



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

November 13, 1995

Amoco Production Company  
P. O. Box 800  
Denver, Colorado 80201

Attention: J. W. Hawkins

Ealum Gas Com #1R  
R-33-32N-10W

Administrative Order DD-124

Dear Mr. Hawkins:

Reference is made to Amoco Production Company's application dated October 27, 1995 for authorization to directional drill a high-angle well to a pre-determined bottom-hole location in order to further develop the Blanco-Mesaverde Pool underlying an existing 320-acre standard gas spacing and proration unit ("GPU") comprising the N/2 of Section 33, Township 32 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) 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;
- (3) Initial development of Blanco-Mesaverde gas pool production within the subject 320-acre GPU occurred with the Ealum Gas Com Well No. 1 (API No. 30-045-11169) being drilled in 1953 at a standard gas well location 1650 feet from the North line and 1140 feet from the East line (Unit H) of said Section 33. The Ealum Gas Com Well No. 1-A (API No. 30-045-22133) was drilled in 1976 as an "infill well" at a standard gas well location 1450 feet from the North line and 1030 feet from the West line (Unit E) of said Section 33. It is our understanding that the Ealum Gas Com Well No. 1 was plugged and abandoned in 1990;

- (4) The applicant/operator proposes to drill its Ealum Gas Com Well No. 1-R (**API No. 30-045-29300**) as a replacement well for the Ealum Gas Com Well No. 1 from a standard gas well location 1630 feet from the North line and 1130 feet from the East line (Unit G) of said Section 33, kick-off of vertical at a depth of approximately 3735 feet in a southeasterly direction, build to an angle of approximately 45 degrees and continue to drill in such a manner as to bottom back into the Blanco-Mesaverde Pool, with total horizontal displacement of said well to be approximately 400 feet;
- (5) A high angle wellbore 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 GPU;
- (6) The applicable drilling window or "producing area" for said wellbore should include that area within the NE/4 equivalent of said Section 33 that is no closer than 790 feet to the quarter section lines; and,
- (7) 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 directionally drill its proposed Ealum Gas Com Well No. 1-R (**API No. 30-045-29300**) as a replacement well for the above-described Ealum Gas Com Well No. 1 from a standard gas well location 1630 feet from the North line and 1130 feet from the East line (Unit G) of said Section 33, by kicking-off from vertical at a depth of approximately 3735 feet in a southeasterly direction, build to an angle of approximately 45 degrees and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool (total horizontal displacement of said well to be approximately 400 feet) within a drilling window or "producing area" the NE/4 equivalent of said Section 28 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 Ealum Gas Com Well No. 1-A (API No. 30-045-22133), located at a standard infill gas well location 1450 feet from the North line and 1030 feet from the West line (Unit E) of said Section 33, and the proposed Ealum Gas Com Well No. 1-R, as described above, shall be attributed to the existing 320-acre standard gas spacing and proration unit ("GPU") comprising the N/2 of Section 33.

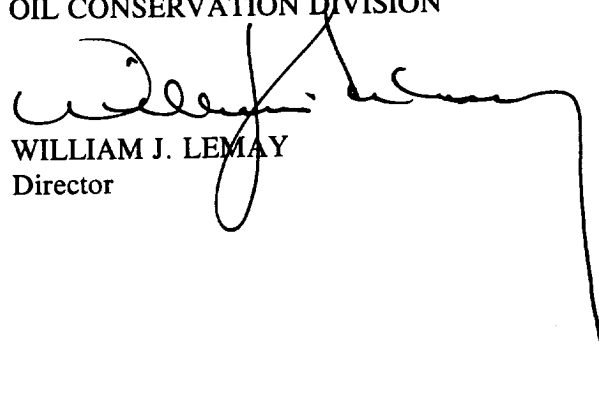
(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and Order No. R-8170, as amended.

(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 ✓  
File: Case 11,274