



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 24, 1997

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

Attention: Pamela W. Staley

Re: *Administrative application to directionally drill your proposed Dawson "LS" Well No. 1-B as a third Blanco-Mesaverde gas well within an existing 326.00-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 3 and 4 and the E/2 SW/4 (SW/4 equivalent) of irregular Section 30 and Lots 1, 2, 3, and 4 and the E/2 W/2 (W/2 equivalent) of irregular Section 31, both in Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico (approved by Division Order No. R-392, issued in Case 606 and dated November 24, 1953), and is currently dedicated to Amoco's Dawson "LS" Well No. 1 (API No. 30-045-10273), located at a standard gas well location 1750 feet from the South line and 1175 feet from the West line (Unit L) of said Section 30 and Dawson "LS" Well No. 1-A (API No. 30-045-23092), located at a previously approved unorthodox infill gas well location (see Division Administrative Order NSL-947, dated May 29, 1978) 640 feet from the North line and 985 feet from the West line (Unit C) of said Section 31.*

Dear Ms. Staley:

The subject application dated July 15, 1997 was received by this office on Tuesday, July 17, 1997. On Monday, July 14, 1997 Division Order No. R-10817, which order amended Division General Rule 111 and established a new set of rules for directionally drilled wells, was issued and placed in effect. Review of the subject application indicates that this matter can now be administered at the District level. Your application for directional drilling will be forwarded to the Aztec District office of the Division for processing.

However, in my review of this application a slight discrepancy was uncovered that requires clarification at this time. How does this application and proposal by Amoco for the subject Dawson "LS" Well No. 1-B effect Division Administrative Order NSL-947-A(SD), dated January 6, 1995 (see copy attached)?

I have also attached a copy of said Order No. R-10817 for your convenience. Should you have any questions or comments concerning this matter, please contact Ernie Busch in Aztec at (505) 334-6178 or you can call me in Santa Fe at (505) 827-8185. Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Ernie Busch, NMOCD - Aztec
William J. LeMay, Director - NMOCD, Santa Fe