

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. 10371
ORDER NO. R-9487-A*

**APPLICATION OF AMOCO PRODUCTION COMPANY
TO AMEND DIVISION ORDER NO. R-9487, EDDY
COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 22, 1991, at Santa Fe, New Mexico, before Examiner Jim H. Morrow.

NOW, on this 6th day of September, 1991 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) By Division Order No. R-9487, dated May 8, 1991, Amoco Production Company was authorized to recomplete its existing Smith Federal Gas Com Well No. 1 located 1613 feet from the North line and 2336 feet from the West line (Unit F) of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, by side-tracking and directionally drilling from the existing wellbore in such a manner as to bottom the newly deviated portion of the wellbore in the Indian Basin-Upper Pennsylvanian Gas Pool at an unorthodox gas well location within a target area described as a rectangle 1800 to 2000 feet from the North line and 330 to 430 feet from the West line in Unit E of said Section 12. Said order also provided that all of said Section 12 be dedicated to the well to form a standard 640-acre gas spacing and proration unit for said pool, and an acreage factor of 0.49 was assigned to the well for allowable purposes.

(3) At this time the applicant, Amoco Production Company, proposes to plug and abandon the Smith well and requests authorization to drill a vertical replacement well on the 640-acre unit at an unorthodox gas well location 2049 feet from the North line and 480 feet from the West line (Unit E) of said Section 12. The applicant further requests that this well carry the previously assigned acreage factor of 0.49 in said pool for gas allowable purposes.

(4) The proposed location for the new well is less unorthodox than the drilling window previously authorized for the directional drilling proposal.

(5) The geological parameters used in setting the foundation in the original case are still applicable at this time.

(6) The decision by Amoco Production Company not to directionally drill from the existing wellbore came when it was discovered that the intermediate casing leaked, thereby making re-drilling operations risky.

(7) No offset operator or interested party objected to the proposed amended unorthodox gas well location.

(8) This application should therefore be approved. Further, the 0.49 acreage factor should be reassigned to the subject well.

IT IS THEREFORE ORDERED THAT:

(1) The application of Amoco Production Company to amend Division Order No. R-9487, dated May 8, 1991 which authorized an unorthodox gas well location to be drilled 2049 feet from the North line and 480 feet from the West line (Unit E) of Section 12, Township 22 South, Range 23 East, NMPM, to test the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, is hereby approved.

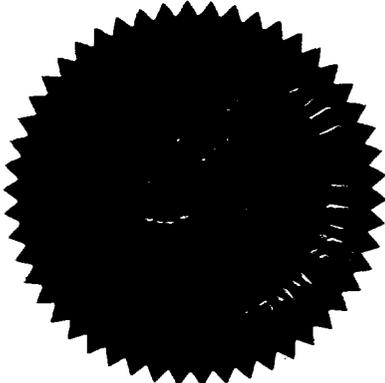
(2) All provisions in said Order No. R-9487 as they relate to the recompletion and directional drilling of the applicant's existing Smith Federal Gas Com Well No. 1 located 1613 feet from the North line and 2336 feet from the West line (Unit F) of said Section 12 are hereby rescinded.

(3) The provisions set forth by Decretory Paragraph Nos. (5) and (6) of said Order No. R-9487 shall remain in full force and effect and continue to be valid until further notice.

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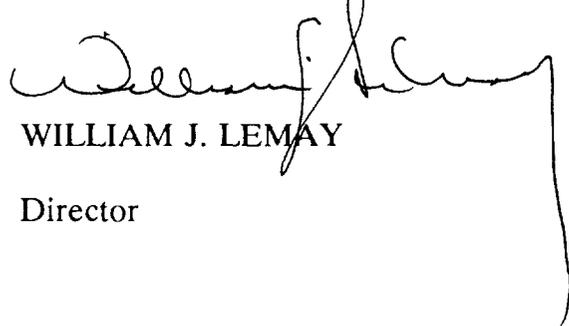
(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "William J. Lemay". The signature is written in a cursive style and extends to the right of the printed name.

WILLIAM J. LEMAY

Director