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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 23, 1997

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OIL CON. DIV.
DIST. 3

Amoco Production Company
San Juan Business Unit
P. O. Box 800
Denver, Colorado 80201
Attention: Pamela Staley

Administrative Order DD-191

Dear Ms. Staley:

Reference is made to Amoco Production Company's application dated June 5, 1997 for authorization to recomplete the existing Florance Well No. 1-R (API No. 30-045-25307) by side tracking off of the vertical portion of the wellbore and drill a high-angle slant hole to a predetermined bottomhole location in order to further develop the Blanco-Mesaverde Pool underlying its existing 320-acre standard gas spacing and proration unit ("GPU") comprising the W/2 of Section 11, Township 30 North, Range 9 West, NMPM, San Juan County, New Mexico.

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The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11274 on June 13, 1995;
- (2) By Order No. R-8170, as amended, the Division promulgated the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blanco-Mesaverde Pool," which includes provisions for 320-acre gas spacing and proration units and well location requirements whereby the initial well drilled on a GPU shall be located no closer than 790 feet to the outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary and the infill well drilled on an existing GPU shall be in the quarter section not containing a Mesaverde gas well and shall be located with respect to the restrictions as previously described;
- (3) Initial development of Blanco-Mesaverde gas pool production within the subject 320-acre GPU occurred with the Florance Well No. 18 being drilled in 1952 at a standard gas well location 1650 feet from the South line and 990 feet from the West line (Unit L) of said Section 11. The Florance Well No. 18-A (API No. 30-045-22120) was drilled in 1976 as an "infill well" at a standard gas well location 1675 feet from the North line and 950 feet from the West line (Unit E) of said Section 11. In early 1980 the GPU's original Florance

Well No. 18 was plugged and abandoned and in 1982 the Florance Well No. 1-R (API No. 30-045-25307), located at a standard gas well location 1060 feet from the South line and 980 feet from the West line (Unit M), was drilled and completed in the Blanco-Mesaverde Pool as its replacement well;

- (4) A high angle slant hole drilled off of the existing vertical wellbore in the Florance Well No. 18-R as proposed should provide Amoco a better opportunity to encounter the naturally occurring fracture system in the Mesaverde formation, which should result in a higher production rate and an increased ultimate recovery of gas from this well;
- (5) The applicant/operator proposes to kick-off from vertical at a depth of approximately 4,300 feet by milling a window in the existing 4 1/2-inch liner, drill in a northeasterly direction, build to an angle of approximately 41 degrees in order to bottom back into the Blanco-Mesaverde Pool, with total horizontal displacement of said wellbore to be approximately 720 feet;
- (6) The applicable drilling window or "producing area" for said wellbore should include that area within the SW/4 of said Section 11 that is no closer than 790 feet to any quarter section line; and,
- (7) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company, is hereby authorized to recomplete its existing Florance Well No. 18-R (API No. 30-045-25307), located at a standard gas well location 1060 feet from the South line and 980 feet from the West line (Unit M) of Section 11, Township 30 North, Range 9 West, NMPM, San Juan County, New Mexico, by milling a window in the existing 4 1/2-inch liner at a depth of approximately 4,300 feet, kick-off from vertical in a northeasterly direction, build to an angle of approximately 41 degrees in order to bottom back into the Blanco-Mesaverde Pool (total horizontal displacement of said wellbore to be approximately 720 feet) within a drilling window or "producing area" comprising the SW/4 of said Section 11 that is no closer than 790 feet to any quarter section line.

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

PROVIDED FURTHER 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) Blanco-Mesaverde gas production from both the existing Florance Well No. 18-A (API No. 30-045-22120), located at a standard infill gas well location 1675 feet from the North line and 950 feet from the West line (Unit E) of said Section 11, and the Florance Well No. 18-R, as described above, shall be attributed to the existing 320-acre standard gas spacing and proration unit ("GPU") comprising the W/2 of said Section 11.

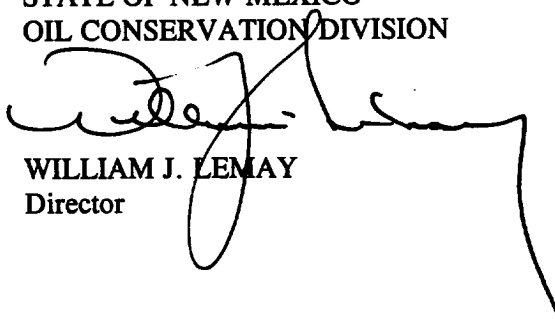
(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and Order No. R-8170, as amended.

(5) 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.

(6) 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

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WJL/MES/kv

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