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RECEIVED

AUG 8 1996

August 8, 1996
Oil Conservation Division

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: *Application of Amoco Production Company for Administrative Approval of an Unorthodox Well Location for its Ute Indian "A" Well No. 22, 1880 feet from the North line and 2150 feet from the West line of Section 2, Township 31 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.*

Dear Mr. LeMay:

Amoco Production Company hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Ute Indian "A" Well No. 22 to be drilled at an unorthodox well location 1880 feet from the North line and 2150 feet from the West line of Section 2, Township 31 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.

This well was the subject of Oil Conservation Division Case No. 11586 which was presented to Examiner Stogner on this date. When this case was docketed, Amoco used the U S G S survey that had been in effect for this area for over 50 years. Subsequent to filing this application, Amoco discovered that there had been a resurvey of this area in the mid-1980's. This survey was published and accepted by the BLM in 1993 and the new unorthodox footage location is the result of this resurvey.

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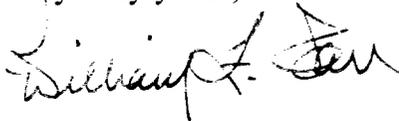
Attached hereto as Exhibit A is a copy of the exhibit book that was admitted into evidence in Case 11586. This exhibit contains a plat showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

This unorthodox location is necessary for geological reasons and to comply with the surface use requirements of the Ute Mountain Utes. Included in the enclosed exhibit book is a 3-D seismic map, a cross section and a 3-D Seismic Analysis which show the proposed location is necessary if the Dakota reserves under this spacing unit are to be drained.

As is shown on the lease plat in the attached exhibit there are no affected owners to whom notice of this application must be provided.

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style with a large initial "W".

WILLIAM F. CARR
Attorney for Amoco Production Company
Enclosures

cc: Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Ms. Pam Staley
Amoco Production Company
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