



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

April 26, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Amoco Production Company
San Juan Business Unit
501 West Lake Park Boulevard
Houston, Texas 77059-3092

Case 12672

Attention: Mary Corley

Re: Amoco Production Company's placement of its proposed Florance Well No. 117-M 2380 feet from the South line and 1790 feet from the East line (Lot 10/Unit J) of Section 35, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico, as an infill gas well in both the Basin-Dakota Pool within an existing standard 306.35-acre stand-up gas spacing and proration unit comprising Lots 1, 2, 7, 8, 9, 10, 15, and 16 (E/2 equivalent) of Section 35.

Dear Ms. Corley:

Your application dated April 2, 2001 can not be addressed in the administrative review process.

The rules and procedures currently governing the Basin-Dakota Pool contain a provision that serves to check well density within existing spacing units. Review of your application and the Division's records indicate that the proposed Florance Well No. 117-M is located within the same quarter section as Amoco's Florance Well No. 117, currently completed in and producing from the Basin-Dakota Pool. I have therefore prepared the following advertisement, which will be placed on the May 31, 2001 hearing docket:

"Application of Amoco Production Company for an exception to the well density and location provisions of the special rules governing the Basin-Dakota Pool, San Juan County, New Mexico. The applicant in this matter proposes to drill its Florance Well No. 117-M 2380 feet from the South line and 1790 feet from the East line (Lot 10/Unit J) of Section 35, Township 29 North, Range 9 West, as an infill gas well in the Basin-Dakota Pool within an existing standard 306.35-acre stand-up gas spacing and proration unit comprising Lots 1, 2, 7, 8, 9, 10, 15, and 16 (E/2 equivalent) of Section 35 (which is located approximately 13 miles east of Bloomfield, New Mexico. Applicant seeks 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, as amended by Division Order No. R-10987-B (1), in order to drill and complete the proposed Florance Well No. 117-M within the same quarter section as the above-described Florance Well No. 117".

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Thank you for your cooperation and understanding, should you have any questions concerning this matter, your legal counsel should be able to assist you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
William F. Carr, Legal Counsel for Amoco Production Company - Santa Fe