



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

May 2, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Amoco Production Company
San Juan Business Unit
501 West Lake Park Boulevard
Houston, Texas 77079-3092



Attention: Mary Corley

Re: Administrative application of Amoco Production Company for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987, as amended, by Division Orders No. R-10987-B and R-10987-B (1), for the Mudge "LS" Well No. 23-M to be drilled at an unorthodox infill gas well location 2210 feet from the South line and 1940 feet from the East line (Unit J) of Section 5, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico, within an existing 309.57-acre stand-up gas spacing and proration unit comprising Lots 5, 6, 11, and 12 and the SE/4 (E/2 equivalent) of Section 5.

Dear Ms. Corley:

I, along with the Division's Aztec district office, have reviewed the subject application and the records of the New Mexico Oil Conservation Division ("Division") concerning this matter, please be advised that:

- (1) with the inception of Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Order No. R-10987-B (1), dated August 10, 2000, most operators have been given an additional 28.10 acres on the surface within a single quarter section to locate Dakota gas wells at a location considered to be standard;
- (2) in instances where a single wellbore is to be utilized in more than one producing horizon, the operator is expected to drill that well at a location considered to be standard for all intended zones and not just one of the intended formations with the expectation that this is reason enough for approval;
- (3) the reason for locating this infill well is neither based on topography or geology and therefore does not qualify for administrative approval; and.
- (4) from the information provided, there appear to be areas within the SE/4 of Section 5 that this well can be drilled that satisfy the minimum setback requirements for a dually completed infill Dakota/first infill Mesaverde gas well.

Amoco Production Company

May 2, 2001

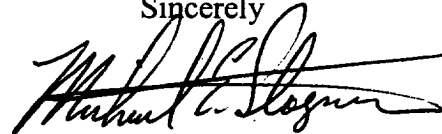
Page 2

This application is hereby **denied** and is being returned to you at this time.

As a reminder our pool rules are serious matters for the purpose of orderly development of New Mexico's valuable oil and gas resources. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues. Since the primary objective of the recent amendments to all location requirements in the San Juan Basin (see Division Rule 104 and Division Orders No. R-10987-A and R-8768-B) were to grant operators increased flexibility in locating wells and to decrease the number of applications for unorthodox locations, all future location exceptions will require substantial justification, *i.e.*, unusual circumstances.

Thank you for your understanding, cooperation, and continued support in making this newly improved portion of New Mexico's conservation rules a meaningful success.

Sincerely



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: **New Mexico Oil Conservation Division – Aztec**
U. S. Bureau of Land Management - Farmington
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe
Kathy Valdes, NMOCD – Santa Fe
William F. Carr, Legal Counsel for Amoco Production Company - Santa Fe

DATE IN 4/12/01	SUSPENSE 5/2/01	ENGINEER MS	LOGGED KW	TYPE NSL
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11064/802

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

X NSL _ NSP _ DD _ SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement

_ DHC _ CTB _ PLC _ PC _ OLS _ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

_ WFX _ PMX _ SWD _ IPI _ EOR _ PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or X Does Not Apply

[A] _ Working, Royalty or Overriding Royalty Interest Owners

[B] _ Offset Operators, Leaseholders or Surface Owner

[C] _ Application is One Which Requires Published Legal Notice

[D] _ Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] _ For all of the above, Proof of Notification or Publication is Attached, and/or,

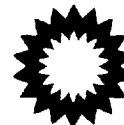
[F] _ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Print or Type Name Mary Corley Signature Mary Corley Title Sr. Regulatory Analyst Date 04/10/2001



**San Juan Business Unit
Amoco Production Company**

A Part of the BP Amoco Group
501 WestLake Park Blvd.
Houston, TX 77079-3092

Phone: 281-366-4491

April 10, 2001

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

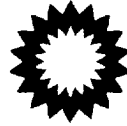
Application For Non-Standard Well Location
Mudge LS Well No. 23M
2210' FSL, 1490' FEL, Section 05-T31N-R11W
Basin Dakota Gas Pool
San Juan County, New Mexico

Amoco Production Company hereby requests administrative approval for an non-standard well location for our Mudge LS well no. 23M to be drilled and completed in both the Basin Dakota and the Blanco Mesaverde Gas Pools and downhole commingled. The subject well will require a non-standard location exception for the Basin Dakota completion as the proposed location does not conform to the Dakota location requirements that stipulate that a well be located no closer than 660' to any outer boundary of the quarter section on which the well is located. The proposed well location is 430' from the north line of the quarter section as shown on the attached Form C-102.

We respectfully request than administrative approval be granted for this Dakota location as stated above our intention is to complete in both the Dakota and Mesaverde Pools and downhole commingle. An application will be made to commingle the Mesaverde and Dakota via a separate application. The well is outside the well location window for the Dakota by being too close to the interior quarter section line thereby crowding our own spacing unit. Amoco is the only affected party.

Additionally, we offer that the Dakota is not a viable stand-alone project. The Mesaverde in the area has been highly productive and poses some drainage concerns, particularly if the location is too close to current producers. By completing the well at the proposed location it conforms to Mesaverde spacing requirements, prevents waste in the Mesaverde, minimizes interference with other Mesaverde wells and allows maximum drainage and recovery of the Mesaverde resource.

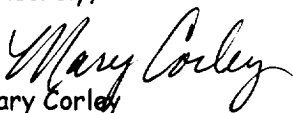
bp



Also attached for your reference is a 9 Section plat with the subject well and surrounding wells identified, a portion of a topographic map with the well identified, and a map indicating directions to the well location.

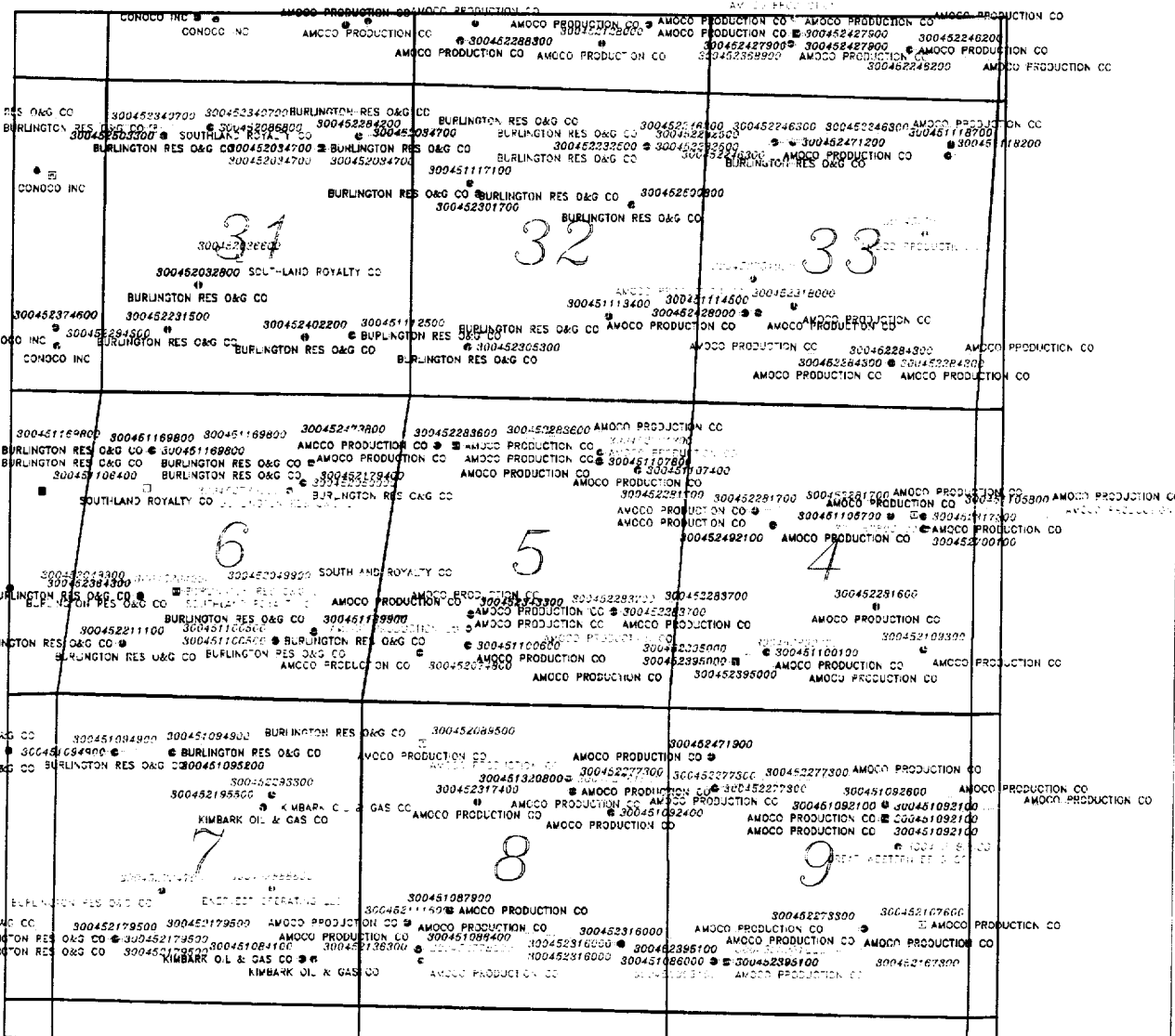
Your attention to this matter is greatly appreciated. Should you have any questions concerning this application please do not hesitate to call me at 281-366-4491.

Sincerely,

A handwritten signature in cursive script that reads "Mary Corley".

Mary Corley
Sr. Regulatory Analyst
corleym1@bp.com

cc: Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road
Aztec, NM 87410



●	DRAKTA ACTIVE WELL
□	DRAKTA INACTIVE WELL
●	MESAVERDE ACTIVE WELL
□	MESAVERDE INACTIVE WELL
●	PICTURED LUFFS ACTIVE WELL
□	PICTURED LUFFS INACTIVE WELL

Amoco Production Company Houston, Texas		
9 Section Plat 31N 11W Section 5 Mudge LS #23M		
SCALE	DRAWN C. E. SACKETT	DATE 11-APR-2001
PROJECT		

District I
PO Box 1980, Hobbs NM 88241-1980
District II
PO Drawer KK, Artesia, NM 87211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 71599 & 72319	³ Pool Name BASIN DAKOTA & BLANCO MESAVERDE
⁴ Property Code 000911	⁵ Property Name Mudge LS	⁶ Well Number # 23M
⁷ OGRID No. 000778	⁸ Operator Name AMOCO PRODUCTION COMPANY	⁹ Elevation 6204

¹⁰ Surface Location

UL or Lot No. J	Section 5	Township 31 N	Range 11 W	Lot Idn	Feet from the 2210	North/South line SOUTH	Feet from the 1940	East/West line EAST	County SAN JUAN
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¹¹ Bottom Hole Location If Different From Surface

⁷ UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 309.57	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 1331'(R)	Lot 8	Lot 7	Lot 6	Lot 5
	Lot 9	Lot 10	Lot 11	Lot 12
	2632'(R)			

4902'(R)

1940'

2210'

5240'(R)

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
MARY CORLEY

Printed Name
SR REGULATORY ANALYST

Title
04-09-2001

Date

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

January 27, 2001

Date of Survey

Signature and Seal of Professional Surveyor
GARY D. VANN
NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYOR
7016

7016
Certificate Number

**AMOCO
PRODUCTION COMPANY**

Mudge LS # 23M
SE $\frac{1}{4}$ Section 5,
T31N, R11W, N.M.P.M.

300' New BLM Road Construction

T31N, R11W, Sec.5
NW $\frac{1}{4}$ SE $\frac{1}{4}$

APD MAP # 1

