

**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. 12725
ORDER NO. R-11656**

APPLICATION OF AMOCO PRODUCTION COMPANY FOR AN EXCEPTION TO THE WELL DENSITY AND LOCATION PROVISIONS OF THE SPECIAL RULES GOVERNING THE BASIN-DAKOTA GAS POOL AND TO FORM A NON-STANDARD GAS SPACING UNIT AND OBTAIN APPROVAL OF AN UNORTHODOX GAS WELL LOCATION WITHIN THE WEST KUTZ-PICTURED CLIFFS GAS POOL, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 6, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 12th day of September, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Amoco Production Company ("Amoco"), seeks an exception to the well location and well density requirements provided within the "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, as amended, in order to drill its Gallegos Canyon Unit No. 555 (**API No. 30-045-30683**) at an unorthodox gas well location 90 feet from the South line and 2465 feet from the East line (Unit O) of Irregular Section 12, Township 28 North, Range 12 West, NMPM, San Juan County, New Mexico, as a second infill gas well in the Basin-Dakota Gas Pool within an existing non-standard 337.98-acre gas spacing and proration unit comprising Lots 1 and 2 and the S/2 SE/4 of Irregular Section 11, and Lots 2, 3, and 4, the S/2 SW/4, and the SW/4 SE/4 of Irregular Section 12, both in Township 28 North, Range 12 West. This 337.98-acre non-standard unit is currently dedicated to Amoco's (i) Gallegos Canyon Unit No. 201 (**API No. 30-045-11566**) located 1190 feet from the South line and

340 feet from the West line (Unit M) of Irregular Section 12; and (ii) Gallegos Canyon Unit No. 201-E (**API No. 30-045-26189**) located 900 feet from the South line and 1850 feet from the East line (Unit O) of Irregular Section 11. The applicant further seeks authority to simultaneously dedicate all three wells to this 337.98-acre Dakota gas unit.

(3) The applicant further seeks approval of an unorthodox gas well location for the proposed Gallegos Canyon Unit No. 555 within the West Kutz-Pictured Cliffs Gas Pool, and to dedicate the well to a non-standard 135.20-acre gas spacing and proration unit within the West Kutz-Pictured Cliffs Gas Pool comprising Lots 1 and 2 and the S/2 SE/4 of Irregular Section 12.

(4) This case was styled such that "*In the absence of objection, this application will be taken under advisement.*"

(5) The applicant appeared at the hearing through legal counsel and presented evidence to support its application. No other party appeared at the hearing.

(6) The evidence presented demonstrates that the proposed Gallegos Canyon Unit No. 555 will be completed in both the Basin-Dakota and the West Kutz-Pictured Cliffs Gas Pools, and will be downhole commingled in these zones.

(7) The evidence presented in this case further demonstrates that approval of this application will prevent waste and will not violate correlative rights.

(8) The application should be approved.

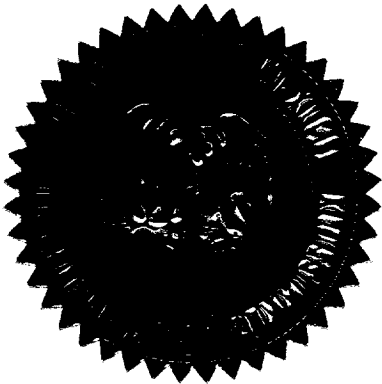
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company ("Amoco") is hereby authorized to drill its Gallegos Canyon Unit No. 555 (**API No. 30-045-30683**) at an unorthodox gas well location 90 feet from the South line and 2465 feet from the East line (Unit O) of Irregular Section 12, Township 28 North, Range 12 West, NMPM, San Juan County, New Mexico, as a second infill gas well in the Basin-Dakota Gas Pool within an existing non-standard 337.98-acre gas spacing and proration unit comprising Lots 1 and 2 and the S/2 SE/4 of Irregular Section 11, and Lots 2, 3, and 4, the S/2 SW/4, and the SW/4 SE/4 of Irregular Section 12, both in Township 28 North, Range 12 West. This 337.98-acre non-standard unit shall be simultaneously dedicated in the Basin-Dakota Gas Pool to the Gallegos Canyon Unit No. 555 and to Amoco's existing (i) Gallegos Canyon Unit No. 201 (**API No. 30-045-11566**) located 1190 feet from the South line and 340 feet from the West line (Unit M) of Irregular Section 12; and (ii) Gallegos Canyon Unit No. 201-E (**API No. 30-045-26189**) located 900 feet from the South line and 1850 feet from the East line (Unit O) of Irregular Section 11.

(2) Approval of an unorthodox gas well location in the West Kutz-Pictured Cliffs Gas Pool is hereby granted for the Gallegos Canyon Unit No. 555. The applicant is further authorized to dedicate this well to a non-standard 135.20-acre gas spacing and proration unit within the West Kutz-Pictured Cliffs Gas Pool, also hereby approved, comprising Lots 1 and 2 and the S/2 SE/4 of Irregular Section 12, Township 28 North, Range 12 West, NMPM, San Juan County, New Mexico.

(3) Jurisdiction is hereby 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director