



Midland Division
Exploration Production

Conoco Inc.
10 Deste Drive, Suite 100W
Midland, TX 79705-4600
(915) 686-5400

September 28, 1994

Mr. William LeMay, Director
State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

**RE: Application for an Unorthodox Well Location at
1835 FNL and 1875 FEL of Sec. 20, T-30N, R-10W
for Completion of Conoco's FC Federal Com No. 9
to the Aztec Pictured Cliffs Gas Pool**

Dear Mr. Lemay:

This well was originally drilled as a potential Fruitland Coal well by Mesa Petroleum. Casing was set to TD through the Fruitland Coal, but due to the poor quality of the reservoir encountered by this wellbore it was never perforated for a completion. Conoco, as current operator of this property, is proposing to make an initial completion of this well in the Aztec Pictured Cliffs Gas Pool.

As shown by EXHIBIT A (the C-102 filed for the drilling of this well as a Fruitland Coal completion) the N/2 of Section 20 was communitized initially to form a 320-acre standard proration unit. Within this 320-acre proration unit configuration, the well was located at an unorthodox location, being no closer than 790 feet to any outer boundary of the proration unit.

However, standard development for the Aztec Picture Cliffs Gas Pool is on 160-acre spacing. As shown by EXHIBIT B (the C-102 filed for the completion of this wellbore as a Pictured Cliffs producer) this well's location becomes unorthodox in this pool, since it is located only 765 feet from the western boundary of the 160-acre proration unit instead of the prescribed 790 feet.

EXHIBIT C shows (a) the subject FC Federal Com No. 9 wellbore, (b) its required 160-acre proration unit, (c) all Pictured Cliffs completions within a 12-section area, and (d) the offset operators to this spacing unit. This location is only unorthodox by 25 feet to the western boundary of the spacing unit.

This spacing unit is offset by Meridian Oil Inc. on its northern and eastern boundaries and by Amoco Production Company on the southern and western boundaries. Meridian and Amoco have both signed waivers to objection of this unorthodox location, which are attached as EXHIBITS D and E to this application.

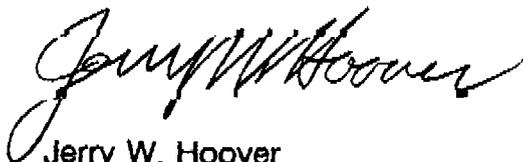
It should be noted that EXHIBIT C shows another Pictured Cliffs completion, Conoco's Gage No. 2 well, within the spacing unit of the FC Federal Com No. 9. The Gage No. 2 well is an old open hole, oil-fraced completion that has declined to a 10 MCFGPD rate. Although there should still be additional recoverable reserves under this spacing unit, they will not be recoverable by this existing completion. Because of the poor open hole completion the well cannot be remediated and the remaining reserves are not sufficient to warrant drilling a replacement well. Therefore, the only solution to preventing the waste of these reserves is through the recompletion of the FC Federal Com No. 9 well. When the production of Pictured Cliffs hydrocarbons from the FC Federal Com No. 9 completion is approved, the Gage No. 2 completion will be shut-in and the Pictured Cliffs completion in that well will be plugged and abandoned.

It is also obvious that since the original 320-acre communitization for a Fruitland Coal completion is no longer valid the FC Federal Com No. 9 will need to be renamed. When it is approved for Pictured Cliffs production and the Gage No. 2 well is shut-in, an application will be submitted for the subject well of this application to be renamed as the Gage No. 2R, the proper designation for a replacement well for the Gage No. 2.

Since the amount of encroachment, which occurs only on the western boundary, is very small and the remaining Pictured Cliffs reserves cannot be recovered by the current completion, it is requested that this unorthodox location for an Aztec Pictured Cliffs completion be approved. Approval of this application will not significantly impair correlative rights and will promote the prevention of waste by allowing the economic recovery of Pictured Cliffs reserves that will otherwise be lost.

If there are any questions concerning this application please contact Jerry W. Hoover at (915) 686-6548.

Very truly yours,



Jerry W. Hoover
Sr. Conservation Coordinator

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1008 Rio Brazos Rd., Lordsburg, NM 87910
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

1 API Number 30-045-27501		2 Pool Code 71280		3 Pool Name Aztec Pictured Cliffs	
4 Property Code NA		5 Property Name FC Federal Com.			6 Well Number 9
7 OGRID No. 005073		8 Operator Name CONOCO INC.			9 Elevation 6387'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	20	30N	10W	3	1835	North	1875	East	San Juan

11 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

12 Dedicated Acres 156.18	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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

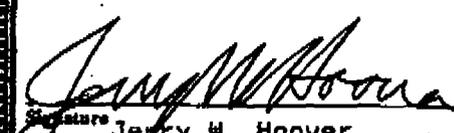
16	1835'		17 OPERATOR CERTIFICATION	
	Lot 2 38.93 acres		I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
	Lot 1 39.00 acres		 Signature Jerry W. Hoover Title SP. Conservation Coordinator	
	1875'		Title _____ Date 9/27/94	
Lot 3 39.09 acres		Lot 4 39.16 acres		18 SURVEYOR CERTIFICATION
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.				
Date of Survey _____ Signature and Seal of Professional Surveyor: _____				
Certificate Number _____				

EXHIBIT B

State of New Mexico
Energy, Minerals and Natural Resources Department

Form O-228
Revised 1-1-89

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

DISTRICT I
P.O. Box 1962, Hobbs, NM 88240

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator MESA OPERATING LIMITED PARTNERSHIP			Lease FC FEDERAL COM		Well No. #9
Unit Letter G	Section 20	Township 30 N	Range 10 W	County San Juan	
Actual Footage Location of Well: 1835 feet from the North line and 1875 feet from the East line					
Ground level Elev. 6387	Producing Formation Fruitland Coal		Pool Undesignated Basin-Fruitland Coal		Dedicated Acreage: N/2 317 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or Indian ink 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 Communitization

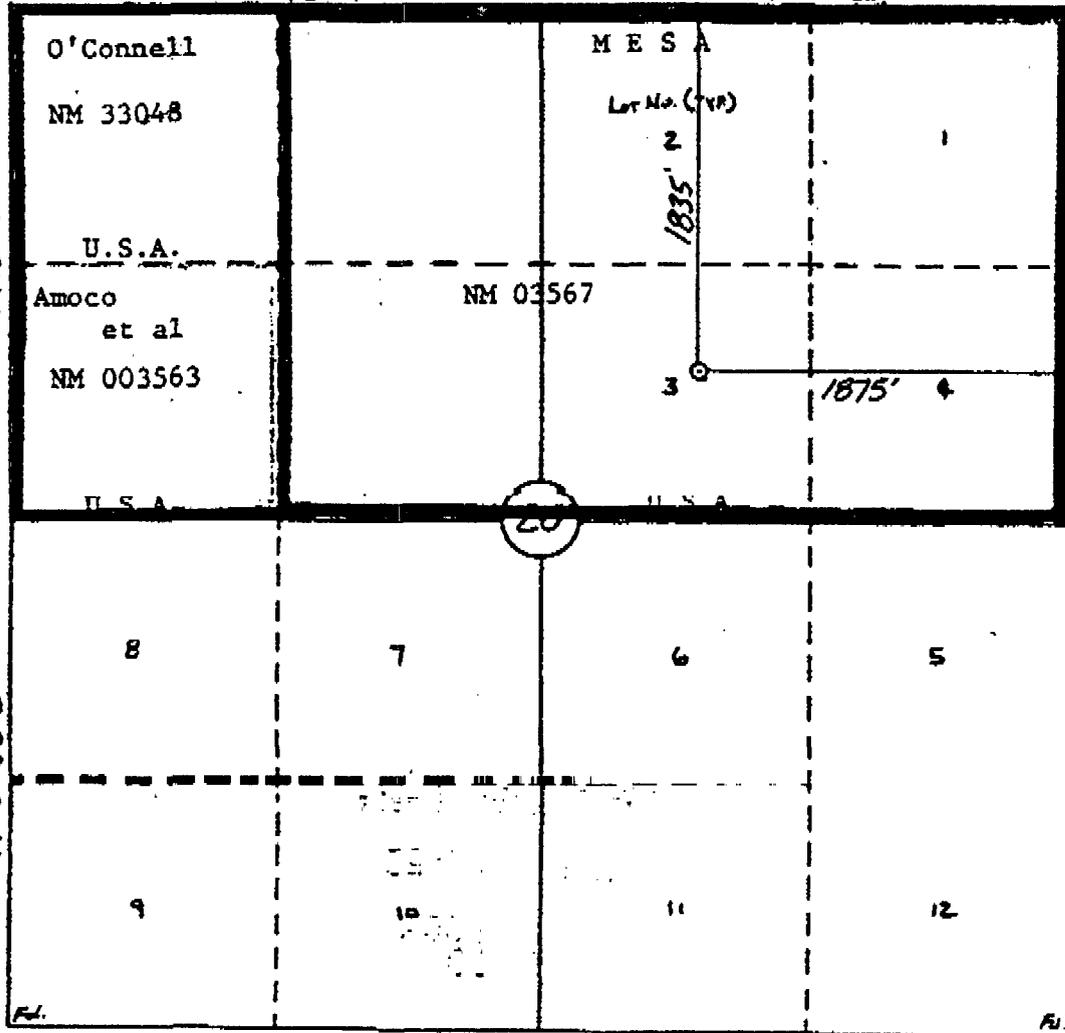
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

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

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 0

S 85° 40' W

78.56 ac.



OPERATOR CERTIFICATION

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

R. E. Mathis
Signature

R. E. Mathis
Printed Name

Regulatory Agent
Position

Mesa Operating Ltd Partne
Company

8/25/89
Date

Date

SURVEYOR CERTIFICATION

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 knowledge and belief.
8-9-89

Date Surveyed
William E. Mahoke II

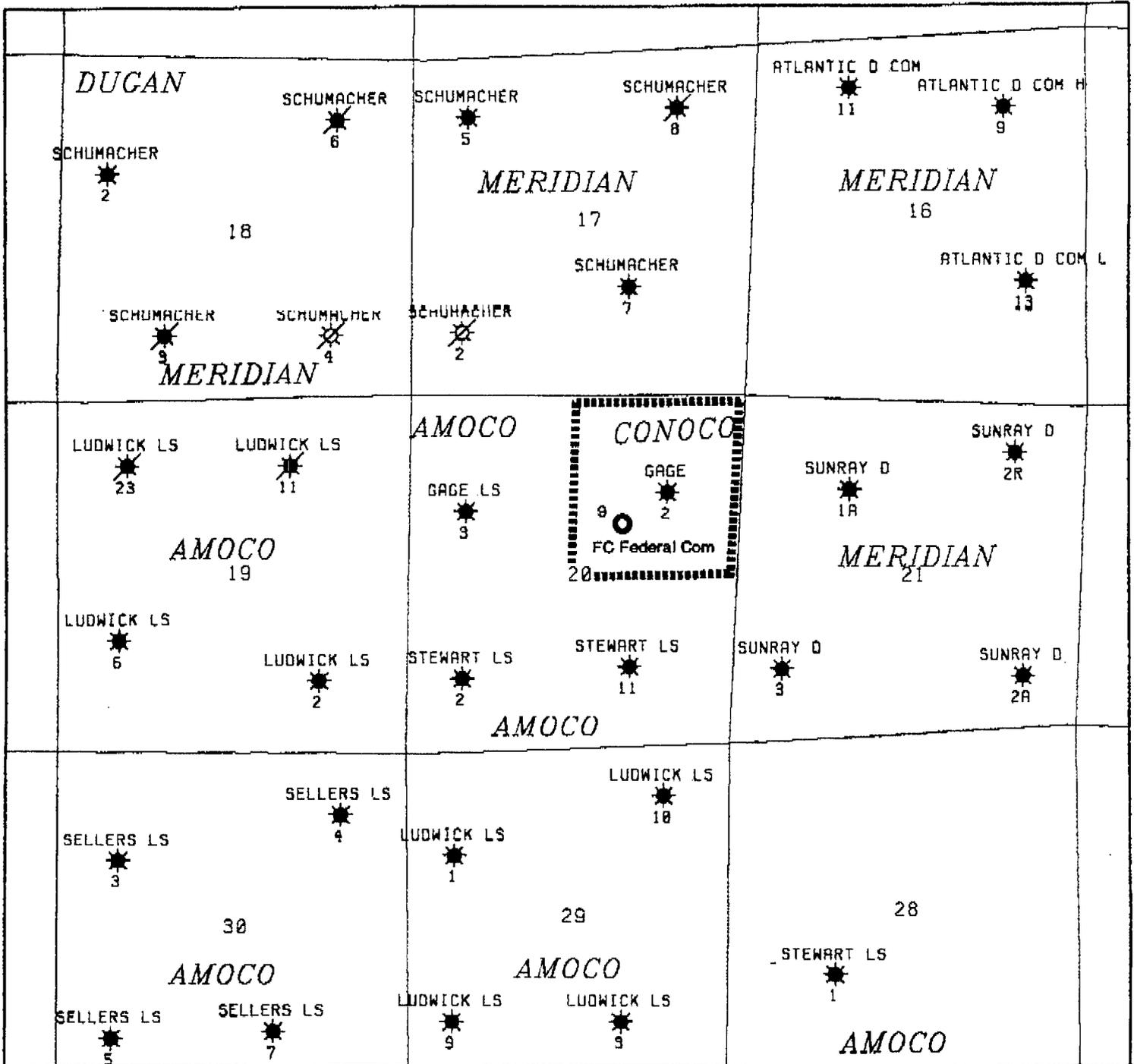
Signature
Professional



EXHIBIT A

P.04

AZTEC PICTURED CLIFFS COMPLETIONS



----- 160-Acre PC Spacing Unit

EXHIBIT C

WAIVER TO OBJECTION

**Application of Conoco Inc. for Unorthodox Gas Well Location
for Completion of its FC Federal Com No. 8, located at
1835 FNL and 1875 FEL of Section 20, T-30N, R-10W to the
Aztec Pictured Cliffs Gas Pool**

We, the undersigned, as an offset operator to the northern and eastern boundaries of the 160-acre spacing unit required for Conoco's completion of its FC Federal Com No. 8 at an unorthodox location in the Aztec Pictured Cliffs Gas Pool, waive any objection to the above described application.

Company Name: Meridian Oil Inc.

Signature:

John F. Zet

Title:

Area Landman

Date:

September 28, 1994

EXHIBIT D

WAIVER TO OBJECTION

**Application of Conoco Inc. for Unorthodox Gas Well Location
for Completion of its FC Federal Com No. 9, located at
1835 FNL and 1875 FEL of Section 20, T-30N, R-10W to the
Aztec Pictured Cliffs Gas Pool**

We, the undersigned, as an offset operator to the northern and eastern boundaries of the 160-acre spacing unit required for Conoco's completion of its FC Federal Com No. 9 at an unorthodox location in the Aztec Pictured Cliffs Gas Pool, waive any objection to the above described application.

Company Name: Amoco Production Company

Signature:

Gary A. White

Title:

Sr. Land Negotiator

Date:

September 30, 1994

EXHIBIT E



Conoco Inc

Request for Facsimile Transmission

Date
9/30/94

From

Employee Jerry Hoover	Ext. (915) 686-6548
City, State, Country Midland, TX	Room No.
Acct. No.	

To

Name David Catanach	Phone No. (505) 827-5741
Department OCD	Room No.
City, State, Country Santa Fe	

No. of Pages
7 + cover

A hard copy will follow this FAX in the mail.

Note

1. Your originals must have good contrast (dark detail on light background).
2. Legible.
3. 1/2-inch margin on all sides of sheet.
4. Number all pages.

Special Instructions

Ernie Busch plans to call you about this application. I'll check with you after he has called Jerry

11-11 PB, 10-86