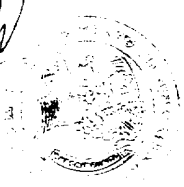


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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

August 22, 1994

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Amoco Production Company
P.o. Box 800
Denver, CO 80201

Attention: J.W. Hawkins

RECEIVED
AUG 25 1994
OIL CON. DIV.
DIST. 3

Administrative Order DD-98

Dear Mr. Hawkins:

Under the provisions of General Rule 111 (c), (d) and (e), Amoco Production Company made application to the New Mexico Oil Conservation Division on July 15, 1994, for authorization to directionally drill its proposed Carson Federal "G" Well No. 1, Rio Arriba County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 111(d) and (e) of the Division General Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in General Rule 111 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company, is hereby authorized to directionally drill its Carson Federal "G" Well No. 1, the surface location of which shall be 1540 feet from the North line and 2630 feet from the East line (Unit G) of Section 25, Township 28 North, Range 4 West, NMPM, San Juan County, New Mexico, by kicking off from the vertical at a depth of approximately 2162 feet, and drilling in such a manner as to bottom in the Choza Mesa-Pictured Cliffs Pool at a standard gas well location within the SW/4 NE/4 of said Section 25.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations into said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED HOWEVER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Aztec district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Aztec offices of the Division upon completion.

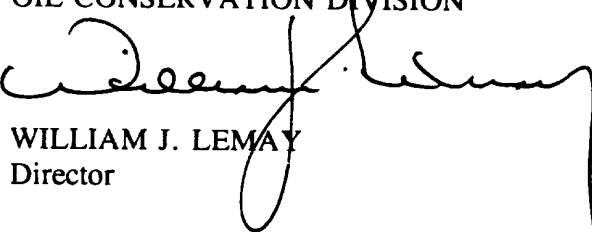
(3) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(4) The NE/4 of said Section 25 shall be dedicated to the well forming a standard 160-acre gas spacing and proration unit for the subject pool.

(5) 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

S E A L

WJL/MES/amg

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington