



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

June 12, 1996

Amoco Production Company
Southern Rockies Business Unit
P. O. Box 800
Denver, Colorado 80201
Attention: Pamela W. Staley

AMENDED Administrative Order DD-134

Dear Ms. Staley:

By Division Administrative Order DD-134, dated March 27, 1996, authorization was given Amoco Production Company ("Amoco") to recomplete its existing Atlantic "LS" Well No. 2 (API No. 30-045-10585), located at a standard gas well location 1650 feet from the North line and 1450 feet from the East line (Lot 6/Unit G) of Section 24, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico, by milling a window in the existing production casing at a depth of approximately 4,000 feet, kick-off from vertical in an easterly direction, build to an angle of approximately 25.5 degrees and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool (total horizontal displacement of said wellbore to be approximately 660 feet) within a drilling window or "producing area" comprising the NE/4 equivalent of said Section 24 that is no closer than 790 feet to the quarter section lines.

Reference is now made to your application dated May 24, 1996, to amend said Order DD-134, for authorization to drill a replacement well for the Atlantic "LS" Well No. 2 at a surface location approximately 45 feet from said well and directionally drill it in a similar manner.

The Division Director Finds That:

- (1) This amendment 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) It is our understanding that during directionally drilling operations on the Atlantic "LS" Well No. 2 problems were encountered and the well was subsequently abandoned;
- (3) Further, it is our understanding that Amoco now intends to drill its Atlantic "LS" Well No. 2-R at a surface location 1650 feet from the North line and 1450 feet from the East line (Lot 6/Unit G) of said Section 24, kick-off from vertical at a depth of approximately 4,000 feet, directionally drill, and bottom said wellbore in the same manner approved by said Order DD-134; and,

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) Decretory Paragraph (3) of Division Administrative Order DD-134 shall be amended to read in its entirety as follows:

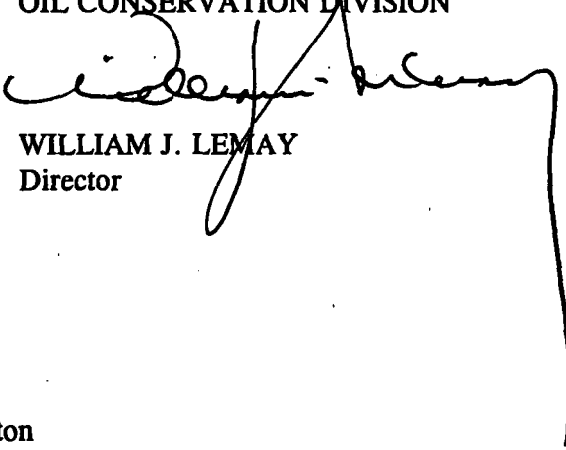
"(3) Blanco-Mesaverde gas production from both the existing Atlantic "LS" Well No. 2-A (API No. 30-045-22992), located at a standard infill gas well location 1520 feet from the South line and 880 feet from the East line (Lot 8/Unit I) of said Section 24, and Atlantic "LS" Well No. 2-R, as described above, shall be attributed to the existing 271.94-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 1, 2, 6, 7, 8, 9, 13, and 14 (E/2 equivalent) of said Section 24."

(3) All other provisions of said Order DD-134, dated March 27, 1996, not in conflict with this change shall remain in full force and effect until further notice.

(4) 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
U. S. Bureau of Land Management - Farmington
File: DD-134

DD-134, AMR

Rec: 5-31-96

Susp: NA

Released: 6-12-96

June 12, 1996

**Amoco Production Company
Southern Rockies Business Unit
P. O. Box 800
Denver, Colorado 80201**

Attention: Pamela W. Staley

AMENDED Administrative Order DD-134

Dear Ms. Staley:

By Division Administrative Order DD-134, dated March 27, 1996, authorization was given Amoco Production Company ("Amoco") to recomplete its existing Atlantic "LS" Well No. 2 (API No. 30-045-10585), located at a standard gas well location 1650 feet from the North line and 1450 feet from the East line (Lot 6/Unit G) of Section 24, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico, by milling a window in the existing production casing at a depth of approximately 4,000 feet, kick-off from vertical in an easterly direction, build to an angle of approximately 25.5 degrees and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool (total horizontal displacement of said wellbore to be approximately 660 feet) within a drilling window or "producing area" comprising the NE/4 equivalent of said Section 24 that is no closer than 790 feet to the quarter section lines.

Reference is now made to your application dated May 24, 1996, to amend said Order DD-134, for authorization to drill a replacement well for the Atlantic "LS" Well No. 2 at a surface location approximately 45 feet from said well and directionally drill it in a similar manner.

The Division Director Finds That:

- (1) This amendment 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) It is our understanding that during directionally drilling operations on the Atlantic "LS" Well No. 2 problems were encountered and the well was subsequently abandoned;
- (3) Further, it is our understanding that Amoco now intends to drill its Atlantic "LS"

Division and Bureau Briefs

Section III

Well No. 2-R at a surface location 1650 feet from the North line and 1450 feet from the East line (Lot 6/Unit G) of said Section 24, kick-off from vertical at a depth of approximately 4,000 feet, directionally drill, and bottom said wellbore in the same manner approved by said Order DD-134; and,

- (4) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said **Rule 111.D** and **E**:
- (a) the subject application should be approved;
 - (b) said Division Order DD-134 should be amended accordingly; and,
 - (c) the Atlantic "LS" Well No. 2-R 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) Decretory Paragraph (1) of Division Administrative Order DD-134 shall be amended to read in its entirety as follows:

"(1) The applicant, Amoco Production Company, is hereby authorized to drill its Atlantic "LS" Well No. 2-R at a standard surface gas well location 1610 feet from the North line and 1450 feet from the East line (Lot 6/Unit J) of Section 24, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico by kicking-off from vertical in an easterly direction, build to an angle of approximately 25.5 degrees and continue drilling in such a manner as to bottom said wellbore in the Blanco-Mesaverde Pool (total horizontal displacement of said wellbore to be approximately 660 feet) within a drilling window or "producing area" comprising the NE/4 equivalent of said Section 24 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

Organizational Charts

Section II

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."

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) Decretory Paragraph (3) of Division Administrative Order DD-134 shall be amended to read in its entirety as follows:

"(3) Blanco-Mesaverde gas production from both the existing Atlantic "LS" Well No. 2-A (API No. 30-045-22992), located at a standard infill gas well location 1520 feet from the South line and 880 feet from the East line (Lot 8/Unit I) of said Section 24, and Atlantic "LS" Well No. 2-R, as described above, shall be attributed to the existing 271.94-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 1, 2, 6, 7, 8, 9, 13, and 14 (E/2 equivalent) of said Section 24."

(3) All other provisions of said Order DD-134, dated March 27, 1996, not in conflict with this change shall remain in full force and effect until further notice.

(4) 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

Statutory Authority of the Oil Conservation Division

Section I

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: DD-134

Division Phone Numbers

TRANSMITTAL COVER SHEET

**Oil Conservation Division
(505) 827-7131 (Office)
(505) 827-8177 (Fax)**

Please Deliver This Fax To:

TO: E. Busch

FROM: Michael E. Stogner

SUBJECT: DD-134

DATE: 11-26-96

PAGES: 4

***If You Have Any Problems Receiving This Fax
Please Call the Number Above***

*Do you have a copy of this amendment
to DD-134 in your files. Does this order
cover all of the concerns. If not call me.*

*Note: I obviously had received the May 24th
correspondence -- but its not longer in the file, Bill
Hawkins is sending me one.*

Mike Stogner

From: Ernie Busch
To: Mike Stogner
Subject: AMOCO ATLANTIC LS #2R (DD-134)
Date: Friday, November 22, 1996 1:39PM
Priority: High

IN REFERENCE TO AMOCO'S LETTER DATED MAY 24, 1996, THEY REQUESTED TO USE DD-134 EVEN THOUGH THEY HAD TO SKID THE RIG AND DRILL AT A DIFFERENT LOCATION THAN THE ORDER APPROVED. DO THEY HAVE PERMISSION UNDER THE ORIGINAL ORDER OR DOES THE ORDER NEED TO BE AMENDED?

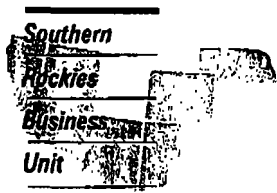


Date 11/26/96 Time Sent 10:30
This transmission consists of: 2 pages

Notes:

TO Mike Stogner
NMOC
Santa Fe NM
FAX Number
FAX Operator's Number for Confirmation

FROM Bill Hawkins
Amoco
Denver CO
FAX Telephone Number 303-830-4777
Voice Telephone Number 303-830-0072



May 24, 1996

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P. O. Box 6429
Santa Fe, NM 87505

Atlantic LS #2R Well
Unit G Section 24-T31N-R10W
Blanco Mesaverde Pool
San Juan County, New Mexico

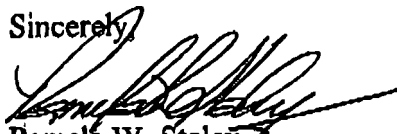
Referencing our telephone conversation, Amoco hereby requests permission to use an existing Directional Drilling Order for a replacement well to be drilled 40 feet to the north and 20 feet to the east of the original well location. Amoco originally applied under Rule 111 (Amended by Order No. R-10388) to directionally drill a high angle/horizontal well from the existing Atlantic LS #2 wellbore located at 1650' FNL and 1450' FEL Section 24-T31N-R10W. Permission was granted under Administrative Order DD-134. During the sidetracking of this wellbore, drillpipe was stuck in the well which eventually led to abandonment of the wellbore.

Presently, Amoco requests permission to use this existing Directional Drilling order for the replacement well to be drilled at a surface location of 1610' FNL and 1430' FEL on the same drilling pad. This will be a new well, however, it is our plan to use the same kickoff point to directionally drill to a similar bottomhole location. We plan to set our 7 inch casing at 3568' and drill directionally from below that casing point. In the original well we began our window at 3772'. We plan to stay in the same drilling producing window and the Project Area (E/2 Section 24, T31N-R10W) remains the same. Attached is a copy of the order referred to above.

Since we plan to spud the new well as soon as we receive our drilling permits, we would appreciate your assistance in expediting our request.

Should there be questions concerning this matter, please contact me at (303) 830-5344.

Sincerely,



Pamela W. Staley

Enclosures

cc: Mike Kutas
Steve Webb
Gail Jefferson
Wellfile
Proration File

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

Duane Spencer
Bureau of Land Management
1235 La Plata Hwy.
Farmington, NM 87401



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

March 27, 1996

Amoco Production Company
Southern Rockies Business Unit
P. O. Box 800
Denver, Colorado 80201
Attention: J. W. Hawkins

Administrative Order DD-134

Dear Mr. Hawkins:

Reference is made to Amoco Production Company's application dated February 2, 1996 for authorization to recomplete the existing Atlantic "LS" Well No. 2 (API No. 30-045-10585) by side tracking off of the vertical portion of the wellbore and drill a high angle slant hole to a pre-determined bottom-hole location in order to further develop the Blanco-Mesaverde Pool underlying its existing 271.94-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 1, 2, 6, 7, 8, 9, 13, and 14 (E/2 equivalent) of Section 24, Township 31 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) The Atlantic "LS" Well No. 2, located at a standard gas well location 1650 feet from the North line and 1450 feet from the East line (Lot 6/Unit G) of said Section 24, was originally drilled and completed in 1953 as an initial Blanco-Mesaverde gas well, and was assigned the above-described 271.94-acre GPU;
- (3) 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;

- (4) Within this GPU Amoco is also producing Blanco-Mesaverde gas from its Atlantic "LS" Well No. 2-A (API No. 30-045-22992), located at a standard infill gas well location 1520 feet from the South line and 880 feet from the East line (Lot 8\Unit I) of said Section 24;
- (5) A high angle slant hole drilled off of the existing vertical wellbore in the Atlantic "LS" Well No. 2 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 well;
- (6) The applicant/operator proposes to kick-off from vertical at a depth of approximately 4,000 feet by milling a window in the existing production casing, drill in an easterly direction, build to an angle of approximately 25.5 degrees and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool, with total horizontal displacement of said wellbore to be approximately 660 feet;
- (7) The applicable drilling window or "producing area" for said wellbore should include that area within the NE/4 equivalent of said Section 24 that is no closer than 790 feet to the quarter section lines; and,
- (8) 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 recomplete its existing Atlantic "LS" Well No. 2 (API No. 30-045-10585), located at a standard gas well location 1650 feet from the North line and 1450 feet from the East line (Lot 6/Unit G) of Section 24, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico, by milling a window in the existing production casing at a depth of approximately 4,000 feet, kick-off from vertical in an easterly direction, build to an angle of approximately 25.5 degrees and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool (total horizontal displacement of said wellbore to be approximately 660 feet) within a drilling window or "producing area" comprising the NE/4 equivalent of said Section 24 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 Atlantic "LS" Well No. 2-A (API No. 30-045-22992), located at a standard infill gas well location 1520 feet from the South line and 880 feet from the East line (Lot 8/Unit I) of said Section 24, and Atlantic "LS" Well No. 2, as described above, shall be attributed to the existing 271.94-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 1, 2, 6, 7, 8, 9, 13, and 14 (E/2 equivalent) of said Section 24.

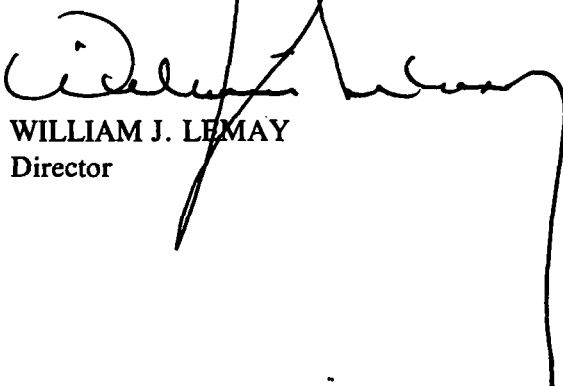
(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and Order No. R-8170, as amended.

(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
U. S. Bureau of Land Management - Farmington

DD-AMOC.8

Rec. 2/17/96

Susp 2/27/96

Released 3/26/96

March 26, 1996

Amoco Production Company
Southern Rockies Business Unit
P. O. Box 800
Denver, Colorado 80201

Attention: J. W. Hawkins

134
Administrative Order DD-*****

Dear Mr. Hawkins:

Reference is made to Amoco Production Company's application dated February 2, 1996 for authorization to recomplete the existing Atlantic "LS" Well No. 2 (API No. 30-045-10585) by side tracking off of the vertical portion of the wellbore and drill a high angle slant hole to a pre-determined bottom-hole location in order to further develop the Blanco-Mesaverde Pool underlying its existing 271.94-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 1, 2, 6, 7, 8, 9, 13, and 14 (E/2 equivalent) of Section 24, Township 31 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) The Atlantic "LS" Well No. 2, located at a standard gas well location 1650 feet from the North line and 1450 feet from the East line (Lot 6/Unit G) of said Section 24, was originally drilled and completed in 1953 as an initial Blanco-Mesaverde gas well, and was assigned the above-described 271.94-acre GPU;
- (3) 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;

- (4) Within this GPU Amoco is also producing Blanco-Mesaverde gas from its Atlantic "LS" Well No. 2-A (API No. 30-045-22992), located at a standard infill gas well location 1520 feet from the South line and 880 feet from the East line (Lot 8\Unit I) of said Section 24;
- (5) A high angle slant hole drilled off of the existing vertical wellbore in the Atlantic "LS" Well No. 2 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 well;
- (6) The applicant/operator proposes to kick-off from vertical at a depth of approximately 4,000 feet by milling a window in the existing production casing, drill in an easterly direction, build to an angle of approximately 25.5 degrees and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool, with total horizontal displacement of said wellbore to be approximately 660 feet;
- (7) The applicable drilling window or "producing area" for said wellbore should include that area within the NE/4 equivalent of said Section 24 that is no closer than 790 feet to the quarter section lines; and,
- (8) 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 recomplete its existing Atlantic "LS" Well No. 2 (API No. 30-045-10585), located at a standard gas well location 1650 feet from the North line and 1450 feet from the East line (Lot 6/Unit G) of Section 24, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico, by milling a window in the existing production casing at a depth of approximately 4,000 feet, kick-off from vertical in an easterly direction, build to an angle of approximately 25.5 degrees and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool (total horizontal displacement of said wellbore to be approximately 660 feet) within a drilling window or "producing area" comprising the NE/4 equivalent of said Section 24 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 Atlantic "LS" Well No. 2-A (API No. 30-045-22992), located at a standard infill gas well location 1520 feet from the South line and 880 feet from the East line (Lot 8/Unit I) of said Section 24, and Atlantic "LS" Well No. 2, as described above, shall be attributed to the existing 271.94-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 1, 2, 6, 7, 8, 9, 13, and 14 (E/2 equivalent) of said Section 24.

(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

*Administrative Order DD-*****

Amoco Production Company

March 26, 1996

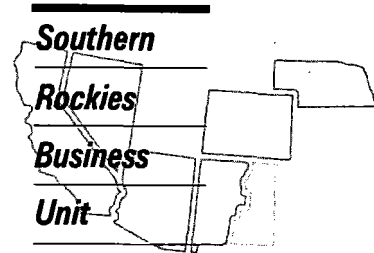
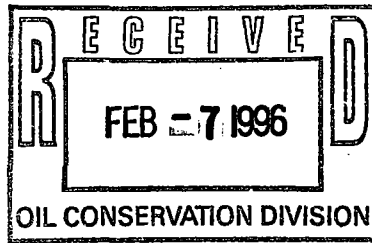
Page No. 4

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington



February 2, 1996



Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P.O. Box 6429
Santa Fe, NM 87505

Application to Drill a Directional Well
Rule 111 as Amended by Order No. R-10388
Atlantic LS #2 Well
1650' FNL, 1450' FEL, Section 24-T31N-R10W
Blanco Mesaverde Pool
San Juan County, New Mexico

Amoco Production Company hereby requests administrative approval to enter the existing wellbore in the Atlantic LS #2 well referenced above and directionally drill the well as a high angle / horizontal well in the Blanco Mesaverde Pool. The well is currently completed as a shut -in well in the Blanco Mesaverde Pool. Amoco believes that directionally drilling the well will help place the wellbore away from the original openhole completion and provide an opportunity to encounter the naturally occurring fracture system in the Mesaverde formation which will increase the producing rate and ultimate recovery of gas for this well. We are requesting the Project Area for this well to be the Blanco Mesaverde gas proration unit consisting of E/2 Section 24, T31N-R10W with the Producing Area for the well to consist of a rectangle inside the gas proration unit that is not closer than 790' from the outer boundaries of the gas proration unit.

In accordance with Rule 111-D.(2), attached to aid in your review are:

- 1) a plat showing the well location, project area and producing area for the project well and the offset spacing units, their wells and operators;
- 2) a vertically oriented plan view for the project well showing top and bottom of the pool, degree of angle to be built, kickoff point, penetration point and lateral length;
- 3) a horizontal plan view for the project well showing the project area, producing area, estimated azimuth and maximum length of the lateral;
- 4) a type log section identifying the top and bottom of the pool.

As notification, a copy of this application will be sent by certified mail return receipt requested to the offset operators shown on the attached list advising them that if they have any objection, it must be filed in writing within twenty (20) days of the date notice was sent.

Sincerely,

J. W. Hawkins

cc: Mike Kutas
Patty Haefele

Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road

OFFSET OWNERS

Meridian Oil Inc.
Attn: Alan Alexander
PO Box 4289
Farmington NM 87499

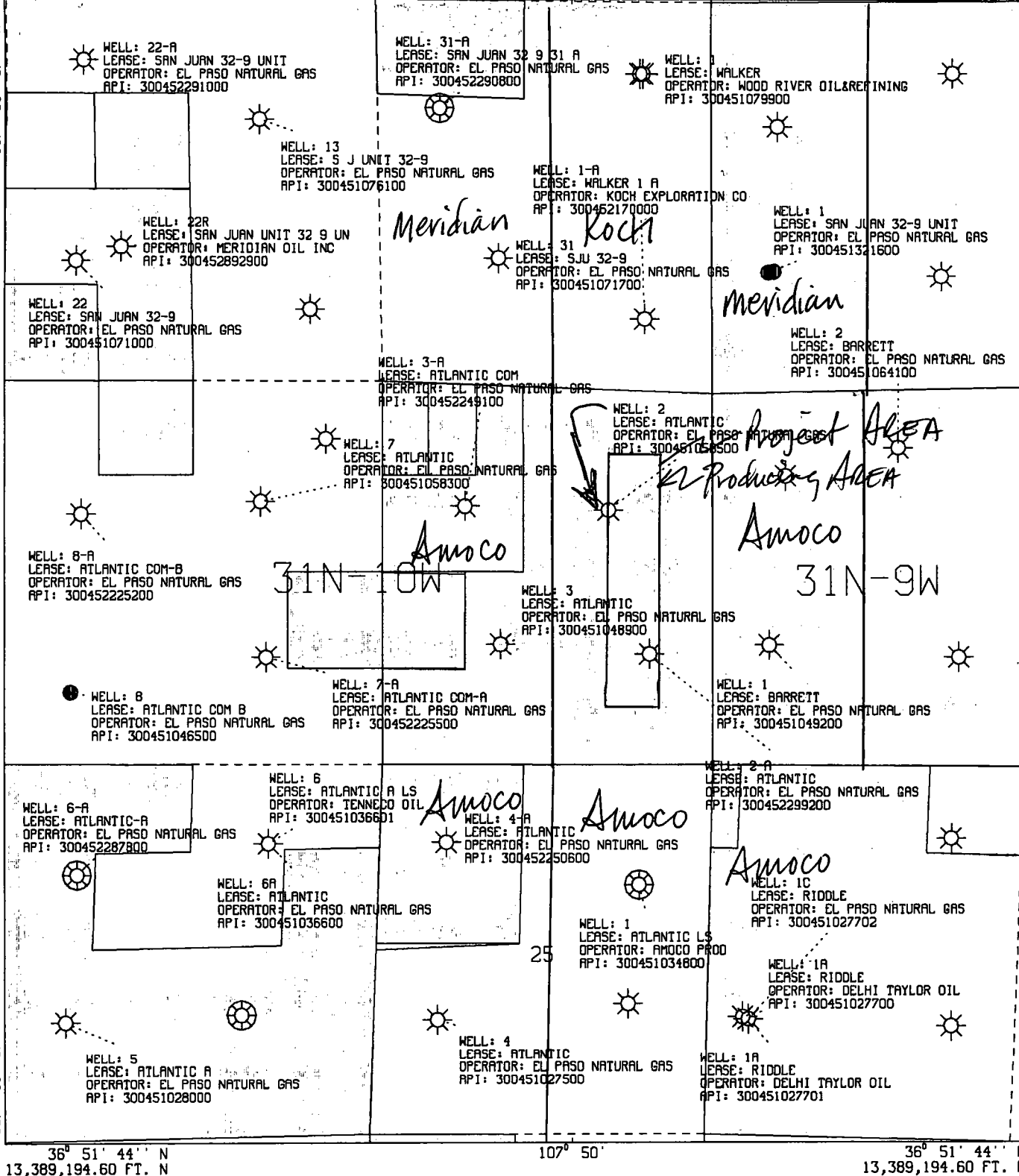
Koch Exploration Co.
PO Box 2256
Wichita KS 67201

992,877.13 FT. E
107° 51' 37" W

107° 48' 42" W
1,007,122.87 FT. E

992,873.11 FT. E
107° 51' 37" W

107° 48' 42" W
1,007,126.88 FT. E



36° 51' 44" N
13,389,194.60 FT. N

107° 50'

36° 51' 44" N
13,389,194.60 FT. N

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AMOCO PRODUCTION COMPANY
PLAT MAP
Atlantic LS 2
Nine Section Plat w/ MV wells

SCALE 1 IN. = 2,000 FT. FEB 2, 1996

Amoco Production Company

ENGINEERING CHART

Sheet No. _____ Of _____

File _____

Appn _____

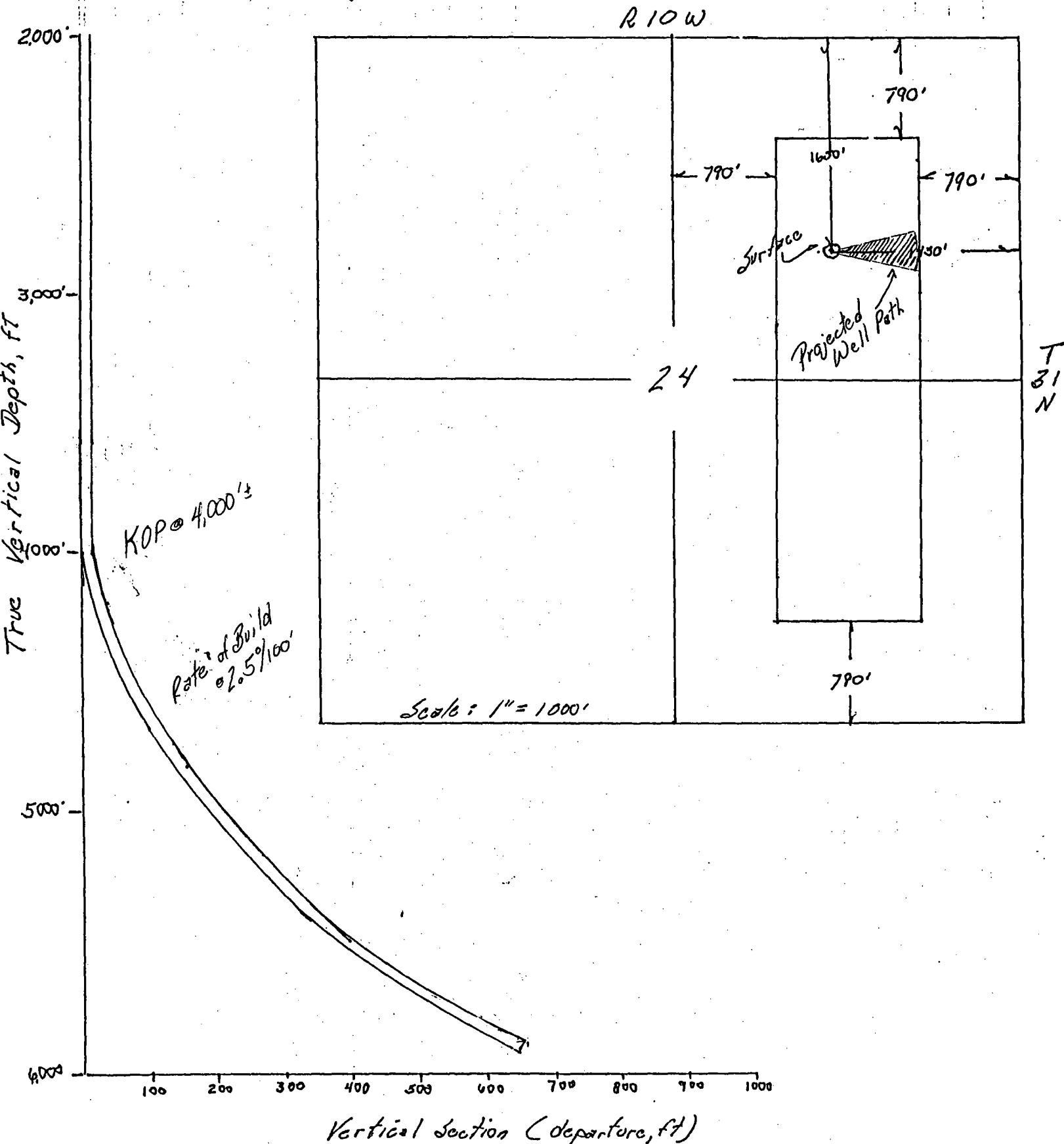
Date Feb 26, 1986

By J. L. G.

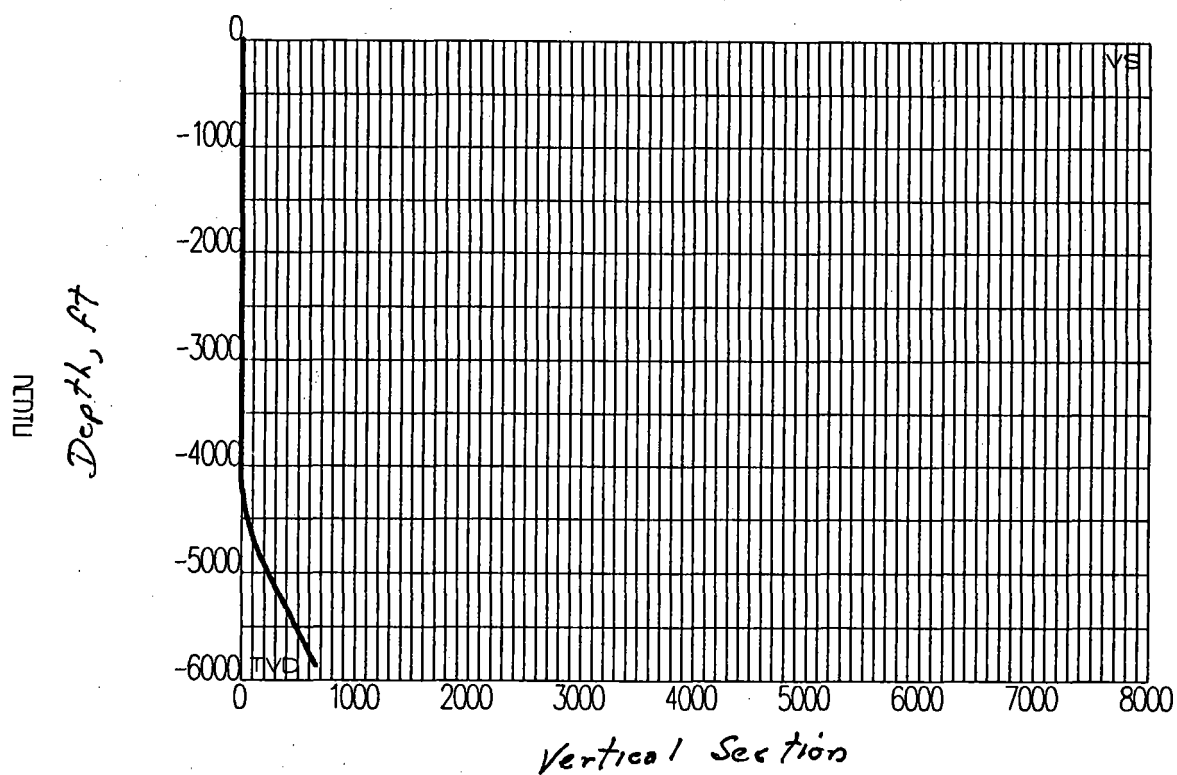
SUBJECT Atlantic LS #2

1650' FNL, 1450' FEL Spd 24, 31N, 10W

San Juan County, New Mexico



Atlantic LS #2
1660' FNL, 1450' FEL
Section 24, 31N, 10W
San Juan County, New Mexico



Atlantic LS #2
 Sect 24G, 31N, 10W
 1650' FNL, 1450' FEL
 San Juan County, N.M.

Units are FEET

T I	Meas. Depth	Survey Incl Dir		Depth (TVD)	North -South	East -West	Vert. Section	Closure Dist Dir		Dog Leg
	.00	.00	90.00	.00	.00	.00	.00	0	0	.0
	4000.00	.00	90.00	4000.00	.00	.00	.00	0	0	.0
	4100.00	3.00	90.00	4099.95	.00	2.62	2.62	3	90	3.0
	4200.00	5.50	90.00	4199.67	.00	10.03	10.03	10	90	2.5
	4300.00	8.00	90.00	4298.97	.00	21.78	21.78	22	90	2.5
	4400.00	10.50	90.00	4397.66	.00	37.85	37.85	38	90	2.5
	4500.00	13.00	90.00	4495.56	.00	58.22	58.21	58	90	2.5
	4600.00	15.50	90.00	4592.47	.00	82.83	82.83	83	90	2.5
	4700.00	18.00	90.00	4688.22	.00	111.65	111.64	112	90	2.5
	4800.00	20.50	90.00	4782.63	.00	144.61	144.61	145	90	2.5
	4900.00	23.00	90.00	4875.50	.00	181.67	181.66	182	90	2.5
	5000.00	25.50	90.00	4966.67	.00	222.73	222.72	223	90	2.5
	5100.00	25.50	90.00	5056.93	.00	265.79	265.77	266	90	.0
	5168.00	25.50	90.00	5118.30	.00	295.06	295.05	295	90	.0
	5200.00	25.50	90.00	5147.19	.00	308.84	308.82	309	90	.0
	5300.00	25.50	90.00	5237.44	.00	351.89	351.87	352	90	.0
	5400.00	25.50	90.00	5327.70	.00	394.94	394.92	395	90	.0
	5500.00	25.50	90.00	5417.96	.00	437.99	437.97	438	90	.0
	5600.00	25.50	90.00	5508.22	.00	481.04	481.02	481	90	.0
	5700.00	25.50	90.00	5598.48	.00	524.09	524.07	524	90	.0
	5710.00	25.50	90.00	5607.50	.00	528.40	528.37	528	90	.0
	5800.00	25.50	90.00	5688.74	.00	567.14	567.11	567	90	.0
	5900.00	25.50	90.00	5778.99	.00	610.19	610.16	610	90	.0
	6000.00	25.50	90.00	5869.25	.00	653.25	653.21	653	90	.0
	6030.00	25.50	.00	5897.23	6.67	659.92	659.95	660	89118.2	