



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

March 27, 1996

Amoco Production Company
Southern Rockies Business Unit
P. O. Box 800
Denver, Colorado 80201
Attention: J. W. Hawkins

Administrative Order DD-135

Dear Mr. Hawkins:

Reference is made to Amoco Production Company's application dated February 2, 1996 for authorization to recomplete the existing Atlantic Com "LS" Well No. 3 (API No. 30-045-10489) by side tracking off of the vertical portion of the wellbore and drill a high angle slant hole to a pre-determined bottom-hole location in order to further develop the Blanco-Mesaverde Pool underlying its existing 282.48-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 3, 4, 5, 10, 11, and 12 and the NW/4 NW/4 and NW/4 SW/4 (W/2 equivalent) of Section 24, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The Atlantic Com "LS" Well No. 3, located at a standard gas well location 1650 feet from the South and West lines (Lot 10/Unit K) of said Section 24, was originally drilled and completed in 1953 as an initial Blanco-Mesaverde gas well, and was assigned the above-described 282.48-acre GPU;
- (3) By Order No. R-8170, as amended, the Division promulgated the "*General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Blanco-Mesaverde Pool*", which includes provisions for 320-acre gas spacing and proration units and well location requirements whereby the initial well drilled on a GPU shall be located be no closer than 790 feet to the outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary and the infill well drilled on an existing GPU shall be in the quarter section not containing a Mesaverde gas well and shall be located with respect to the restrictions as previously described;

- (4) Within this GPU Amoco is also producing Blanco-Mesaverde gas from its Atlantic Com "LS" Well No. 3-A (API No. 30-045-22491), located at a standard infill gas well location 1670 feet from the North line and 1150 feet from the West line (Lot 4\Unit E) of said Section 24;
- (5) A high angle slant hole drilled off of the existing vertical wellbore in the Atlantic Com "LS" Well No. 3 as proposed should provide Amoco a better opportunity to encounter the naturally occurring fracture system in the Mesaverde formation, which should result in a higher production rate and an increased ultimate recovery of gas from this well;
- (6) The applicant/operator proposes to kick-off from vertical at a depth of approximately 3,700 feet by milling a window in the existing production casing, drill in a southerly direction, build to an angle of approximately 28 degrees and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool, with total horizontal displacement of said wellbore to be approximately 850 feet;
- (7) The applicable drilling window or "producing area" for said wellbore should include that area within the SW/4 equivalent of said Section 24 that is no closer than 790 feet to the quarter section lines; and,
- (8) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company, is hereby authorized to recomplete its existing Atlantic Com "LS" Well No. 3 (API No. 30-045-10489), located at a standard gas well location 1650 feet from the South and West lines (Lot 10/Unit K) of Section 24, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico, by milling a window in the existing production casing at a depth of approximately 3,700 feet, kick-off from vertical in a southerly direction, build to an angle of approximately 28 degrees and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool (total horizontal displacement of said wellbore to be approximately 850 feet) within a drilling window or "producing area" comprising the SW/4 equivalent of said Section 24 that is no closer than 790 feet to the quarter section lines.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

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(2) The applicant shall notify the supervisor of the Aztec district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Aztec offices of the Division upon completion.

(3) Blanco-Mesaverde gas production from both the existing Atlantic Com "LS" Well No. 3-A (API No. 30-045-22491), located at a standard infill gas well location 1670 feet from the North line and 1150 feet from the West line (Lot 4/Unit E) of said Section 24, and Atlantic Com "LS" Well No. 3, as described above, shall be attributed to the existing 282.48-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 3, 4, 5, 10, 11, and 12 and the NW/4 NW/4 and NW/4 SW/4 (W/2 equivalent) of said Section 24.

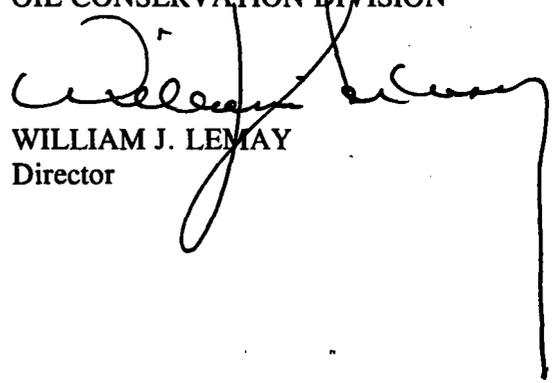
(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and Order No. R-8170, as amended.

(5) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(6) 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

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington

DD-AMOC. 9

Rev. 2-7-96

Subm. 2/27/96

Released 3/26/96

March 26, 1996

**Amoco Production Company
Southern Rockies Business Unit
P. O. Box 800
Denver, Colorado 80201**

Attention: J. W. Hawkins

135
Administrative Order DD-*****

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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

*Administrative Order DD-*****
Amoco Production Company
March 26, 1996
Page No. 4

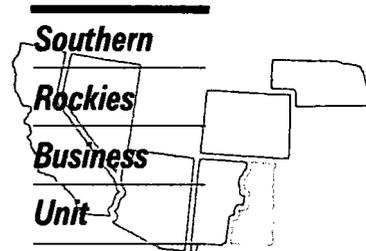
WJL/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington



February 2, 1996

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P.O. Box 6429
Santa Fe, NM 87505



RECEIVED

FEB 7 1996

Oil Conservation Division

Application to Drill a Directional Well
Rule 111 as Amended by Order No. R-10388
Atlantic Com LS #3 Well
1650' FSL, 1650' FWL, Section 24-T31N-R10W
Blanco Mesaverde Pool
San Juan County, New Mexico

Amoco Production Company hereby requests administrative approval to enter the existing wellbore in the Atlantic Com LS #3 well referenced above and directionally drill the well as a high angle / horizontal well in the Blanco Mesaverde Pool. The well is currently completed as a shut-in well in the Blanco Mesaverde Pool. Amoco believes that directionally drilling the well will help place the wellbore away from the original openhole completion and provide an opportunity to encounter the naturally occurring fracture system in the Mesaverde formation which will increase the producing rate and ultimate recovery of gas for this well. We are requesting the Project Area for this well to be the Blanco Mesaverde gas proration unit consisting of W/2 Section 24, T31N-R10W with the Producing Area for the well to consist of a rectangle inside the gas proration unit that is not closer than 790' from the outer boundaries of the gas proration unit.

In accordance with Rule 111-D.(2), attached to aid in your review are:

- 1) a plat showing the well location, project area and producing area for the project well and the offset spacing units, their wells and operators;
- 2) a vertically oriented plan view for the project well showing top and bottom of the pool, degree of angle to be built, kickoff point, penetration point and lateral length;
- 3) a horizontal plan view for the project well showing the project area, producing area, estimated azimuth and maximum length of the lateral;
- 4) a type log section identifying the top and bottom of the pool.

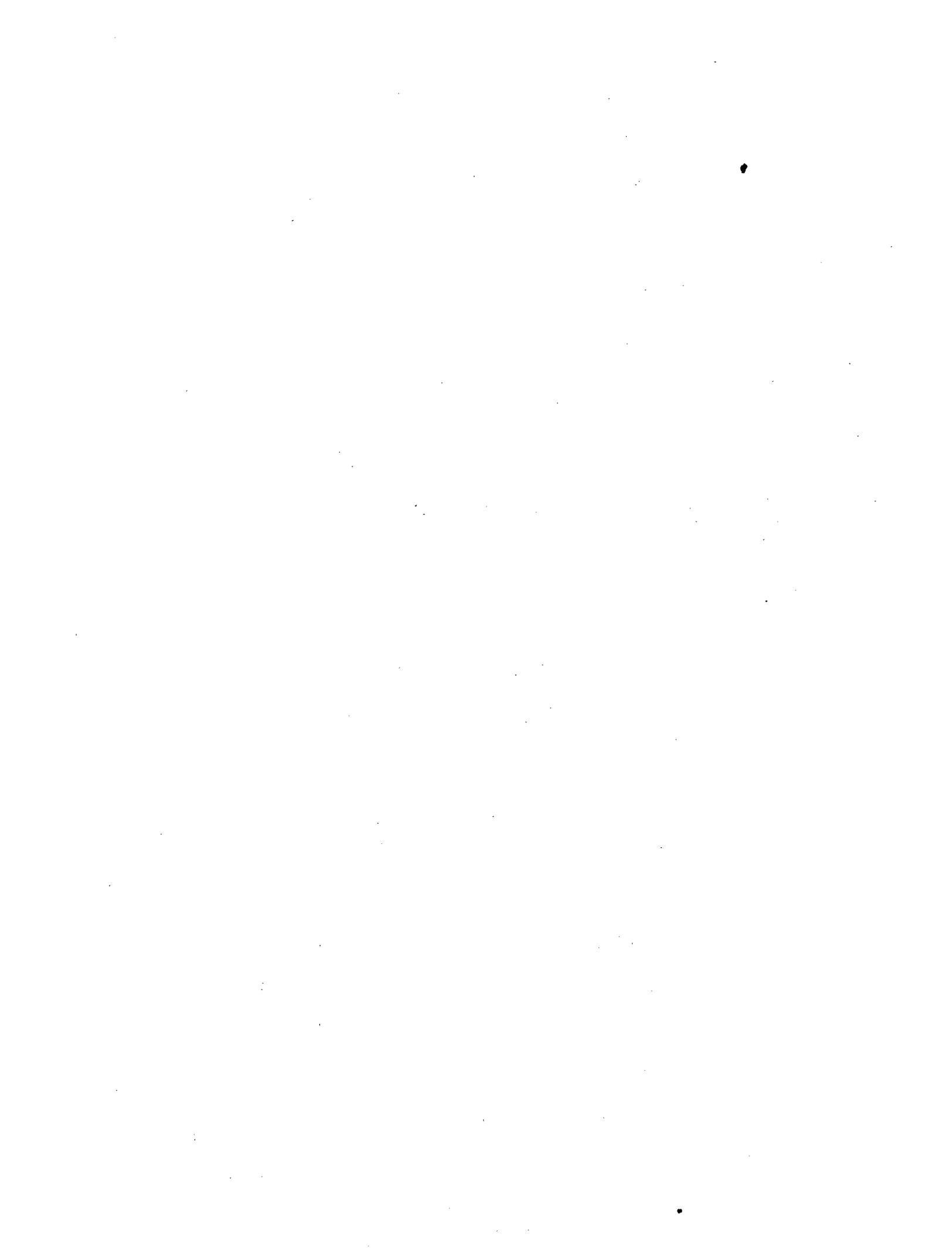
As notification, a copy of this application will be sent by certified mail return receipt requested to the offset operators shown on the attached list advising them that if they have any objection, it must be filed in writing within twenty (20) days of the date notice was sent.

Sincerely,

J. W. Hawkins

cc: Mike Kutas
Patty Haefele

Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road



OFFSET OWNERS

Meridian Oil Inc.
Attn: Alan Alexander
PO Box 4289
Farmington NM 87499

Koch Exploration Co.
PO Box 2256
Wichita KS 67201

Basin Minerals Inc.
204 N. Auburn
Farmington NM 87401

Amoco Production Company

ENGINEERING CHART

Sheet No. _____ of _____

File _____

Appn _____

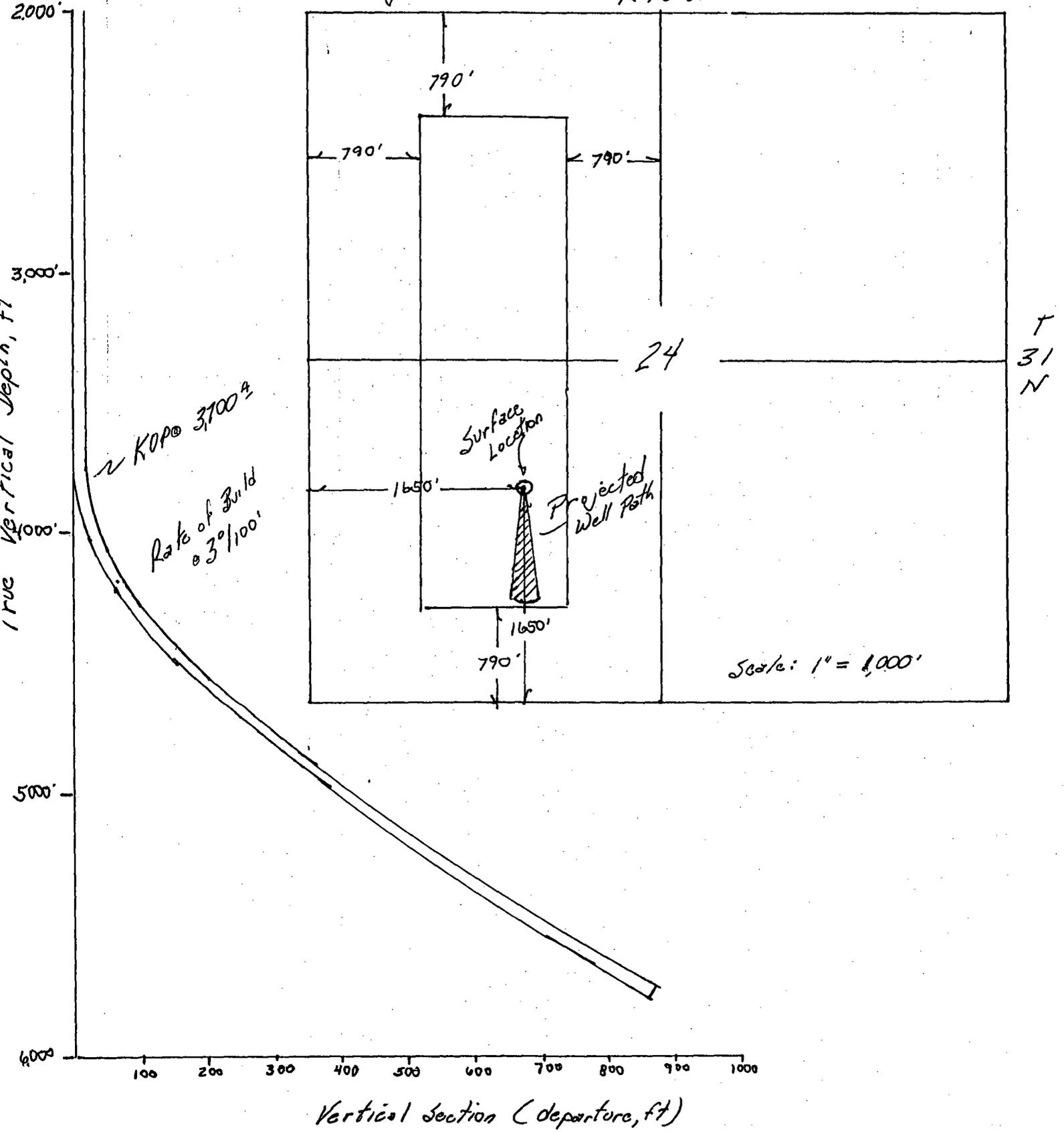
Date Feb 02, 1996

By *Dilgo*

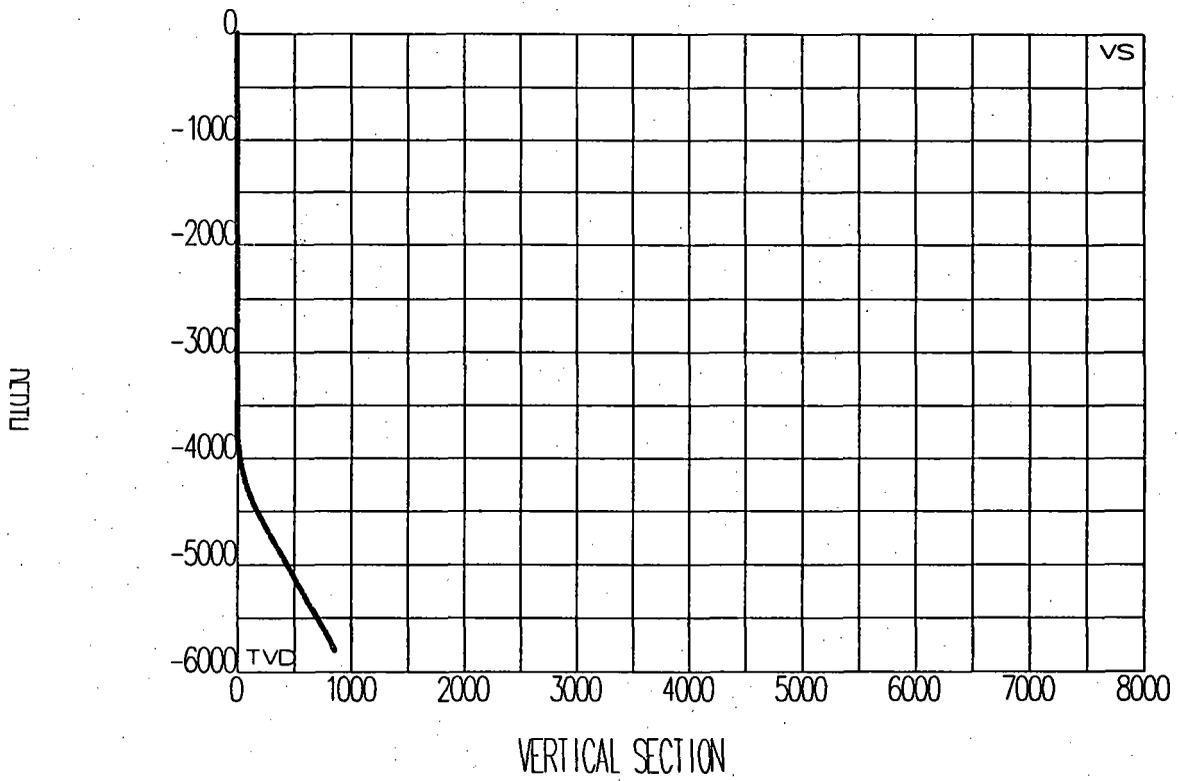
SUBJECT Atlantic Com LS #3

Sect 24K, 31N, 10W
1650' FSL, 1650' FWL,
San Juan County, New Mex.

R 10W



Atlantic Com LS #3
Section 24K, 31N, 10W
1650' FSL, 1650' FWL
San Juan County, New Mexico



SP

ATLANTIC COM 20-5
 Section 24K, 31N, 10W
 1650' FSL, 1650' FWL
 San Juan County, N.M.

Units are FEET

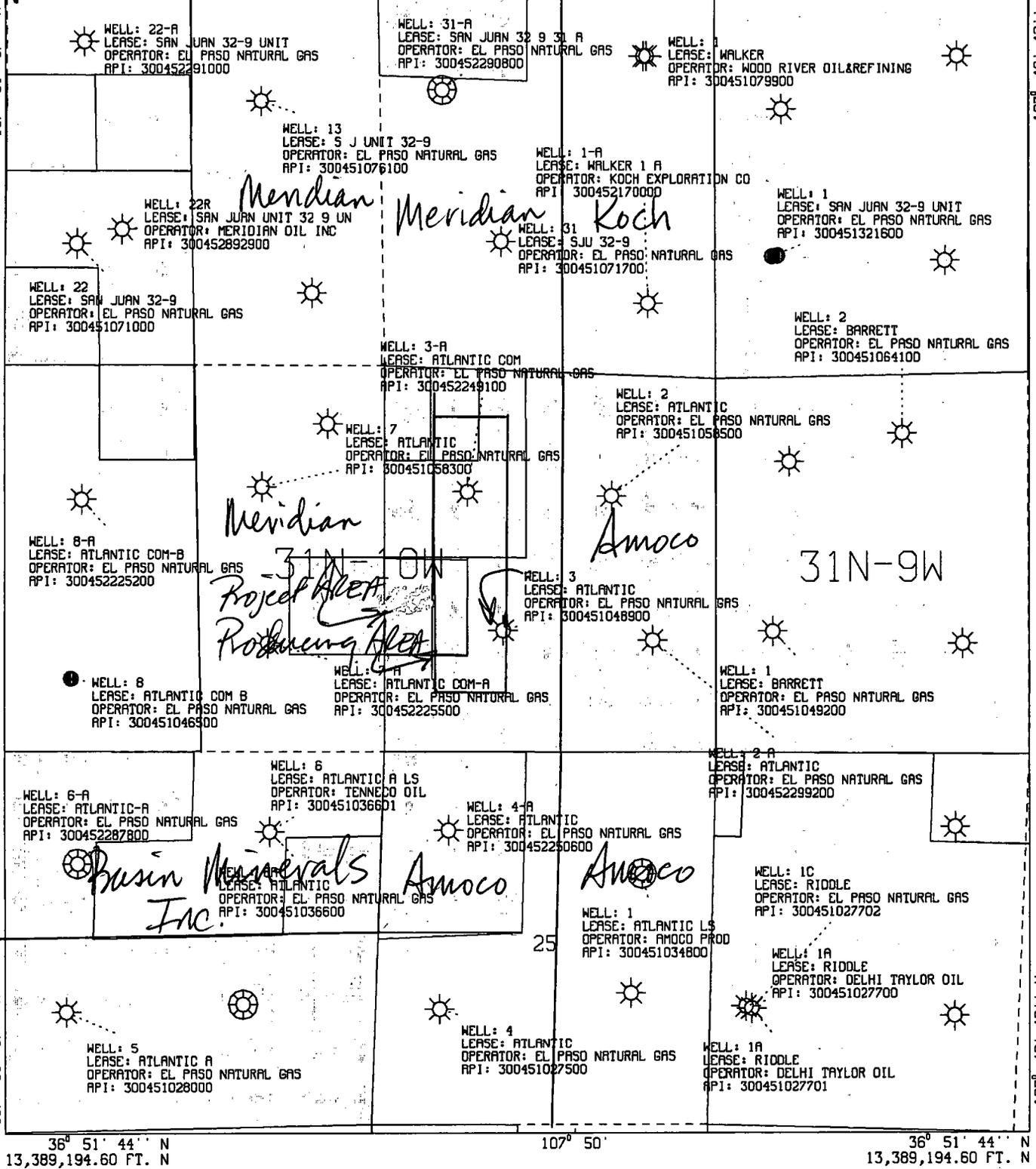
T I	Meas.	Survey		Depth (TVD)	North -South	East -West	Vert. Section	Closure		Dog Leg
	Depth	Incl	Dir					Dist	Dir	
	.00	.00	180.00	.00	.00	.00	.00	0	0	.0
	3700.00	.00	180.00	3700.00	.00	.00	.00	0	0	.0
	3800.00	3.00	180.00	3799.95	-2.62	.00	2.62	3	180	3.0
	3900.00	6.00	180.00	3899.63	-10.46	.00	10.46	10	180	3.0
	4000.00	9.00	180.00	3998.77	-23.51	.00	23.51	24	180	3.0
	4100.00	12.00	180.00	4097.08	-41.74	.00	41.74	42	180	3.0
	4200.00	15.00	180.00	4194.31	-65.08	.00	65.08	65	180	3.0
	4300.00	18.00	180.00	4290.18	-93.48	.00	93.48	93	180	3.0
	4400.00	21.00	180.00	4384.43	-126.85	.00	126.85	127	180	3.0
	4500.00	24.00	180.00	4476.81	-165.12	.00	165.12	165	180	3.0
	4600.00	27.00	180.00	4567.06	-208.16	.00	208.16	208	180	3.0
	4700.00	28.00	180.00	4655.76	-254.34	.00	254.34	254	180	1.0
	4800.00	28.00	180.00	4744.05	-301.28	.00	301.28	301	180	.0
	4900.00	28.00	180.00	4832.35	-348.23	.00	348.23	348	180	.0
	5000.00	28.00	180.00	4920.64	-395.18	.00	395.18	395	180	.0
	5100.00	28.00	180.00	5008.94	-442.13	.00	442.13	442	180	.0
	5138.00	28.00	180.00	5042.49	-459.96	.00	459.96	460	180	.0
	5200.00	28.00	180.00	5097.23	-489.07	.00	489.07	489	180	.0
	5300.00	28.00	180.00	5185.53	-536.02	.00	536.02	536	180	.0
	5400.00	28.00	180.00	5273.82	-582.97	.00	582.97	583	180	.0
	5500.00	28.00	180.00	5362.12	-629.91	.00	629.91	630	180	.0
	5600.00	28.00	180.00	5450.41	-676.86	.00	676.86	677	180	.0
	5697.00	28.00	180.00	5536.06	-722.40	.00	722.40	722	180	.0
	5700.00	28.00	180.00	5538.71	-723.81	.00	723.81	724	180	.0
	5800.00	27.00	180.00	5627.41	-769.98	.00	769.98	770	180	1.0
	5900.00	27.00	180.00	5716.51	-815.38	.00	815.38	815	180	.0
	5993.00	27.00	180.00	5799.37	-857.60	.00	857.60	858	180	.0

992,877.13 FT. E
107° 51' 37" W

1,007,122.87 FT. E
107° 48' 42" W

992,873.11 FT. E
107° 51' 37" W

1,007,126.88 FT. E
107° 48' 42" W



36° 51' 44" N
13,389,194.60 FT. N

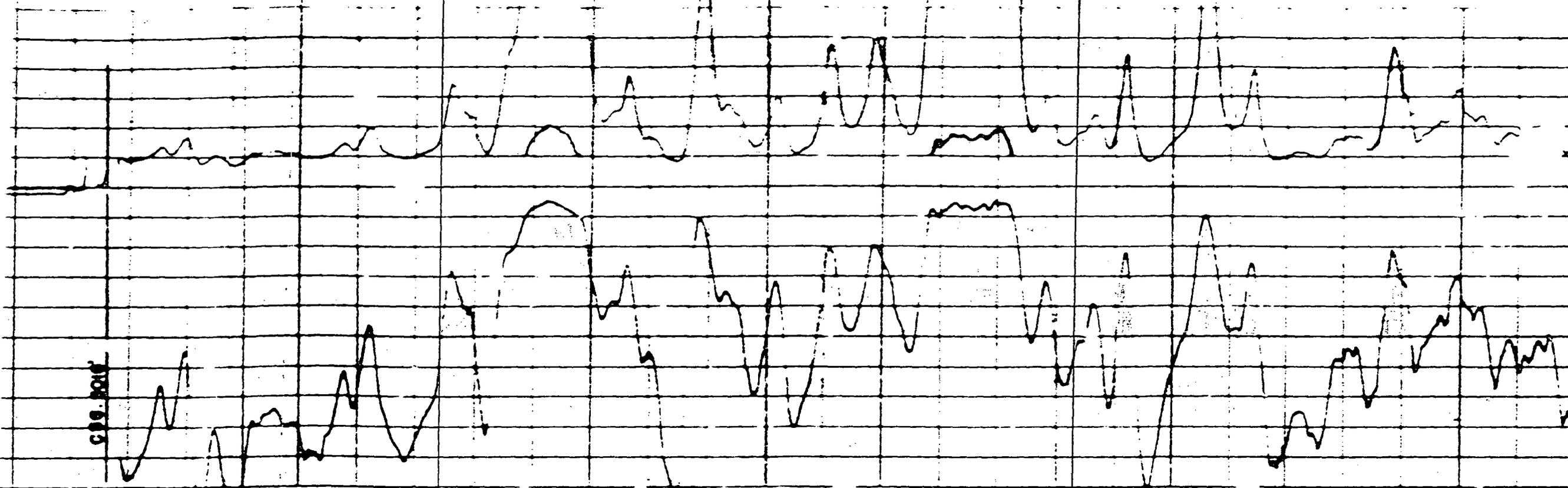
107° 50'

36° 51' 44" N
13,389,194.60 FT. N

All geological and geophysical data, including the interpretation thereof, appearing on this map is the private and confidential property of Amoco Production Company. The publication or reproduction thereof without the written permission of said Company is strictly prohibited.



AMOCO PRODUCTION COMPANY
PLAT MAP
Atlantic Com LS 3
Nine Section Plat w/ MV wells
SCALE 1 IN. = 2,000 FT. FEB 2, 1996

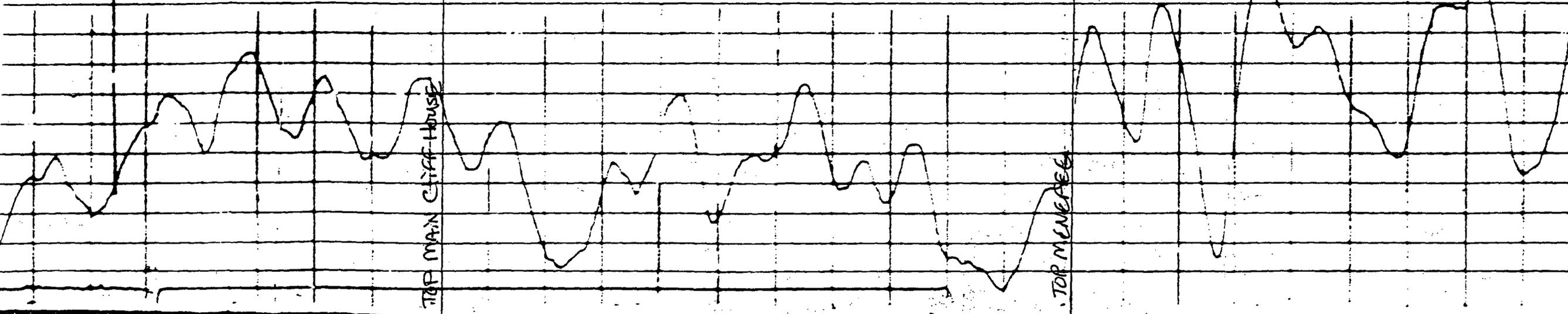


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5:00

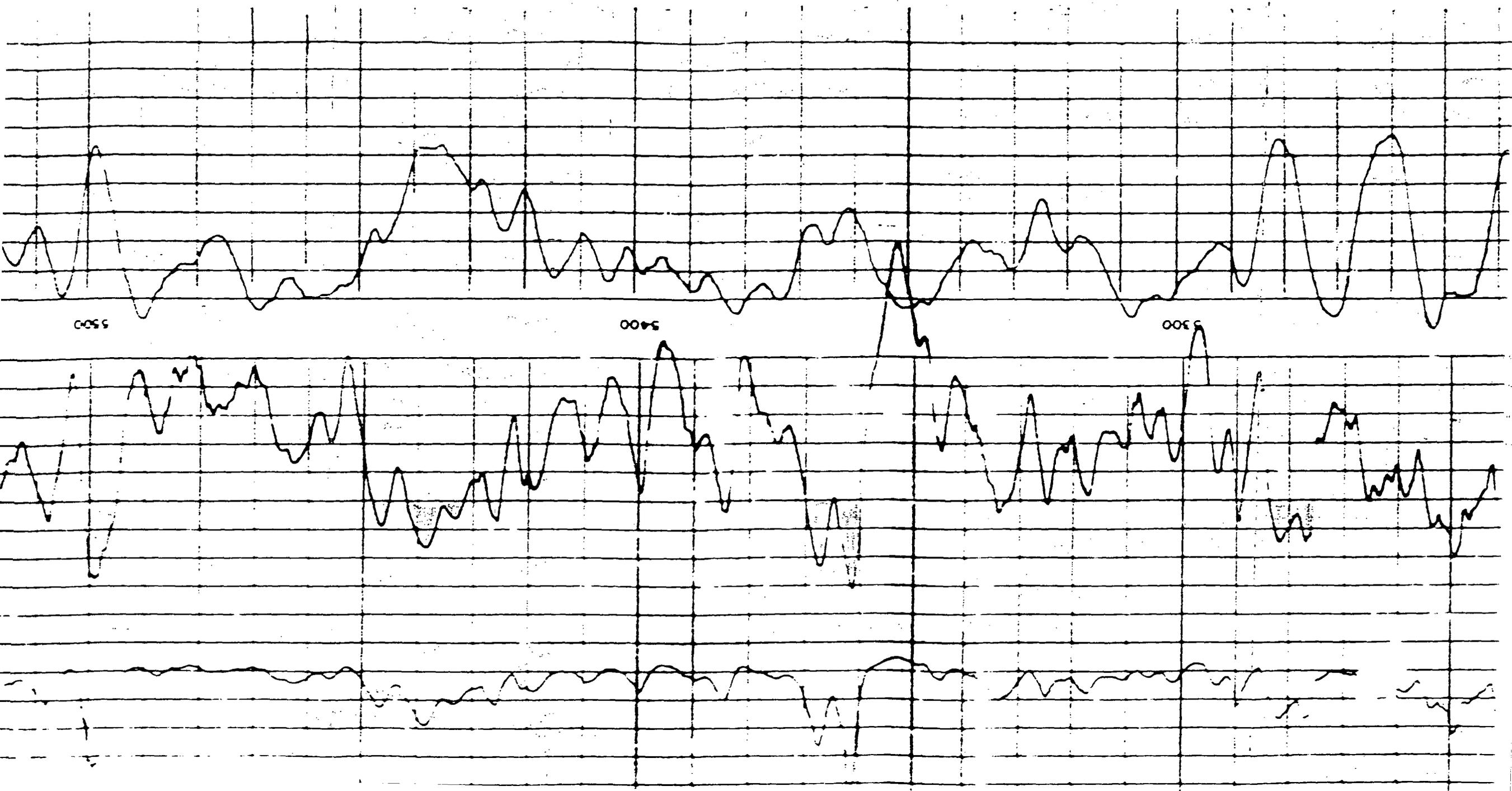
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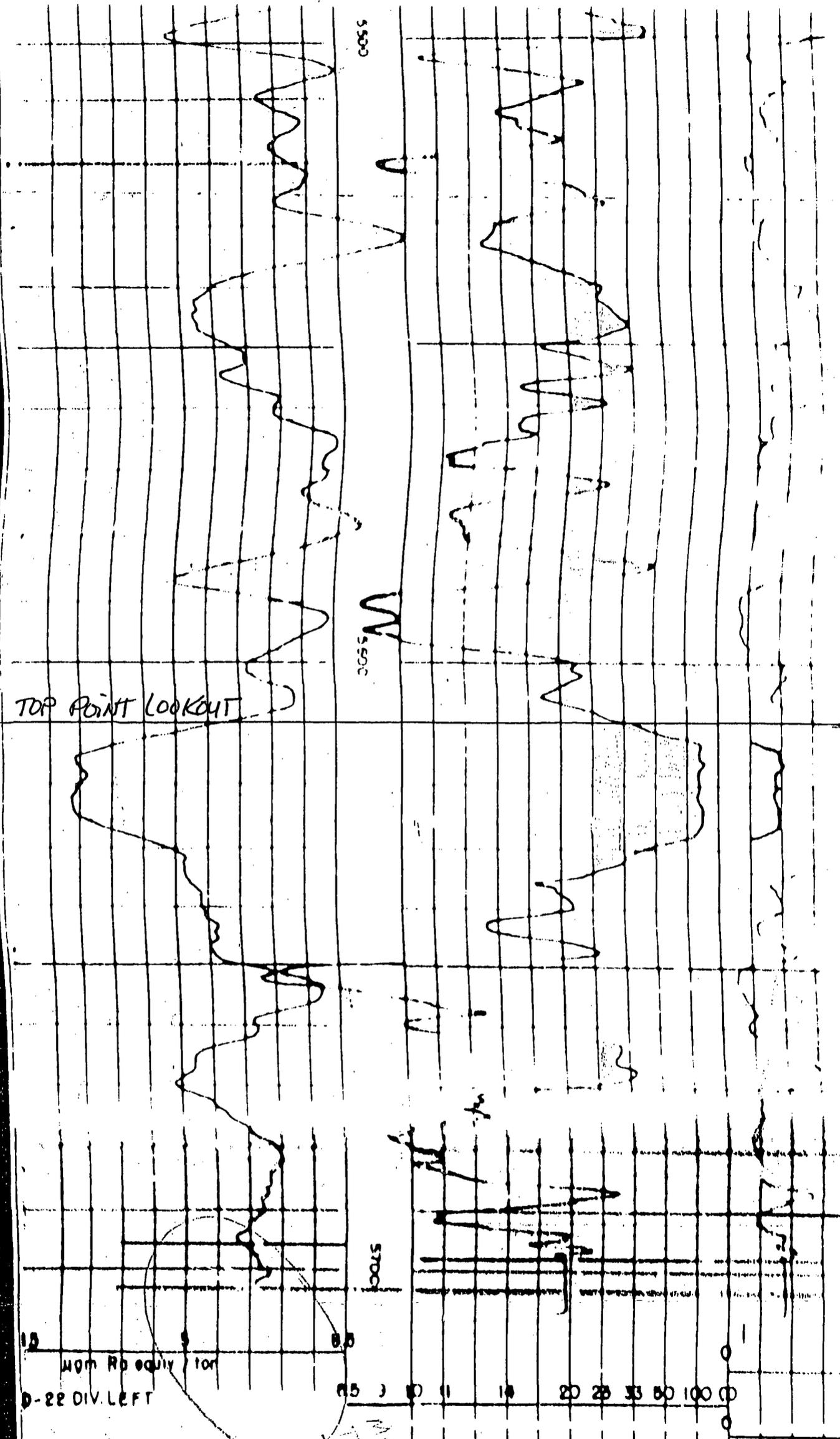
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TOP MAIN CLIFF HOUSE

TOP MAIN CLIFF HOUSE





TOP POINT LOOKOUT

WGM Rb eqv 10r
D-22 DIV. LEFT

0.5 1 1.5
0 5 10 15 20 25 30 50 100

LOOK AT THE
DEPTH OF THE
CORRECTION
OFFSET PLD
DECLINATION

GAMMA RAY LOG
FIRST READING 5696'
TOTAL DEPTH REACH 5703'

INDUCTION LOG
FIRST READING
TOTAL DEPTH REACH

EL PASO NATURAL GAS COMPANY
ATLANTIC #3

Sec : 24 Twp : 31N Rng : 10W Section Type : NORMAL

L 40.00	10 33.91	9 33.89	8 34.18
Fee owned C A A	Federal owned C A	Federal owned A	Federal owned A
11 33.64	12 33.94	13 34.13	14 34.42
Federal owned C	Federal owned C	Federal owned	Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

73.64

67.85
73.64
141.49

68.02

68.60
68.02
136.62

Sec : 24 Twp : 31N Rng : 10W Section Type : NORMAL

D 40.00 CS B11318 40 06/54 AMOCO PROD CO & C C A	3 33.71 Federal owned C	2 33.81 Federal owned C A A	1 34.02 Federal owned C
4 33.54 Federal owned C A	5 33.74 Federal owned C	6 33.64 Federal owned C A	7 33.85 Federal owned C

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

73.54

67.45
73.54

140.99
141.49

282.48

67.45

67.87
67.45

135.32
136.62

271.94