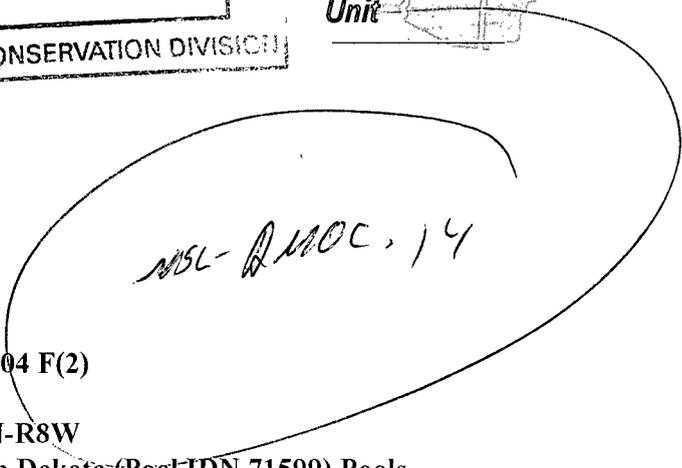


Southern
Rockies
Business
Unit

May 8, 1996

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



Application For Unorthodox Location - Rule 104 F(2)
Florance #64 / Florance D10A Well
970' FSL, 2370' FEL, Unit O Section 17-T27N-R8W
Blanco Mesaverde (Pool IDN 72319) and Basin Dakota (Pool IDN 71599) Pools
San Juan County, New Mexico

Amoco Production Company hereby requests administrative approval for an unorthodox well location for the Florance #64 well in the Basin Dakota Pool and the Florance D10A well in the Blanco Mesaverde Pool. This well was drilled in 1966 by Tenneco Oil Company and has produced for the past 30 years from the Dakota. We have searched and are unable to locate a non-standard location order for this well in the Dakota. We were also unable to find such an order in the Aztec District files. Presently, Amoco plans to recomplete this well to the Mesaverde and commingle production from the Mesaverde and the Dakota formations. This well would also be unorthodox in the Mesaverde.

Amoco is the operator of the Mesaverde spacing unit towards which this well encroaches and the encroachment in the Dakota would be toward the center line of the spacing unit so no offset operator notice is required. Attached are plats showing the location of the well, topography, and all wells drilled in the area.

Pamela W. Staley

Attachments

cc: Frank Chavez, Supervisor
NMOC District III
1000 Rio Brazos Road
Aztec, NM 87410
Mark Rothenberg, Amoco
Patty Haeefe, Amoco

APPLICATION FOR APPROVAL OF UNORTHODOX LOCATION UNDER RULE 104-F

**Florance #64 / Florance D10A Well
970' FSL, 2370' FEL, Unit O Section 17-T27N-R8W
Blanco Mesaverde (Pool IDN 72319) and Basin Dakota (Pool IDN 71599) Pools**

ATTACHMENTS:

- 9-SECTION PLAT SHOWING LOCATION OF ALL OFFSET WELLS
- FORM C-102 FOR MESAVERDE FORMATION
- FORM C-102 FOR DAKOTA FORMATION
- TOPOGRAPHIC MAP OF LOCATION

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section

Operator TENNECO OIL COMPANY		Lease FLORANCE		Well No. 64
Unit Letter 0	Section 17	Township 27 North	Range 8 West	County San Juan
Actual Footage Location of Well: 970 feet from the South line and 2370 feet from the East line				
Ground Level Elev. 6771' ungraded	Producing Formation Basin Dakota	Pool Basin Dakota	Dedicated Average: 320	8/2 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communization, unitization, force-pooling, etc?

() Yes () No If answer is "yes," type of consolidation

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

No allowable will be assigned to the well until all interests have been consolidated (by communization, unitization, forced-pooling, or otherwise) or until a non standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

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

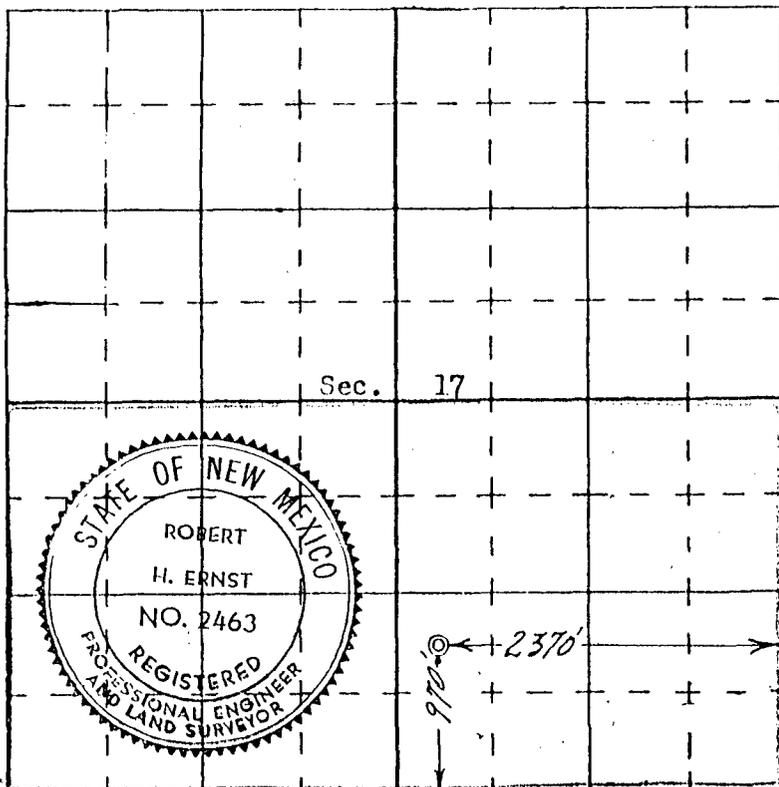
Harold C. Nichols
Name
Harold C. Nichols
Position
Senior Production Clerk
Company
Tenneco Oil Company
Date
June 28, 1966

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.

4 June 1966
Date Surveyed
Robert H. Ernst
Registered Professional Engineer
and/or Land Surveyor

Robert H. Ernst
N. Mex. PE & LS 2463

Certificate No.



Artesia, NM 88210
Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505
RECEIVED
MAIL ROOM

96 JAN 10 PM 12:39

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION

1 API Number 30-045-11872		2 Pool Code 72319		3 Pool Name Blanco Mesaverde	
4 Property Code 518		5 Property Name Florance			6 Well Number 64
7 OGRID No. 000778		8 Operator Name Amoco Production Company			9 Elevation 6771' GR

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
0	17	27N	8W		970	South	2370	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 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
---------------------------	--------------------	-----------------------	--------------

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				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Patty Haebele</i> Signature Patty Haebele</p> <p>Printed Name Staff Assistant</p> <p>Title</p> <p>Date 12/19/95</p>

2370'

970'

13,292,383.92 FT. N
36° 35' 47" N

13,292,383.92 FT. N
36° 35' 47" N

992,132.18 FT. E
107° 43' 50" W

1,007,967.82 FT. E
107° 40' 37" W

36° 35'

36° 35'

27N-9W

27N-8W

992,127.73 FT. E
107° 43' 50" W

1,007,872.27 FT. E
107° 40' 37" W

36° 33' 9" N
13,276,448.83 FT. N

36° 33' 9" N
13,276,448.83 FT. N

5 DAY-B
EL PASO NATURAL GAS
300450672400
MVRD

6E SCHWERTFEGER A
AMOCO PROD
300452459400
MVRD ,DKOT ,DKOT

16-A FEDERAL
MESA PET
300452298000
MVRD

1 GRAHAM
WESTERN NATURAL GAS
300450667200
PCCF ,MVRD ,CLFH

20M SCHWERTFEGER NLS
TENNECO OIL
300452655100
MVRD ,DKOT

2B DAY
EL PASO NATURAL GAS
300450659800
PCCF ,MVRD

14-A SCHWERTFEGER
EL PASO NATURAL GAS
300450660100
PCCF ,MVRD

16 FEDERAL
PUBCO PET
300451206800
MVRD ,DKOT

1-A GRAHAM-C
ATLANTIC RICHFIELD
300452251600
MVRD ,CHCR

4A FLORANCE LS
TENNECO OIL
300452659100
MVRD ,CHCR

11-D FLORANCE
EL PASO NATURAL GAS
300450652800
PCCF ,MVRD

63M FLORANCE
AMOCO PROD
300451187100
MVRD ,DKOT ,DKOT

SAN JUAN

18

16

1 FLORANCE
EL PASO NATURAL GAS
300450647200
MVRD

9D FLORANCE
EL PASO NATURAL GAS
300450645300
PCCF ,MVRD

FLORANCE #64

13A SCHULTZ COM G
EL PASO NATURAL GAS
300452633400
MVRD

NO 6 M
NAVAJO INDIAN B
SUPRON ENERGY CORP
300452363800
MVRD ,DKOT

12-D FLORANCE
EL PASO NATURAL GAS
300450641600
PCCF ,MVRD

62 FLORANCE
AMOCO PROD
300451172900
MVRD ,DKOT ,DKOT

15A SCHWERTFEGER A LS
AMOCO PROD
300452924500
MVRD

4 FLORANCE D LS
AMOCO PROD
300450637600
MVRD ,FRLO

21

3 NAVAJO INDIAN B
MERIDIAN OIL INC
300450631900
PCCF ,PCCF ,MVRD ,MVRD ,CHCR

13-D FLORANCE
EL PASO NATURAL GAS
300450634500
PCCF ,MVRD

14-D FLORANCE
EL PASO NATURAL GAS
300450634700
PCCF ,MVRD

67 FLORANCE
AMOCO PROD
300451182200
MVRD ,DKOT ,CHCR

4A FLORANCE D LS
AMOCO PROD
300452925800
MVRD

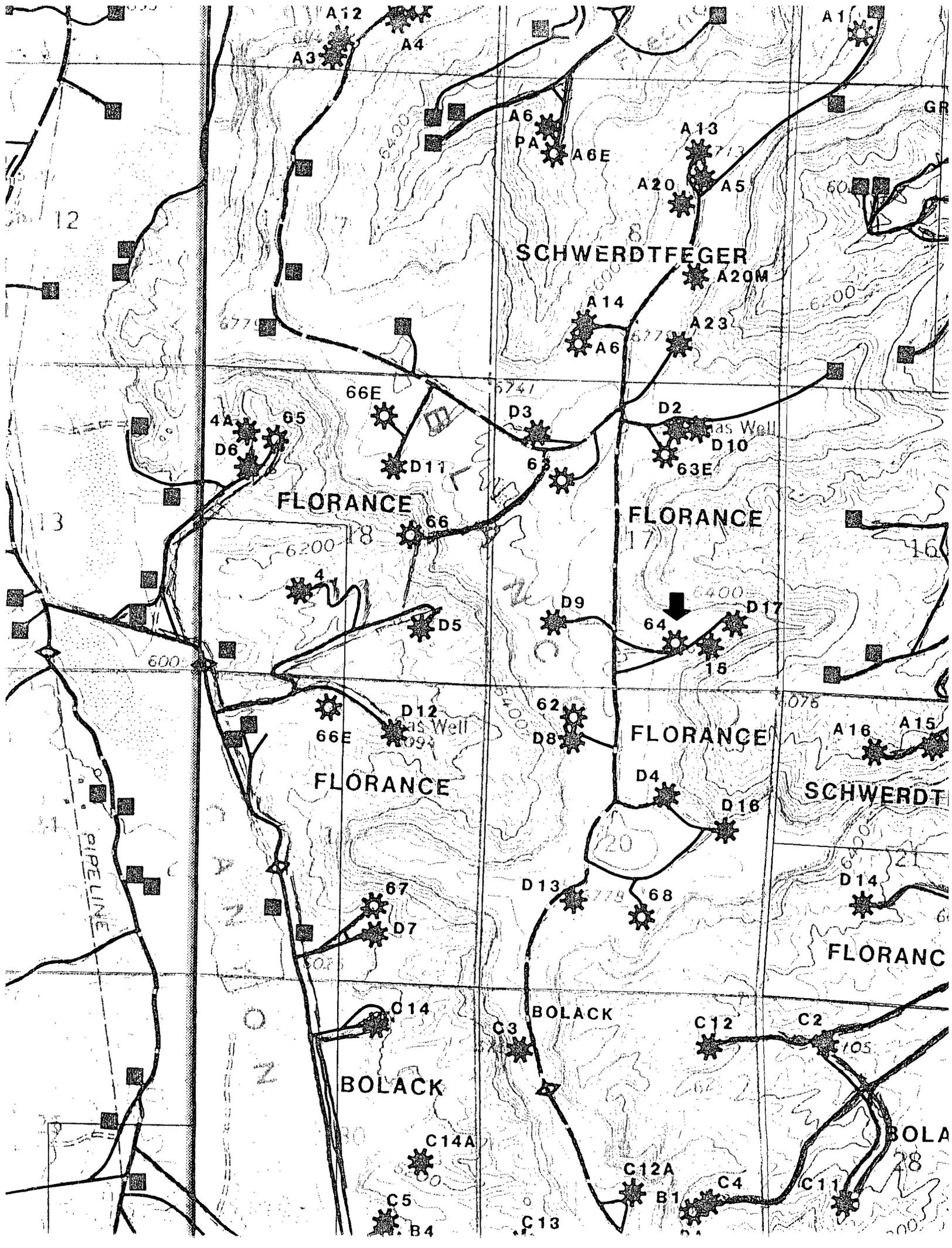
All geological and geophysical data, including the interpretation thereof, appearing on this map is the private and confidential property of Amoco Production Company. The publication or reproduction thereof without the written permission of said Company is strictly prohibited.

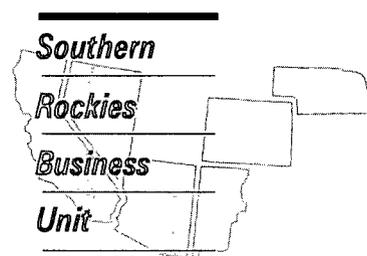
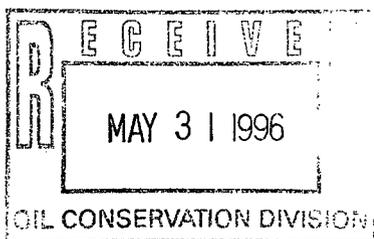
AMOCO PRODUCTION COMPANY
PLAT MAP
Florance #64
Mesaverde
SCALE 1 IN. = 2,000 FT. DEC 19, 1995

POLYCONIC CENTRAL MERIDIAN - 107° 42' 13" W LON
SPHEROID - 6

12.45.30 TUES 19 DEC, 1995 JOB-P1123202, 15500 DISPLA 10.0

PLAT-CENTR10740





May 24, 1996

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

Atlantic LS #2R Well
Unit G Section 24-T31N-R10W
Blanco Mesaverde Pool
San Juan County, New Mexico

Referencing our telephone conversation, Amoco hereby requests permission to use an existing Directional Drilling Order for a replacement well to be drilled 40 feet to the north and 20 feet to the east of the original well location. Amoco originally applied under Rule 111 (Amended by Order No. R-10388) to directionally drill a high angle/horizontal well from the existing Atlantic LS #2 wellbore located at 1650' FNL and 1450' FEL Section 24-T31N-R10W. Permission was granted under Administrative Order DD-134. During the sidetracking of this wellbore, drillpipe was stuck in the well which eventually led to abandonment of the wellbore.

Presently, Amoco requests permission to use this existing Directional Drilling order for the replacement well to be drilled at a surface location of 1610' FNL and 1430' FEL on the same drilling pad. This will be a new well, however, it is our plan to use the same kickoff point to directionally drill to a similar bottomhole location. We plan to set our 7 inch casing at 3568' and drill directionally from below that casing point. In the original well we began our window at 3772'. We plan to stay in the same drilling producing window and the Project Area (E/2 Section 24, T31N-R10W) remains the same. Attached is a copy of the order referred to above.

Since we plan to spud the new well as soon as we receive our drilling permits, we would appreciate your assistance in expediting our request.

Should there be questions concerning this matter, please contact me at (303) 830-5344.

Sincerely,



Pamela W. Staley

Enclosures

cc: Mike Kutas
Steve Webb
Gail Jefferson
Wellfile
Proration File

Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road
Aztec, NM 87410

Duane Spencer
Bureau of Land Management
1235 La Plata Hwy.
Farmington, NM 87401



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-134

Dear Mr. Hawkins:

Reference is made to Amoco Production Company's application dated February 2, 1996 for authorization to recomplete the existing Atlantic "LS" Well No. 2 (API No. 30-045-10585) 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 271.94-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 1, 2, 6, 7, 8, 9, 13, and 14 (E/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 "LS" Well No. 2, located at a standard gas well location 1650 feet from the North line and 1450 feet from the East line (Lot 6/Unit G) of said Section 24, was originally drilled and completed in 1953 as an initial Blanco-Mesaverde gas well, and was assigned the above-described 271.94-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 "LS" Well No. 2-A (API No. 30-045-22992), located at a standard infill gas well location 1520 feet from the South line and 880 feet from the East line (Lot 8\Unit I) of said Section 24;
- (5) A high angle slant hole drilled off of the existing vertical wellbore in the Atlantic "LS" Well No. 2 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 4,000 feet by milling a window in the existing production casing, drill in an easterly direction, build to an angle of approximately 25.5 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 660 feet;
- (7) The applicable drilling window or "producing area" for said wellbore should include that area within the NE/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 "LS" Well No. 2 (API No. 30-045-10585), located at a standard gas well location 1650 feet from the North line and 1450 feet from the East line (Lot 6/Unit G) 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 4,000 feet, kick-off from vertical in an easterly direction, build to an angle of approximately 25.5 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 660 feet) within a drilling window or "producing area" comprising the NE/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.

(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 "LS" Well No. 2-A (API No. 30-045-22992), located at a standard infill gas well location 1520 feet from the South line and 880 feet from the East line (Lot 8/Unit I) of said Section 24, and Atlantic "LS" Well No. 2, as described above, shall be attributed to the existing 271.94-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 1, 2, 6, 7, 8, 9, 13, and 14 (E/2 equivalent) of said Section 24.

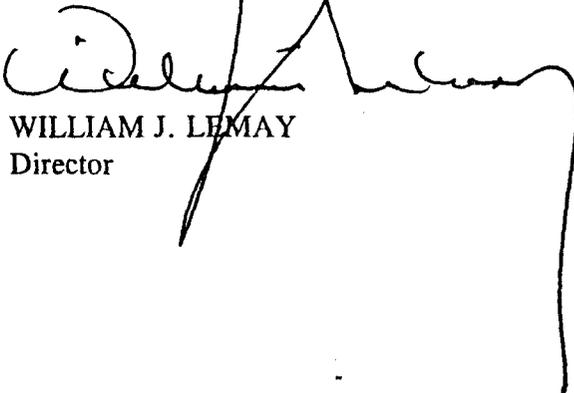
(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and Order No. R-8170, as amended.

(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

mehe - FYI

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APL Number		Pool Code	Pool Name
		72319	Blanco Mesayerde
Property Code	Property Name		Well Number
000278	ATLANTIC LS		# 2R
GRID No.	Operator Name		Elevation
000778	AMOCO PRODUCTION COMPANY		6571

10 Surface Location

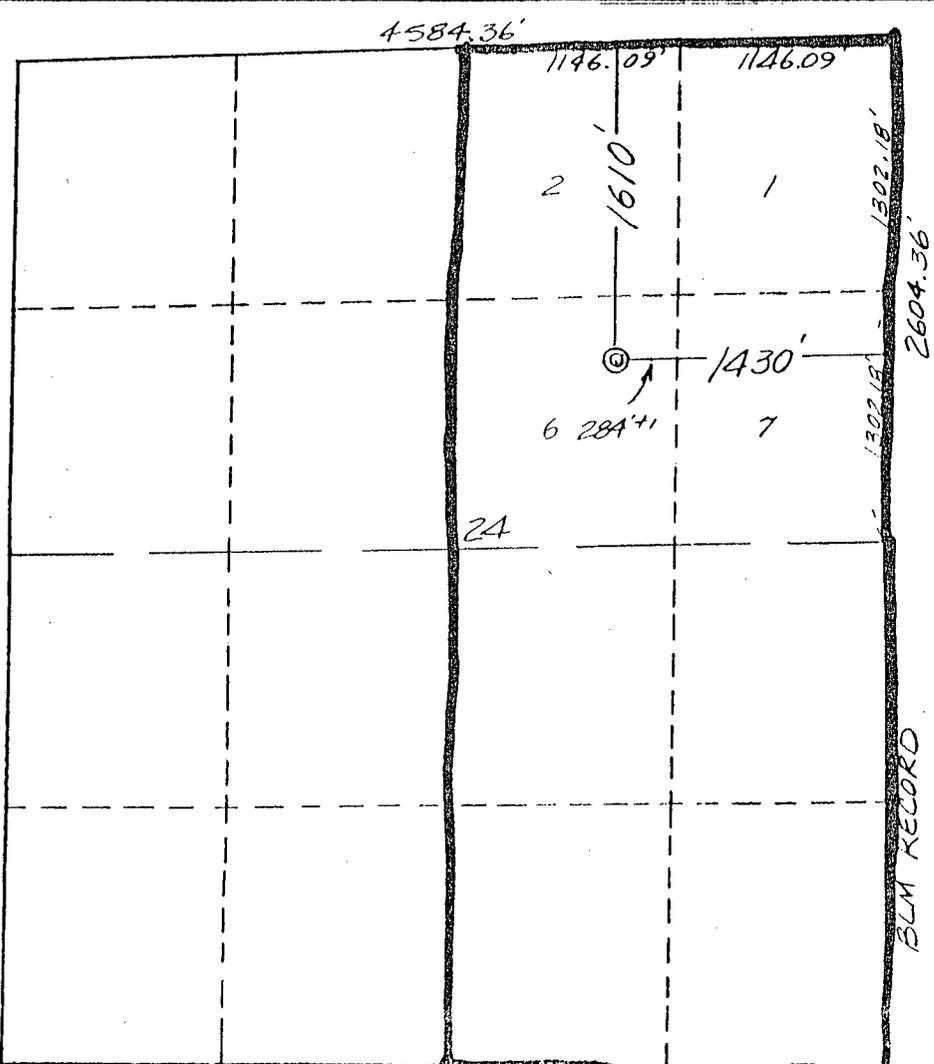
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 6	24	31 N	10 W		1610	NORTH	1430	EAST	SAN JUAN

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
271.94			

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



17 OPERATOR CERTIFICATION

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

Signature: Patty Haefele

Printed Name: Patty Haefele

Title: Staff Assistant

Date: 5/6/96

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: April 25, 1996

Signature and Seal of Professional Surveyor: GARY D. VAM

7016

Certificate Number

