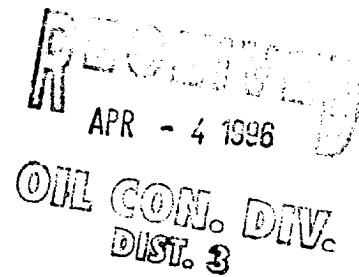


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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-136

Dear Mr. Hawkins:

Reference is made to Amoco Production Company's application dated February 7, 1996 for authorization to recomplete the existing Atlantic A "LS" Well No. 3 (API No. 30-045-10242) 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 317.80-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 3, 4, 5, 6, 11, 12, 13, and 14 (W/2 equivalent) of Section 28, 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 A "LS" Well No. 3, located at a standard gas well location 790 feet from the South line and 990 feet from the West line (Lot 13/Unit M) of said Section 28, was originally drilled and completed in 1953 as an initial Blanco-Mesaverde gas well, and was assigned the above-described 317.80-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;