



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

June 12, 1996

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OIL CON. DIV.
DIST. 3

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

AMENDED Administrative Order DD-134

Dear Ms. Staley:

By Division Administrative Order DD-134, dated March 27, 1996, authorization was given Amoco Production Company ("Amoco") 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.

Reference is now made to your application dated May 24, 1996, to amend said Order DD-134, for authorization to drill a replacement well for the Atlantic "LS" Well No. 2 at a surface location approximately 45 feet from said well and directionally drill it in a similar manner.

The Division Director Finds That:

- (1) This amendment 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) It is our understanding that during directionally drilling operations on the Atlantic "LS" Well No. 2 problems were encountered and the well was subsequently abandoned;
- (3) Further, it is our understanding that Amoco now intends to drill its Atlantic "LS" Well No. 2-R at a surface location 1650 feet from the North line and 1450 feet from the East line (Lot 6/Unit G) of said Section 24, kick-off from vertical at a depth of approximately 4,000 feet, directionally drill, and bottom said wellbore in the same manner approved by said Order DD-134; and,

- (4) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said **Rule 111.D** and **E**:
- (a) the subject application should be approved;
 - (b) said Division Order DD-134 should be amended accordingly;
and,
 - (c) the Atlantic "LS" Well No. 2-R 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) Decretory Paragraph (1) of Division Administrative Order DD-134 shall be amended to read in its entirety as follows:

"(1) The applicant, Amoco Production Company, is hereby authorized to drill its Atlantic "LS" Well No. 2-R at a standard surface gas well location 1610 feet from the North line and 1450 feet from the East line (Lot 6/Unit J) of Section 24, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico by kicking-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 said wellbore in 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."

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) Decretory Paragraph (3) of Division Administrative Order DD-134 shall be amended to read in its entirety as follows:

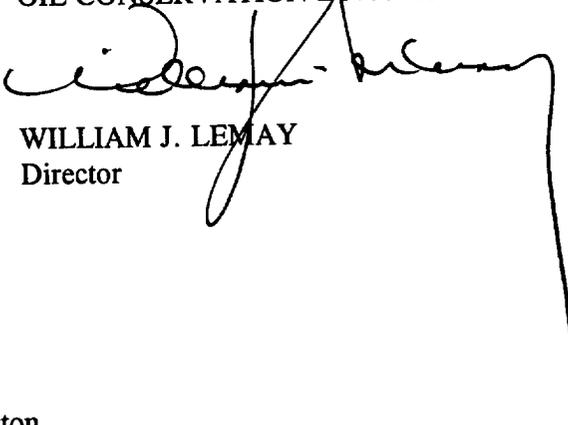
"(3) Blanco-Mesaverde gas production from both the existing Atlantic "LS" Well No. 2-A (API No. 30-045-22992), located at a standard infill gas well location 1520 feet from the South line and 880 feet from the East line (Lot 8/Unit I) of said Section 24, and Atlantic "LS" Well No. 2-R, as described above, 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."

(3) All other provisions of said Order DD-134, dated March 27, 1996, not in conflict with this change shall remain in full force and effect until further notice.

(4) 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
File: DD-134