

GALLEGOS CANYON UNIT WELLS
AUTHORIZED FOR DIRECTIONAL DRILLING

WELL NAME AND LOCATION

DEDICATED ACREAGE

Gallegos Canyon Unit Well No. 222E
790' FSL and 630' FEL (SURFACE)
1190' FSL and 1650' FEL (BOTTOMHOLE)
Sec. 12, T-28-N, R-13-W, San Juan
County, New Mexico

(Basin-Dakota) S/2 of
Section 12
(Totah Gallup) S/2 SE/4
of Section 12

Gallegos Canyon Unit Well No. 234E
910' FNL and 790' FWL (SURFACE)
1600' FNL and 1850' FWL (BOTTOMHOLE)
D Sec. 14, T-28-N, R-13-W, San Juan
County, New Mexico

(Basin-Dakota) N/2 of
Section 14
(Totah Gallup) S/2 NW/4
of Section 14

Gallegos Canyon Unit Well No. 236R
515' FSL and 770' FEL (SURFACE)
1850' FSL and 1190' FEL (BOTTOMHOLE)
Sec. 14, T-28-N, R-12-W, San Juan
County, New Mexico

(Basin-Dakota) S/2 of
Section 14
(Totah Gallup) N/2 SE/4
of Section 14

EXHIBIT "A"
Administrative Order DD-8 (SNSL)



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

July 17, 1985

50 YEARS



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Amoco Production Company
Petroleum Center Building
501 Airport Drive
Farmington, New Mexico 87401

Attention: W. J. Holcomb

RECEIVED
JUL 25 1985
OIL CON. DIV.
DIST. 3

ADMINISTRATIVE ORDER DD-8 (SNSL)

Gentlemen:

Under the provisions of Rule 111 (C) and (D), Amoco Production Company made application to the New Mexico Oil Conservation Division on May 8, 1985, for permission to directionally drill and complete three wells shown on Exhibit "A"...

The Division Director Finds That:

(1) The application has been duly filed under the provisions of Rule 111 (D) of the Division Rules and Regulations;

(2) Satisfactory information has been provided that all offset operators have been duly notified;

(3) The applicant, Amoco Production Company, is the owner and operator of said wells, the unorthodox surface locations and orthodox bottomhole locations of which are listed on said Exhibit "A".

(4) The applicant seeks to directionally drill said wells to avoid the surface owner's cultivated fields.

(5) Said operator proposes to kick off at such a depth feasible to be within 50 feet of said bottomhole locations (See Exhibit "A").

(6) The acreage dedicated to said wells is shown on Exhibit "A".

(7) The applicant should be required to determine the subsurface location of the bottom of the hole by means of a continuous multi-shot directional survey conducted subsequent to said directional drilling, if said well is to be completed as a producing well.

(8) Approval of the subject application will prevent the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company, is hereby authorized to directionally drill said wells listed on Exhibit "A" whose unorthodox surface locations and orthodox bottomhole locations are listed on said Exhibit "A".

(2) That said kick-off point should be adequate to penetrate the zone of interest within 50 feet of said bottomhole locations.

PROVIDED HOWEVER, that prior to the above-described directional drilling, the applicant shall establish the location of the kick-off point by conducting a continuous multi-shot directional survey of the well.

PROVIDED FURTHER, that subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey shall be made of the wellbore from total depth to the kick-off point with shot points not more than 100 feet apart; that the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, P. O. Box 2088, Santa Fe, New Mexico 87501, and the operator shall notify the Division's Aztec District Office of the date and time said survey is to be commenced.

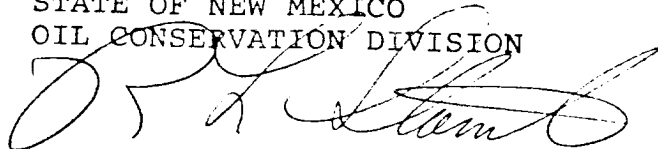
(3) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(4) That the acreage dedicated to said wells should be that as listed on Exhibit "A".

(5) 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

A large, stylized handwritten signature in dark ink, likely belonging to R. L. Stamets, is written over the printed text of the division name.

R. L. STAMETS,
Director

S E A L