

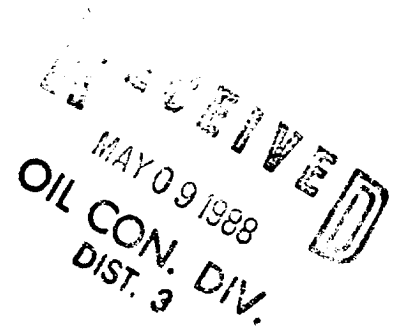
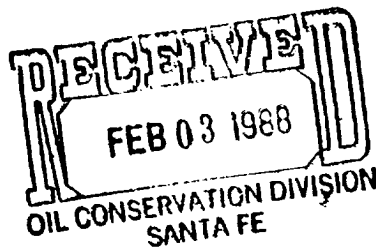


Amoco Production Company

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Federal Express

February 2, 1988



New Mexico Oil Conservation Division
PO Box 2088
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Attention: Mr. Michael E. Stogner

File: NWA-48-986.511

Cahn Gas Com Well No. 1 Replacement
Cedar Hills-Fruitland Basal Coal Pool
San Juan County, New Mexico

Please be advised that Amoco Production Company is planning to drill a replacement well for the Cahn Gas Com Well No. 1, Cedar Hills-Fruitland Basal Coal Pool. As you are aware, the Cahn No. 1 was the discovery well for Cedar Hills field and was approved as an exception well to the well location requirements of the field spacing order. Amoco plans to drill the replacement well in the SW/4 of Section at the legal location specified in the spacing order.

Rule 6 of the order specifies that any subsequent well drilled or recompleted in an existing unit shall be authorized only after notice and hearing. As we discussed in our telephone conversation of January 29th, this provision would seem to address additional increased density wells as opposed to a redrill of the initial well. We would request a letter of clarification on this matter.

Enclosed are copies of completed forms C-101 and C-102 for the proposed replacement well. The initial well, the Cahn Gas Com Well No. 1, will be maintained as a pressure observation well and will in no event be produced from the Basal Coal seam concurrently with the replacement well.