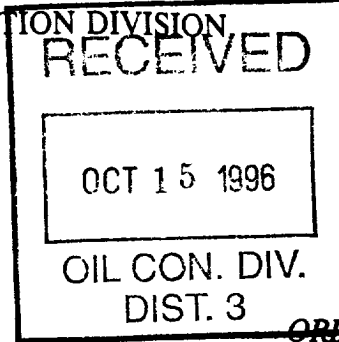


ADV (2)

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:



CASE NO. 11605
ORDER NO. R-10683

**APPLICATION OF AMOCO PRODUCTION COMPANY FOR AN UNORTHODOX
INFILL GAS WELL LOCATION AND SIMULTANEOUS DEDICATION, SAN
JUAN COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 5, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of October, 1996, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Amoco Production Company ("Amoco"), seeks an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indian "A" Well No. 26, to be drilled at an unorthodox infill gas well location 625 feet from the North line and 2620 feet from the East line (Lot 2/Unit B) of irregular Section 1, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico, and from its existing Mountain Ute Gas Com "C" Well No. 1 (API No. 30-045-20863), located at a standard gas well location 1500 feet from the North line and 1950 feet from the East line (Unit G) of said Section 1, and for the simultaneous dedication of both wells to the 184.93-acre gas spacing and proration unit comprising Lots 1, 2, and 5 and the SW/4 NE/4 (NE/4 equivalent) of said Section 1.

(3) The Ute Dome-Dakota Pool is at this time considered an "unprorated gas pool" and therefore is not governed by the "*General Rules for the Prorated Gas Pools of New Mexico*", as promulgated by Division Order No. R-8170, as amended. The Ute Dome-Dakota Pool is therefore subject to the Division's Statewide Rule 104.C(3)(a), which require standard 160-acre gas spacing and proration units with wells to be located no closer than 790 feet to any outer boundary of the tract nor closer than 130 feet to any quarter-quarter section or subdivision inner boundary.

(4) The Mountain Ute Gas Com "C" Well No. 1 was drilled in 1972 and completed in the Ute Dome-Dakota Pool. Its location 1500 feet from the North line and 1950 feet from the East line of said Section 1 was based on established and surveyed section lines to the east that were projected into the then unsurveyed Ute Mountain Indian Reservation. According to the evidence presented by the applicant and to records on file with the State of New Mexico, the Chief Cadastral Surveyor for New Mexico accepted on behalf of the United States Department of the Interior - Bureau of Land Management on April 27, 1987 an official survey of Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico.

(5) Pursuant to the 1987 survey the location of the Mountain Ute Gas Com "C" Well No. 1 is actually 1481 feet from the North line and 1960 feet from the East line (Unit G) of said Section 1.

(6) As indicated by Amoco at the time of the hearing necessity for the unorthodox location of the proposed Ute Indian "A" Well No. 26 is both geologic and topographic:

(a) Geologically, the gas bearing Dakota interval in the immediate area indicates a dome that is shattered and broken up with numerous faults. Seismic data available to Amoco indicates the existence of a north/south ~~strending~~ **strending** fault between the existing Mountain Ute Gas Com "C" Well No. 1 and the proposed Ute Indian "A" Well No. 26 and without the second well the Dakota interval to the west of this fault would not be adequately drained by the existing well.

(b) Topographically, it is deemed advantageous to both surface use agencies involved in this matter, the United States Bureau of Land Management and the Ute Mountain Ute Indian Tribe, to avoid timbered areas when possible and to keep the proposed drilling pad out of a dry stream bed within the immediate area.

(7) The proposed unorthodox infill gas well location is encroaching the western boundary of the aforementioned 184.93-acre gas spacing and proration unit and since all of said Section 1 and all immediate offsetting sections to the north, northwest, west, southwest, and west are included within a single 4,200-acre lease from the Ute Mountain Ute Indians to Amoco, no other interest owners or properties are adversely affected by the proposed unorthodox "infill" gas well location.

(8) No other offset operator, interest owner or affected party appeared at the hearing in opposition to the subject application.

(9) Approval of the subject application is in the best interest of conservation, exhibits sound reservoir engineering practices, will not violate correlative rights, will afford the applicant the opportunity to produce its just and equitable share of the gas in the Ute Dome-Dakota Pool, and will serve to prevent waste.

IT IS THEREFORE ORDERED THAT:

(1) The application of Amoco Production Company to drill its Ute Indian "A" Well No. 26 at an unorthodox "infill" gas well location in the Ute Dome-Dakota Pool, 625 feet from the North line and 2620 feet from the East line (Lot 2/Unit B) of irregular Section 1, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico is hereby approved.

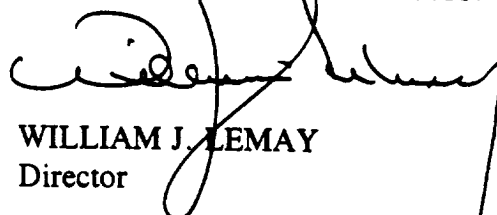
(2) The applicant's request for an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indian "A" Well No. 26 and from its existing Mountain Ute Gas Com "C" Well No. 1 (API No. 30-045-20863), located 1481 feet from the North line and 1960 feet from the East line (Unit G) of said Section 1, and for the simultaneous dedication of both wells to the 184.93-acre gas spacing and proration unit comprising Lots 1, 2, and 5 and the SW/4 NE/4 (NE/4 equivalent) of said Section 1, is also approved.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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