

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11097
ORDER NO. R-10108-A

**APPLICATION OF AMOCO PRODUCTION COMPANY TO AMEND DIVISION
ORDER NO. R-10108, SAN JUAN COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 15, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of September, 1994 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises.

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-10108, dated April 29, 1994, the Division authorized Amoco Production Company to initiate a high angle/horizontal directional drilling pilot project in the Blanco-Mesaverde Pool on an existing 320-acre gas spacing and proration unit comprising the E/2 of Section 28, Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico, by drilling its Gartner "A" Well No. 2R as a replacement well for its Gartner "A" Well No. 2 from a standard surface location 790 feet from the North line and 1850 feet from the East line (Unit B) of Section 28 in the following unconventional manner:

Drill vertically to a depth of approximately 4,300 feet, kick off from the vertical at this depth and drill in a southeast direction building angle to approximately 90 degrees so as to penetrate the upper portion of the Cliff House formation at a true vertical depth of approximately 4,673 feet and continue drilling horizontally a distance of approximately 1,100 feet to 1,700 feet depending on the exact azimuth drilled.

(3) At this time the applicant, Amoco Production Company ("Amoco"), seeks to amend said Order No. R-10108 to extend the vertical limits of the project area to include the entire Blanco-Mesaverde Pool.

(4) Such an amendment would enable Amoco to drill its horizontal wellbore into other intervals within the entire Blanco-Mesaverde Pool that appear to exhibit those geologic and reservoir qualities that make the risk in drilling a horizontal wellbore a more substantial and viable option should drilling a horizontal wellbore into the upper portion of the Cliff House formation prove to be unsuccessful for any reason.

(5) No offset operator and/or interest owner appeared at the hearing in opposition to the proposed vertical extension of the project area.

(6) Approval of the proposed amendment would serve to promote the conservation of gas underlying the unit, the prevention of waste and should not impair correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Amoco Production Company to amend Division Order No. R-10108 and extend the vertical limits of the project area to include the entire Blanco-Mesaverde Pool is hereby approved.

(2) Decretory Paragraph No. (1) on page 4 of said Order No. 10108 being one in the same is hereby amended to read in its entirety as follows:

"(1) The applicant, Amoco Production Company, is hereby authorized to initiate a high angle/horizontal directional drilling pilot project in the Blanco-Mesaverde Pool on an existing 320-acre gas spacing and proration unit comprising the E/2 of Section 28, Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico, by drilling its Gartner "A" Well No. 2R as a replacement well for its Gartner "A" Well No. 2 from a standard surface location 790 feet from the North line and 1850 feet from the East line (Unit B) of Section 28 in the following unconventional manner:

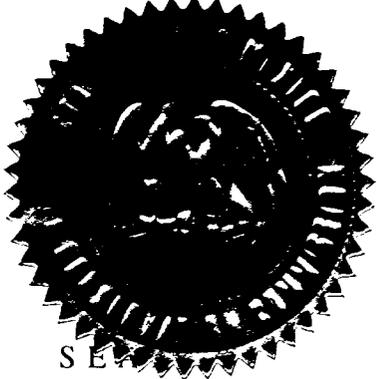
Kick-off from the vertical wellbore in a southeasterly direction building angle to approximately 90 degrees so as to penetrate the Blanco-Mesaverde Pool, and continue drilling horizontally a distance of approximately 1,100 feet to 1,700 feet depending on the exact azimuth drilled.

PROVIDED HOWEVER THAT, no portion of the horizontal portion of the wellbore shall be located closer than 790 feet from the outer boundary of the project area."

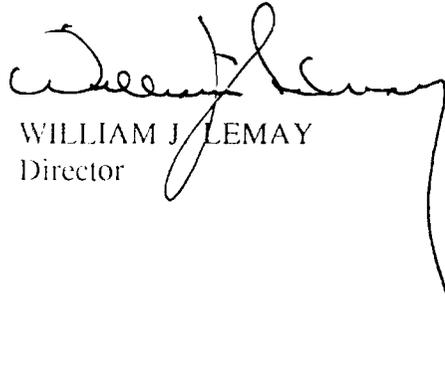
(3) All other provisions of said Order No. R-10108 shall remain in full force and effect until further notice.

(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