



Midland Division  
Exploration Production

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, TX 79705-4500  
(915) 686-5400

March 29, 1996

Mr. Michael E. Stogner  
Chief Hearing Officer/Engineer  
Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87504

**Re: CASE 11502: Application of Conoco, Inc. to amend Division Order No. R-10476  
for an additional unorthodox gas well location, Rio Arriba County, New Mexico.**

Dear Mr. Stogner:

Since the proposed unorthodox location is interior to the San Juan 28-7 Unit and production will be from the same participating areas as the wells in the offsetting spacing units, Conoco has not received, nor anticipates any objection to its approval. Based on this premise of no objection and in keeping with the advertising format, "IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT", Conoco does not plan to make an appearance or presentation at the hearing on April 4, 1996.

However, I would like to respond to your request on page two of your March 6, 1996 letter (copy attached) setting this case for hearing. As you have undoubtedly perceived from my February 26, 1996 historical addendum to the original administrative application, attempts to drill a Mesaverde/Dakota well in the subject quarter-section first by Amoco and then by Conoco over the last two years have been frustrated and greatly delayed by repeated efforts to find a drillable location that would satisfy regulatory, archeological, topographical, and development constraints.

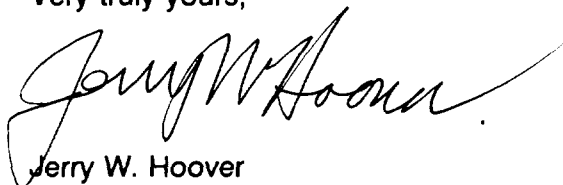
Since this application was initially filed as an administrative action, separate from the hearing that produced Division Order No. R-10476, we did not tie this effort all the way back to the first Amoco proposed location at 1550 FSL and 1850 FEL. At the time of the hearing we had not yet discovered that this standard location (Amoco's) would not be acceptable and included it as a potential standard location for this infill well. Subsequent inspections and evaluations led to a year long effort to find a location (assumed to be unorthodox) for this well.

I am attaching a copy of Amoco's filings (BLM Form 3160-3 and NMOCD C-102) for the location included in the hearing data. The fact that this Amoco location was later disallowed by the BLM and the permit to drill cancelled was not discovered by Conoco until after the hearing. At that time Conoco was in the process of taking over operatorship of the unit from Amoco who had communicated to us that they had an active approved permit to drill at the 1550 FSL and 1850 FEL location.

It soon became apparent from BLM and archeological inspections that it would not be possible to find an acceptable standard location. In spite of the confusion created by multiple inspections and proposed locations, the current proposed location at 1605 FSL and 330 FEL of Section 22, Township 28 North, Range 7 West best meets the requirements of topographical, archeological, and desirable drainage pattern constraints.

Conoco believes the drilling of this well, at this location, will be in the best interests of the prevention of waste and the protection of correlative rights and would like to spud this well by the last of April, 1996. Thank you for your assistance in resolving this matter.

Very truly yours,

A handwritten signature in cursive script, reading "Jerry W. Hoover". The signature is fluid and extends to the right.

Jerry W. Hoover  
Sr. Conservation Coordinator

OIL CONSERVATION DIVISION

March 6, 1996

Kellahin and Kellahin  
Attn: W. Thomas Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504

Conoco, Inc.  
Attn: Jerry W. Hoover  
10 Desta Drive - Suite 100W  
Midland, Texas 79705-4500

*Administrative Application For an Unorthodox Blanco-Mesaverde/Basin-Dakota Infill Gas Well Location:  
San Juan "28-7" Unit Well No. 159-M to be drilled 1605' FSL & 330' FEL (Unit I) of Section 22, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.*

Dear Messrs. Hoover and Kellahin:

The Division is in receipt of Conoco's letter dated February 26, 1996, which was a response to my request for further comments dated February 16, 1996. In reviewing this matter further, it is the Division's decision to settle this matter with an amendment to a hearing order; therefore, this issue will be docketed for the next available examiner's hearing scheduled for April 4, 1996. I am proposing the following advertisement for this case:

*"Application of Conoco, Inc. to amend Division Order No. R-10476 for an additional unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10476, which order authorized the downhole commingling of Basin-Dakota Pool and Blanco-Mesaverde Pool gas production within 14 existing and 17 proposed wells within its San Juan 28-7 Unit located in portions of Townships 27 and 28 North, Range 7 West. The No. 159-M unit well is to be drilled at an unorthodox "infill" gas well location for both zones 1605 feet from the South line and 330 feet from the East line (Unit I) of Section 22, Township 28 North, Range 7 West, the existing 320-acre standard gas spacing and proration units for both intervals consisting of the E/2 of said Section 22, which is located approximately 24 miles east by south of Bloomfield, New Mexico, is to be dedicated to said well. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT."*

*Kellahin & Kellahin/Conoco, Inc.*

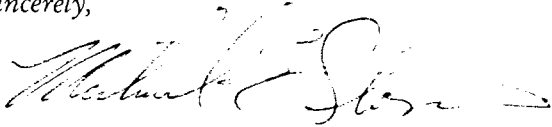
*March 6, 1996*

*Page 2*

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*To complete the record in this matter Conoco should comment on the reason why the original proposed location (1550' FSL & 1850' FEL), as shown on Exhibit "A" of said Order No. R-10476, dated October 6, 1995, was not mentioned in either of Conoco's letters dated January 31 and February 26, 1996.*

*Sincerely,*

A handwritten signature in dark ink, appearing to read "Michael E. Stogner". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

*Michael E. Stogner*

*Chief Hearing Officer/Engineer*

cc:     *Oil Conservation Division - Aztec*  
          *William J. LeMay, Director - OCD, Santa Fe*  
          *U. S. Bureau of Land Management - Farmington*

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Form approved.  
Budget Bureau No. 1004-0136  
Expires: December 31, 1991

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> 2. NAME OF OPERATOR Amoco Production Company 3. ADDRESS AND TELEPHONE NO. P.O. Box 800, Denver, Colorado 80201 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1550 FSL 1850 FEL At proposed prod. zone 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 43 miles from Aztec, N.M. 15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit line, if any) 16. NO. OF ACRES IN LEASE 1252 17. NO. OF ACRES ASSIGNED TO THIS WELL 320 E/2 320 18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 8015 19. PROPOSED DEPTH 8015 20. ROTARY OR CABLE TOOLS Rotary 21. ELEVATIONS (Show whether DF, RT, GR., etc.) 6784' GR 22. APPROX. DATE WORK WILL START 3-24-94		5. LEASE DESIGNATION AND SERIAL NO. SF-079289-A 6. IF INDIAN, ALLOTTEE OR TRIBE NAME 7. UNIT AGREEMENT NAME San Juan 28-7 Unit 8. FARM OR LEASE NAME, WELL NO. 1013 San Juan 28-7 Unit 159M 9. API WELL NO. 30-039-25370 10. FIELD AND POOL, OR WILDCAT 71599 Basin Dakota/Mesaverde 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 22 Township 28N Range 7W 12. COUNTY OR PARISH Rio Arriba 13. STATE New Mexico	
23. PROPOSED CASING AND CEMENTING PROGRAM DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLETION OF CEMENT ATTACHED GENERAL CEMENTING DATA: 245' of CL B W/2% Cement to surface) 2118' of CL B (Cement to surface) 8015' 1250' of CL B (Cmt to surface)			
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH
14 3/4"	11 3/4"	47 #	250'
10 5/8"	5 5/8"	24 #	3781'
7 7/8"	5 1/2"	15.5 #	8015'

Notice of Staking was submitted on 2/24/94.

Lease Description: T28N-R7W

Sec 11: Lots 1,2,3,4,S/2S/2  
Sec 14: W/2  
Sec 15: W/2  
Sec 32: E/2

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MAR 3 1 1994  
OIL CON. DIV.  
DIST. 3

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Julio L. Acevedo TITLE Sr. Staff Assistant DATE 02-24-1994

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_ APPROVED AS AMENDED  
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to a permit to drill or deepen.  
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY \_\_\_\_\_ TITLE NAMOCO MAR 28 1994  
DISTRICT MANAGER

\*See Instructions On Reverse Side

Title 43 USC Section 1701 makes it a crime for any person knowingly and willfully to make a false statement or omission to any officer or employee of the United States or any false, fictitious or fraudulent statement or omission to any person in the course of the transaction.

Submit to Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

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DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

BUREAU OF LAND MANAGEMENT  
FARMINGTON RESOURCE AREA  
#150M

Operator <b>AMOCO PRODUCTION COMPANY</b>			Lease <b>San Juan 28-7</b>		
Unit Letter <b>J</b>	Section <b>22</b>	Township <b>28 NORTH</b>	Range <b>7 WEST</b>	County <b>NMPM</b>	Dedicated Acreage: <b>8.12 320 Acres</b>
Actual Footage Location of Well: <b>1550</b> feet from the <b>SOUTH</b> line and <b>1850</b> feet from the <b>EAST</b> line					
Ground level Elev. <b>6784</b>	Producing Formation <b>Basin Dakota</b>		Pool <b>Basin Dakota</b>		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

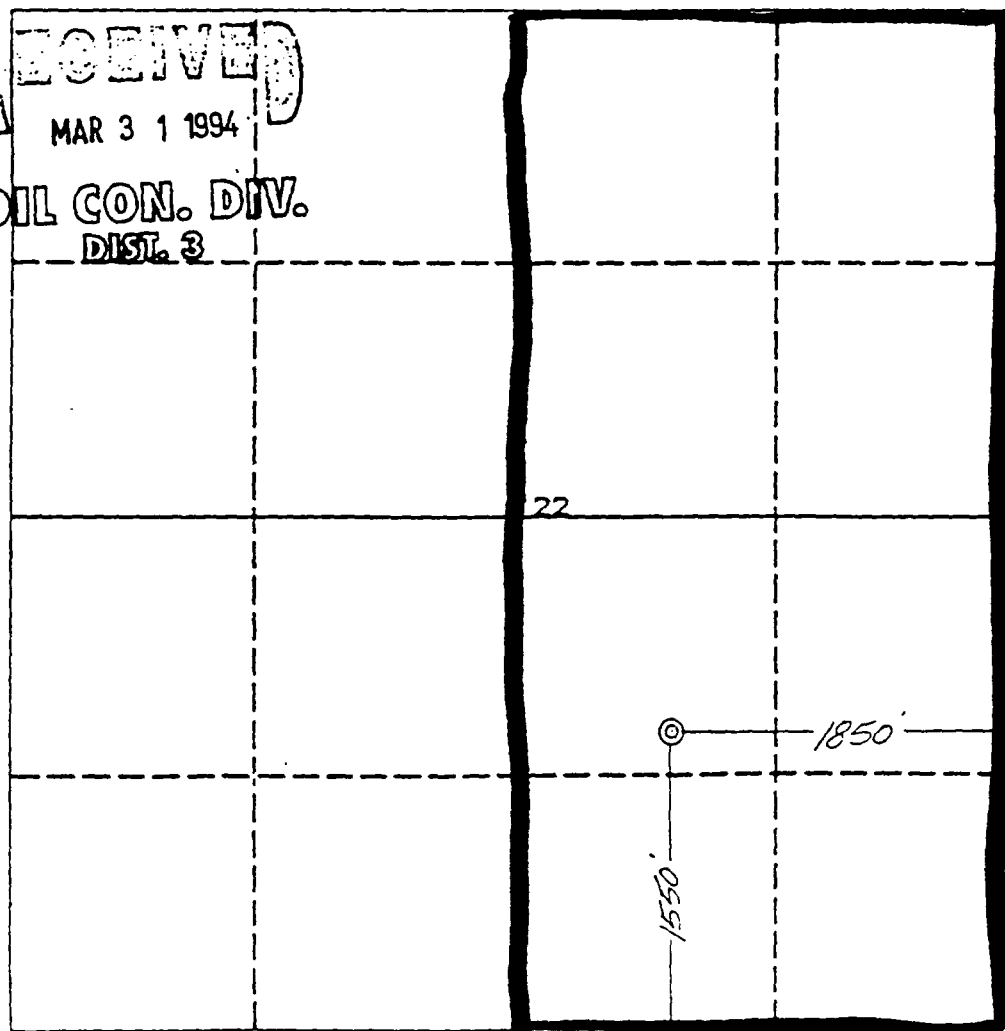
☐ Yes ☐ No

If answer is "yes" type of consolidation

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

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DIST. 3



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

**Julie L. Acevedo**

Position

**Senior Staff Assistant**

Company

**Amoco Production Company**

Date

**February 1994**

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes, actual surveys made by me or under my supervision, and that the same is true or correct to the best of my knowledge or belief.

Date Surveyed

**October 15, 1993**

Signature & Seal of  
Professional Surveyor

Gary

Certification  
7016

