

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION


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

September 30, 1991

BHP Petroleum
5847 San Felipe
Suite 3600
Houston, Texas 77057**RECEIVED**
OCT 2 1991
OIL CON. DIV.]
DIST. 3

Attention: Carl Kolbe

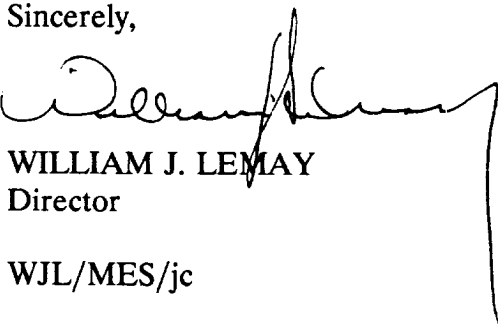
Administrative Order NSL-3059

Dear Mr. Kolbe:

Reference is made to your application dated September 17, 1991 for a non-standard gas well location for your Gallegos Canyon Unit Well No. 521 to be located 1613 feet from the South line and 584 feet from the West line (Unit L) of Section 36, Township 29 North, Range 12 West, NMPM, Undesignated West Kutz Pictured Cliffs Pool, San Juan County, New Mexico. The SW/4 of said Section 36 shall be dedicated to the well forming a standard 160-acre gas spacing and proration unit for said pool.

By authority granted me under the provisions of Rule 104.F.1. the above described unorthodox gas well location is hereby approved.

Sincerely,

WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Aztec ✓
NMSLO - Santa Fe

September 17, 1991



State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

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DIST. 3

RE: Unorthodox Location, Administrative Approval Request
Gallegos Canyon Unit #521

Gentlemen:

BHP Petroleum respectfully requests that a non-standard location be administratively approved to allow the GCU #521 well to be drilled 1613' FSL and 584' FWL to be completed in the Pictured Cliffs formation.

The non-standard location is requested due to topographical reasons. A standard location would interfere with residential dwellings and farm land.

The subject location is immediately adjacent to the existing Amoco well location #93 E producing from the Dakota Formation.

For both economical and mechanical reasons BHP does not think that directionally drilling the proposed well to a standard location is feasible. Economically it is not feasible based on the extra expense of drilling a directional hole compared to the anticipated production. Our experience has shown that a rod pump will have to be installed to remove excess water from the well bore and a directionally drilled hole would greatly hinder or prohibit that.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Carl Kolbe
Regulatory Affairs Coordinator
(713) 780-5301