



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

September 6, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Amoco Production Company
501 West Lake Park Boulevard
Houston, Texas 77079-3092
Attention: Mary Corley/corleym@bp.com

Administrative Order NSL-4641

Dear Ms. Corley:

Reference is made to the following: (i) your application dated June 18, 2001 (*application reference No. pKRV0-125329971*); (ii) your telephone conversation with Michael E. Stogner, Engineer with the New Mexico Oil Conservation Division ("Division") in Santa Fe, on Tuesday, September 4, 2001; and (iii) the Division's records in Santa Fe and Aztec, including the file on Case No. 12664: all concerning Amoco Production Company's ("Amoco") request 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-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, for a non-standard Basin-Dakota replacement gas well location within an existing standard 320-acre lay-down gas spacing and proration unit for the Basin-Dakota Pool comprising the S/2 of Section 27, Township 30 North, Range 9 West, NMPM, San Juan County, New Mexico. This unit is currently assigned to Amoco's E. E. Elliott "B" Well No. 8-E (**API No. 30-045-26299**), located at a standard gas well location 1560 feet from the South line and 1070 feet from the East line (Unit I) of Section 27.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B.

Initial development of Basin-Dakota gas production within this 320-acre unit commenced in 1965 when Pan American Petroleum Corporation its E. E. Elliott "B" Well No. 8 (**API No. 30-045-09129**) at a standard gas well location 1450 feet from the South line and 1560 feet from the West line (Unit K) of Section 27. It is our understanding that this well was plugged and abandoned in 1996.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled as a replacement to the initial gas well on this 320-acre unit at an unorthodox gas well location is hereby approved:

E. E. Elliott "B" Well No. 8-M
730' FSL & 2415' FWL (Unit N)
(API No. 30-045-30608).

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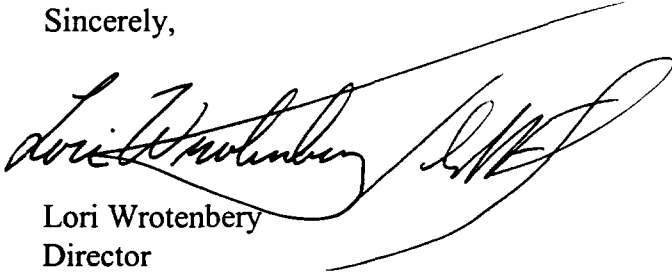
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Further, both of the aforementioned E. E. Elliott "B" Wells No. 8-E and 8-M and existing 320-acre gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", is written over a horizontal line. The signature is fluid and cursive, with a large loop at the end.

Lori Wrotenbery
Director

LW/MES/kv

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