



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

January 22, 1996

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

Administrative Order NSL-3620

Dear Ms. Staley:

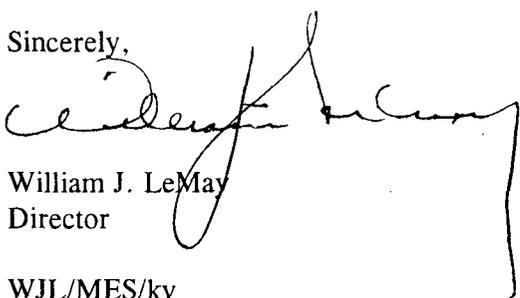
Reference is made to your application dated November 16, 1995 for an unorthodox Blanco-Mesaverde gas well location on an existing 320-acre gas spacing and proration unit ("GPU") for said Blanco-Mesaverde Pool comprising the E/2 of Section 29, Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico. Said GPU presently has dedicated thereon the Kernaghan "B" Well Nos. 3 (API No. 30-045-10361) and 3-A (API No. 30-045-22421) located in Units "B" and "O", respectively, of said Section 29.

By the authority granted me under the provisions of Rule 2(d) of the "*General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Blanco-Mesaverde Pool*", as promulgated by Division Order No. R-8170, as amended; the following described well to be drilled at an unorthodox gas well location in said Section 29 is hereby approved:

Kernaghan "B" Well No. 3-B
1245' FSL - 1840' FEL (Unit O)

Further, Amoco is authorized to simultaneously dedicate Blanco-Mesaverde gas production on the subject GPU from the No. 3-B well with the two existing Well Nos. 3 and 3-A. Said wells and GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest New Mexico.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

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