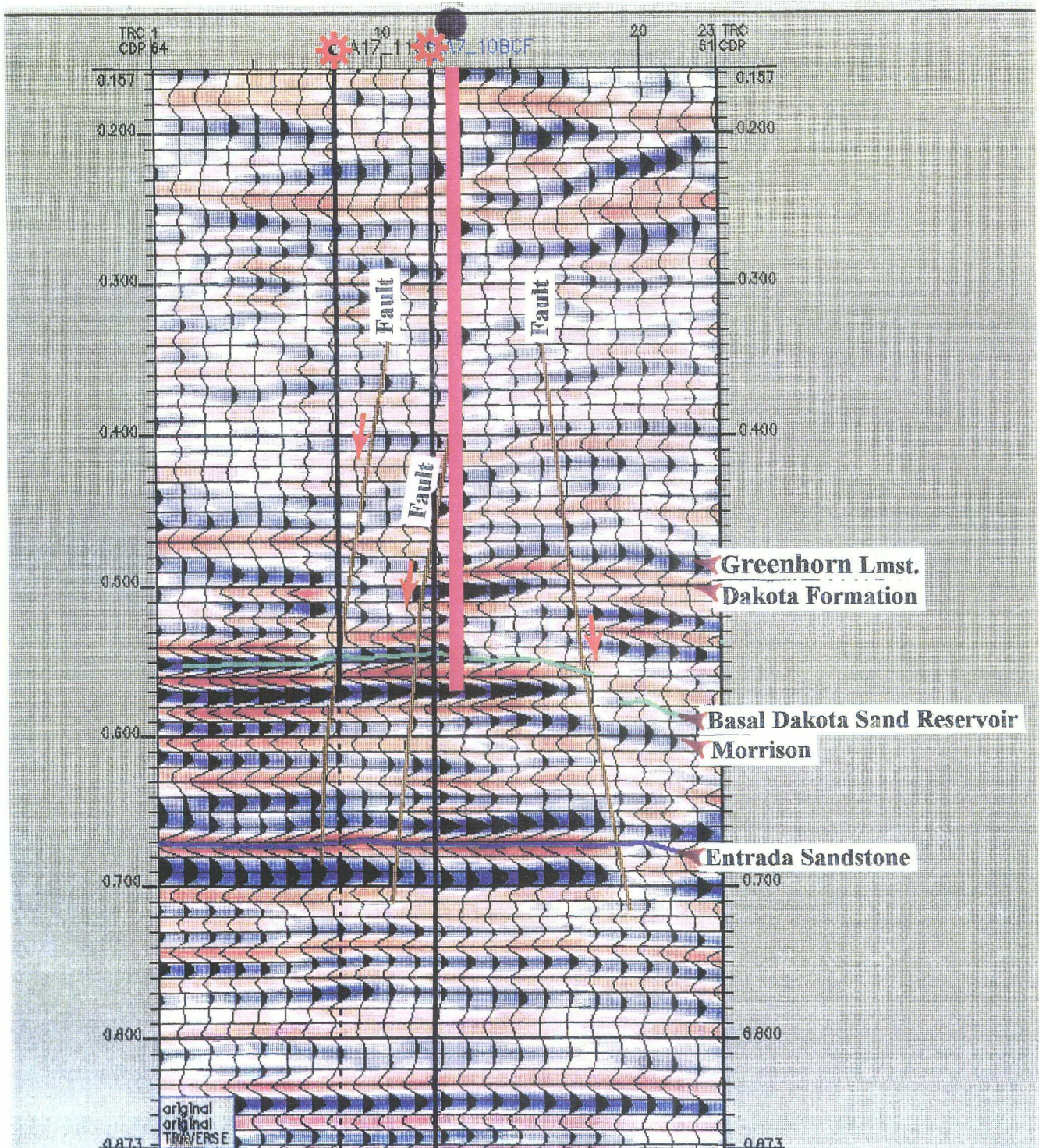
Stanolind Oil & Gas Company  
 Ute Indian #7  
 SENW Sec. 2 T31N R14E  
 San Juan County, New Mexico  
 KB 6008'





# Ute Indians A-22

## Ute Dome Field SENW Section 2 T31N R14W San Juan County, New Mexico





**CASE 11585:** Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SW/4 SW/4 of Section 8, Township 23 South, Range 32 East. Applicant proposes to dedicate the unit to its Tomcat "8" Federal Well No. 1, to be drilled at an orthodox oil well location 660 feet from the South line and 467 feet from the West line (Unit M) of said Section 8 to test any and all formations to the base of the Bone Spring formation, including the Undesignated Sand Dunes-Bone Spring Pool and the Undesignated South Sand Dunes-Delaware Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles north-northeast of the intersection of State Highway 128 and the Eddy/Lea County lines.

**CASE 11586:** Application of Amoco Production Company for simultaneous dedication, San Juan County, New Mexico. Applicant seeks an exception to Division General Rule 104(D)(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indian "A" Well No. 22, to be drilled at a standard gas well location in the NE/4 equivalent of Section 2, Township 31 North, Range 14 West, and from its existing Ute Indian "A" Well No. 17 (API No. 30-045-24604), located at a standard gas well location 1120 feet from the North and West lines (Lot 4/Unit D) of said Section 2, and for the simultaneous dedication of both wells to the 160.24-acre gas spacing and proration unit comprising Lots 3 and 4 and the E/2 NW/4 (NW/4 equivalent) of said Section 2. Said unit is located approximately 5 miles west of La Plata, New Mexico.

**CASE 11547:** (Continued from July 11, 1996, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C., for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, in all formations developed on 320-acre spacing, underlying the E/2 of Section 11, Township 17 South, Range 25 East. Said unit is to be dedicated to the Eagle Creek 11 Com Well No. 1 to be drilled at a location 1980 feet from the South and East lines of said Section 11. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles west of Artesia, New Mexico.

**CASE 11587:** Application of Penwell Energy, Inc. for compulsory pooling and a non-standard gas proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from a depth of 4,000 feet to the base of the Morrow formation, underlying the following described acreage in Section 30, Township 18 South, Range 31 East, and in the following manner: (a) Lots 1, 2, 3 and 4 and the E/2 W/2 (W/2 equivalent) to form a non-standard 301.68-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated North Shugart-Atoka Gas Pool and Undesignated North Shugart-Morrow Gas Pool; (b) Lots 1 and 2 and the E/2 NW/4 (NW/4 equivalent) to form a non-standard 150.68-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and, (c) the SE/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at a standard location 1980 feet from the North and West lines (Unit F) of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said well location is approximately 8 miles southeast by south of Loco Hills, New Mexico.

**CASE 11534:** (Continued from July 25, 1996, Examiner Hearing.)

Application of Enron Oil & Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authorization to drill its Greenback State Well No. 2 at an unorthodox oil well location 1980 feet from the North line and 1330 feet from the West line (Unit F) of Section 17, Township 24 South, Range 38 East, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SE/4 NW/4 of said Section 17 in the East Fowler-Ellenburger Pool. Said unit is located approximately 6 miles northeast of Jal, New Mexico.

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
PAUL R. OWEN

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 16, 1996

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

RECEIVED

JUL 16 1996

Oil Conservation Division

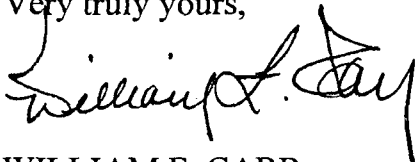
Case 11586

Re: Application of Amoco Production Company for simultaneous dedication, San Juan County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Amoco Production Company in the above-referenced case as well as a copy of a legal advertisement. Amoco Production Company respectfully requests that this matter be placed on the docket for the August 8, 1996 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Bill Hawkins (w/enclosures)

BEFORE THE  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

RECEIVED

JUL 16 1996

APPLICATION OF AMOCO PRODUCTION  
COMPANY FOR SIMULTANEOUS DEDICATION,  
SAN JUAN COUNTY, NEW MEXICO

Oil Conservation Division  
CASE NO. 11586

APPLICATION

AMOCO PRODUCTION COMPANY ("Amoco"), through its undersigned attorneys,  
hereby makes application for authorization for simultaneous dedication, and in support of its  
application states:


1. Amoco is the operator of the Ute Indian A-17 Well which is completed as a  
producing gas well in the Dakota formation, Ute Dome-Dakota Gas Pool, at a standard  
location in the NW/4 of Section 2, Township 31 North, Range 14 West, N.M.P.M., San Juan  
County, New Mexico.
2. The Amoco Ute Indian A-17 Well is unable to effectively drain the reserves  
under the NW/4 of said Section 2 due to faults in the Dakota formation which transverse this  
spacing unit.
3. Amoco seeks an exception to Oil Conservation Division General Rule 104 C  
3 to permit it to drill its proposed Ute Indian A-22 Well at a standard location as a second  
well in the NW/4 of said Section 2 and simultaneously dedicate the NW/4 of Section 2 to the  
Ute Indian A-17 and A-22 Wells.

4. Approval of this application and the drilling of the Ute Indian A-22 Well will enable Amoco to produce its just and fair share of the reserves under the NW/4 of said Section 2 and will otherwise be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, Amoco Production Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 1996, and, after notice and hearing as required by law, the Division enter its order granting this application and authorizing the simultaneous dedication of the NW/4 of Section 2, Township 31 North, Range 14 West, N.M.P.M. to the Amoco Ute Indian A-17 and A-22 Wells.

Respectfully submitted,

CAMPBELL, CARR, BERGE,  
& SHERIDAN, P.A.

By:   
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR AMOCO PRODUCTION  
COMPANY

CASE 11586

Application of Amoco Production Company for simultaneous dedication, San Juan County, New Mexico. Applicant in the above-styled cause seeks authority to simultaneously dedicate the NW/4 of Section 2, Township 31 North, Range 14 West in the Ute Dome-Dakota Gas Pool to the Ute Indian A-17 and A-22 Wells located at standard locations in the NW/4 of said Section 2. Said wells are located approximately \_\_ miles \_\_ of \_\_\_\_\_, New Mexico.

**RECEIVED**

JUL 16 1996

Oil Conservation Division

A history of surveys is contained in the field notes.

This plat represents the dependent resurvey of the north boundary of Township 30 North, Range 14 West, portions of the west boundaries of Townships 31 and 32 North, Range 13 West, designed to restore the corners in their true original locations according to the best available evidence, and the survey of the west and north boundaries and subdivisional lines of Township 31 North, Range 14 West, New Mexico Principal Meridian, New Mexico.

Survey executed by Gilbert V. Olson and Jack A. Savlan, Supervisory Cadastral Surveyors, beginning July 11, 1985, and completed November 21, 1985, pursuant to Special Instructions dated July 9, 1985 for Group 851, New Mexico.


UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Santa Fe, New Mexico

April 27, 1987

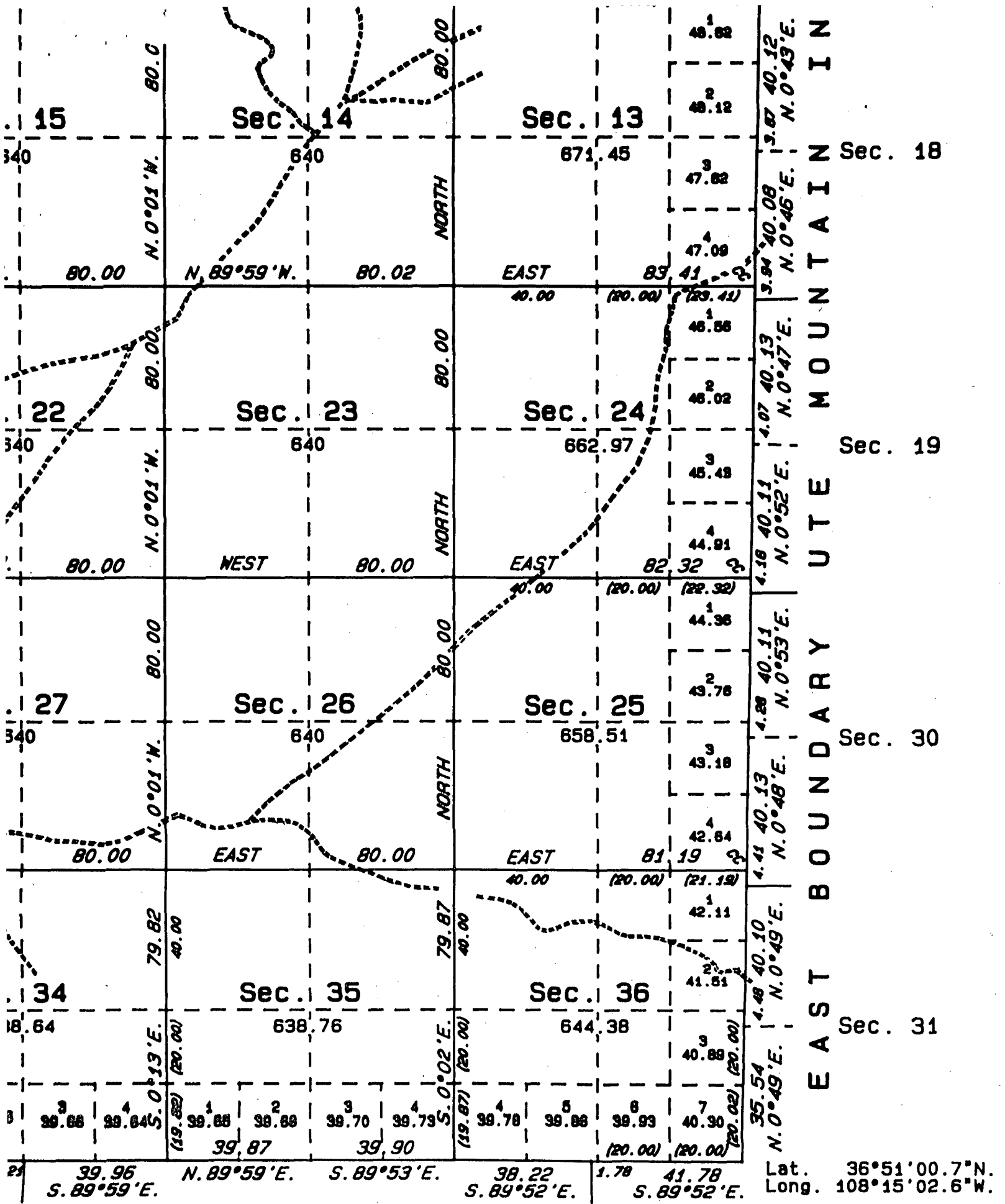
This plat is strictly conformable to the approved field notes, and the survey, having been correctly executed in accordance with the requirements of law and the regulations of this Bureau, is hereby accepted.

For the Director



Chief Cadastral Surveyor  
for New Mexico

1.7"N.  
1.6"W.

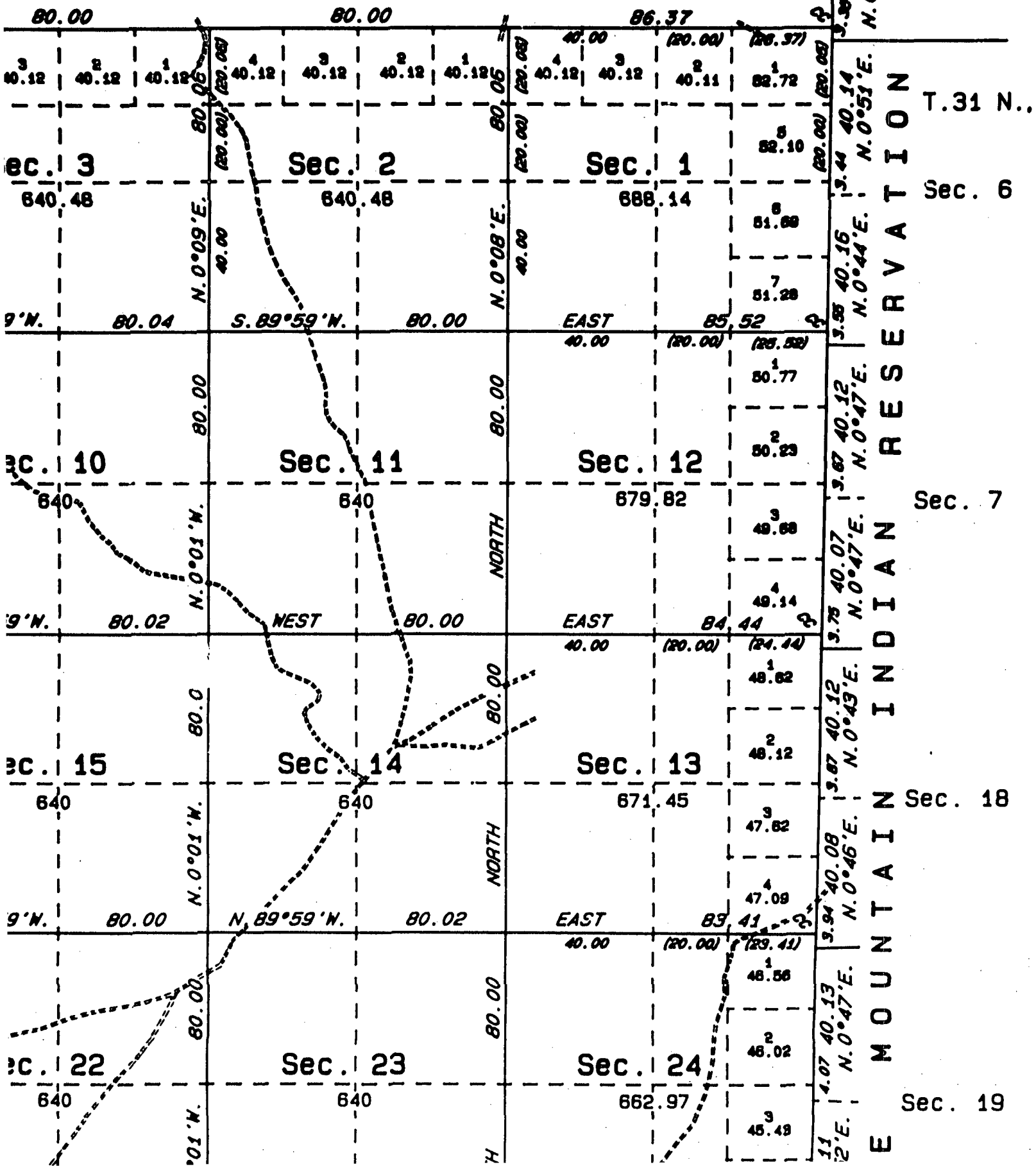


N INDIAN RESERVATION



33 1/2 MCQ Q. 99

**T.32 N., f**



County San Juan Pool Ute Dome - Dakota

TOWNSHIP <u>32 North</u>						RANGE <u>14 West</u>						NEW MEXICO PRINCIPAL MERIDIAN											
6			5			4			3			2			1								
7			8			9			10			11			12								
18			17			16			15			14			13								
19			20			21			22			23			24								
30			29			28			27			26			25								
31			32			33			34			35			36								

Description: All Sec. 35 & 36 (R-13 3-15-50)

Ext.  $\frac{E}{2}$  Sec 25 (R-4690, 12-1-73) Ext.  $\frac{S}{2}$  Sec 24 (R-5779, 8-1-78)

Ext.  $\frac{W}{2}$  Sec. 25 (R-6327, 5-1-80) Ext.  $\frac{SE}{4}$  sec 26,  $\frac{NE}{4}$  sec 34,  
(R-6886, 1-22-82)

TOWNSHIP *3/ North* RANGE *14 West* NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP *3/ North*

RANGE *14 West*

NEW MEXICO PRINCIPAL MERIDIAN

A 36x36 grid with numbers 1-36 in the top row and 1-36 in the bottom row. A 4x4 square is highlighted in the top-left corner, and a 4x4 square is highlighted in the bottom-right corner.

Description: All Sec. 1 & 2 (R-13, 3-15-50)

Ext: All Sec 10 & 11 (R-4690, 12-1-73)

1. The first part of the document is a header section containing the following information:

- 1.1. The name of the company: "ABC Company"
- 1.2. The address of the company: "123 Main Street, New York, NY 10001"
- 1.3. The contact information: "Phone: (123) 456-7890, Email: info@abc.com"

2. The second part of the document is a table with 3 columns and 4 rows. The columns are labeled "Date", "Description", and "Amount". The rows contain the following data:

Date	Description	Amount
2023-01-01	Initial deposit	\$1000.00
2023-01-15	Payment received	\$500.00
2023-02-01	Withdrawal	\$200.00
2023-02-15	Payment received	\$300.00

3. The third part of the document is a paragraph of text:

The total amount of the account is \$1600.00. This amount is the sum of the initial deposit and the payments received, minus the withdrawal.

4. The fourth part of the document is a footer section containing the following information:

- 4.1. The name of the company: "ABC Company"
- 4.2. The address of the company: "123 Main Street, New York, NY 10001"
- 4.3. The contact information: "Phone: (123) 456-7890, Email: info@abc.com"

COUNTY *San Juan* POOL *Ute Dome - Dakota*

TOWNSHIP *32 North* RANGE *13 West* NMFM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Ext:  $\frac{SW}{4}$  Sec 30 (R-5339, 2-1-77) EXT:  $\frac{N}{2} + \frac{SE}{4}$  Sec. 30 (R-6056, 8-1-79)

Ext:  $\frac{N}{2}$  Sec 31 (R-7046, 8-6-82)