

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 7, 1998

Amoco Production Company
P. O. Box 800
Denver, Colorado 80201-0800
Attention: Pamela Staley

RECEIVED
OCT 15 1998

OIL CON. DIV. Administrative Order NSL-4136
DIST. 3

Dear Ms. Staley:

Reference is made to your application dated September 10, 1998, which was received by the New Mexico Oil Conservation Division ("Division") in Santa Fe on September 17, 1998, for an exception to the well location requirements provided within the "Special Rules and Regulations for the Blanco-Mesaverde Pool," as promulgated by Division Order No. R-10987, for a non-standard gas well location in an existing standard 320-acre stand-up gas spacing and proration unit for the Blanco-Mesaverde Pool comprising the E/2 of Section 23, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico. This unit is currently dedicated to Amoco Production Company's: (I) Hardie "LS" Well No. 4 (API No. 30-045-08054), the initial well on this unit, located at a standard gas well location 1775 feet from the North line and 800 feet from the East line (Unit H) of Section 23; and, (ii) Hardie "LS" Well No. 4-A (API No. 30-045-22810), located at a standard infill gas well location 800 feet from the South line and 815 feet from the East line (Unit P) of Section 23.

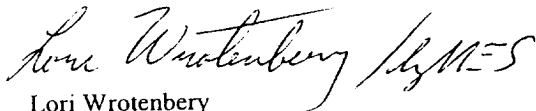
The application has been duly filed under the provisions of Division Rules 104.F and 605.B, of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division Rule 104.F(2), the following described well to be drilled at an unorthodox gas well location in Section 23 is hereby approved:

Hardie "LS" Well No. 4-B
2200' FSL & 1225' FEL (Unit I). 03-57-8

Further, Amoco Production Company is authorized to dedicate Blanco-Mesaverde gas production on the subject unit from the proposed Hardie "LS" Well No. 4-B with the two existing Hardie "LS" Well Nos. 4 and 4-A. These three wells and the existing 320-acre unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

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