



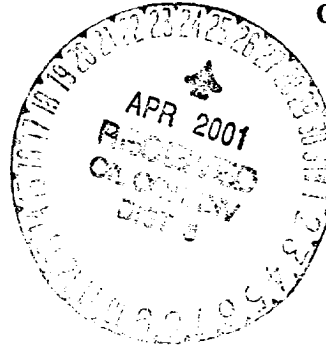
NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

April 23, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Amoco Production Company
San Juan Business Unit
501 West Lake Park Boulevard
Houston, Texas 77079-3092



Attention: Mary Corley

JH

Re: Administrative application of Amoco Production Company for 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, issued in Case No. 12290, for the Florence Gas Cont. "K" Well No. 5-14 to be drilled 1500 feet from the 22 Township 30 North, Range 9 West, NMPM, San Juan County, New Mexico.

Dear Ms. Corley:

I, along with the Division's Aztec district office, have reviewed the subject application and the records of the New Mexico Oil Conservation Division ("Division") concerning this matter, please be advised that:

- (1) with the inception of Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, most operators have been given an additional 28.10 acres on the surface within a single quarter section to locate Dakota gas wells at a location considered to be standard;
- (2) in instances where a single wellbore is to be utilized in more than one producing horizon, the operator is expected to drill that well at a location considered to be standard for all intended zones and not just one of the intended formations with the expectation that this is reason enough for approval;
- (3) the reason for this location is neither based on topography or geology and therefore does not qualify for administrative approval; and
- (4) from the information provided and since this appears to be the initial Dakota and Mesaverde well within the proposed 320-acre unit comprising the N/2 of Section 22, there are numerous areas within the N/2 of Section 23 that this well can be drilled that satisfy the minimum setback requirements for Dakota gas wells.

Amoco Production Company

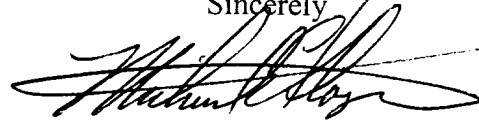
April 23, 2001

Page 2

This application is hereby **denied** and is being returned to you at this time.

As a reminder our pool rules are serious matters for the purpose of orderly development of New Mexico's valuable oil and gas resources. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues. Since the primary objective of the recent amendments to all location requirements in the San Juan Basin (see Division Rule 104 and Division Orders No. R-10987-A and R-8768-B) were to grant operators increased flexibility in locating operations and to remove the burden of compliance with the rules, all future location exceptions will require substantial justification. Thank you for your understanding, cooperation, and continued support in making this newly improved portion of New Mexico's conservation rules a meaningful success.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

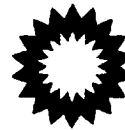
cc: **New Mexico Oil Conservation Division – Aztec**
U. S. Bureau of Land Management - Farmington
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe
Kathy Valdes, NMOCD – Santa Fe
William F. Carr, Legal Counsel for Amoco Production Company - Santa Fe

108249571

NSL

4/11/01

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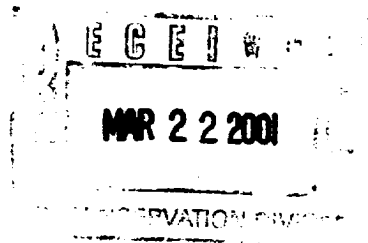


San Juan Business Unit
Amoco Production Company
A Part of the BP Amoco Group
501 WestLake Park Blvd.
Houston, TX 77079-3092

Phone: 281-366-4491

March 20, 2001

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505

Confidential?

Application For Non-Standard Well Location
Florance Gas Com K Well No. 5M
1800' FNL, 2230' FWL, Section 22-T30N-R09W
Basin Dakota Gas Pool
San Juan County, New Mexico

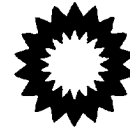
Amoco Production Company hereby requests administrative approval for an non-standard well location for our Florance Gas Com K well no. 5M to be drilled and completed in both the Basin Dakota and the Blanco Mesaverde Gas Pools and downhole commingled. The subject well will require a non-standard location exception for the Basin Dakota completion as the proposed location does not conform to the Dakota location requirements that stipulate that a well be located no closer than 660' to any outer boundary of the quarter section on which the well is located. The proposed well location is 310' from the east line of the quarter section as shown on the attached Form C-102.

We respectfully request than administrative approval be granted for this Dakota location as stated above our intention is to completed in both the Dakota and Mesaverde Pools and downhole commingle. Application will be made to commingle the Mesaverde and Dakota via a separate application. The well is outside the well location window for the Dakota by being too close to the interior quarter section line thereby crowding our own spacing unit. Amoco is the only affected party. By completing the well at the proposed location it conforms to Mesaverde spacing requirements, prevents waste in the Mesaverde, minimizes interference with other Mesaverde wells and allows maximum drainage and recovery of the Mesaverde resource.

No other wells indicated

Also attached for your reference is a 9 Section plat with the subject well and surrounding wells identified, a portion of a topographic map with the well identified, and a map indicating directions to the well location.

bp

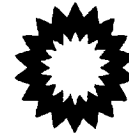


Your attention to this matter is greatly appreciated. Should you have any questions concerning this application please do not hesitate to call me at 281-366-4491.

Sincerely,

Mary Corley
Mary Corley
Sr. Regulatory Analyst

cc: Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road
Aztec, NM 87410



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Amoco Production Company
A Part of the BP Amoco Group
501 WestLake Park Blvd.
Houston, TX 77079-3092

Phone: 281-366-4491

March 20, 2001

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505

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Florance Gas Com K Well No. 5M
1800' FNL, 2230' FWL, Section 22-T30N-R09W
Basin Dakota Gas Pool
San Juan County, New Mexico

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Also attached for your reference is a 9 Section plat with the subject well and surrounding wells identified, a portion of a topographic map with the well identified, and a map indicating directions to the well location.

District I
PO Box 1980, Hobbs NM 88241-1980
District II
PO Drawer KK, Artesia, NM 87211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 71599 & 72319		³ Pool Name Basin Dakota & Blanco Mesaverde	
⁴ Property Code 000538		⁵ Property Name FLORANCE GAS COM K			⁶ Well Number 5M
⁷ OGRID No. 000778		⁸ Operator Name AMOCO PRODUCTION COMPANY			⁹ Elevation 5965

¹⁰ Surface Location

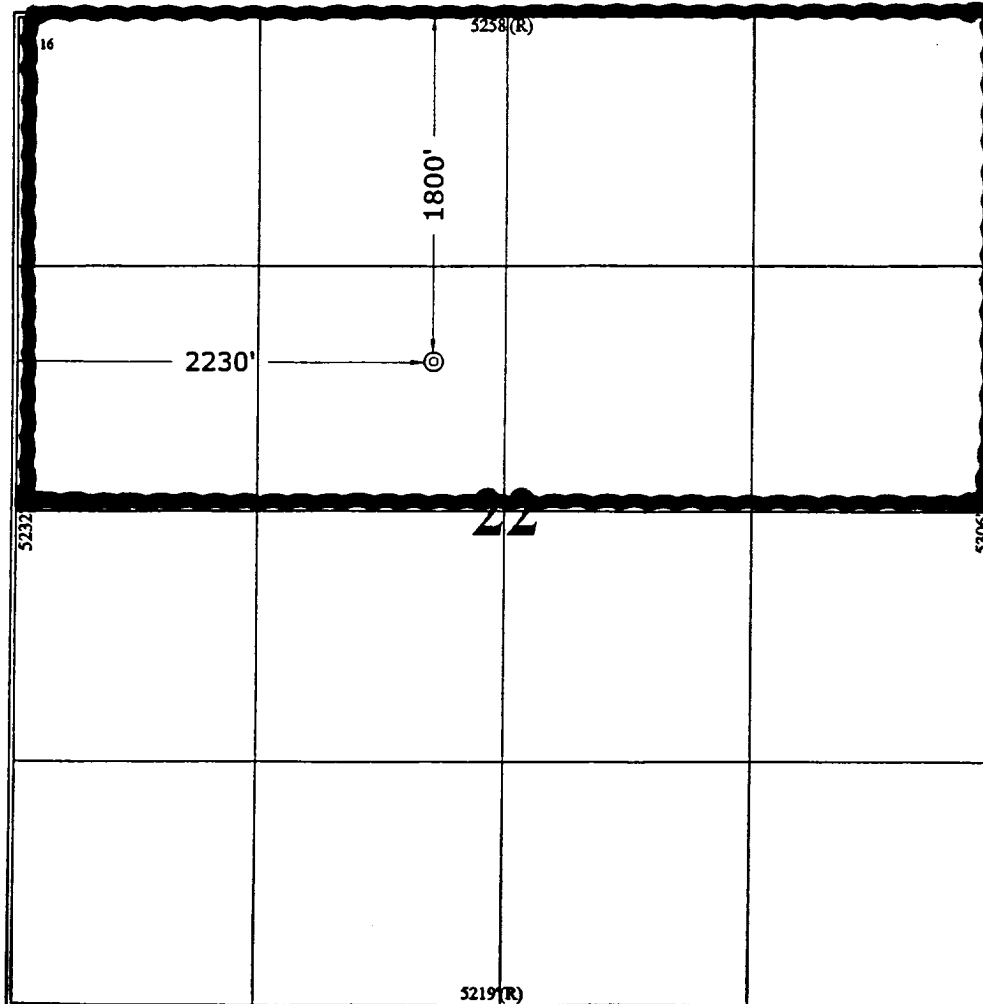
UL or Lot No. F	Section 22	Township 30 N	Range 9 W	Lot Idn	Feet from the 1800	North/South line NORTH	Feet from the 2230	East/West line WEST	County SAN JUAN
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¹¹ Bottom Hole Location If Different From Surface

¹² UL or lot no.	¹³ Section	¹⁴ Township	¹⁵ Range	¹⁶ Lot Idn	¹⁷ Feet from the	¹⁸ North/South line	¹⁹ Feet from the	²⁰ East/West line	²¹ County
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²² Dedicated Acres 320.00	²³ Joint or Infill	²⁴ Consolidation Code	²⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

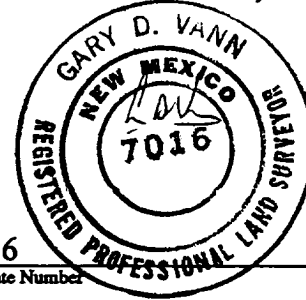
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

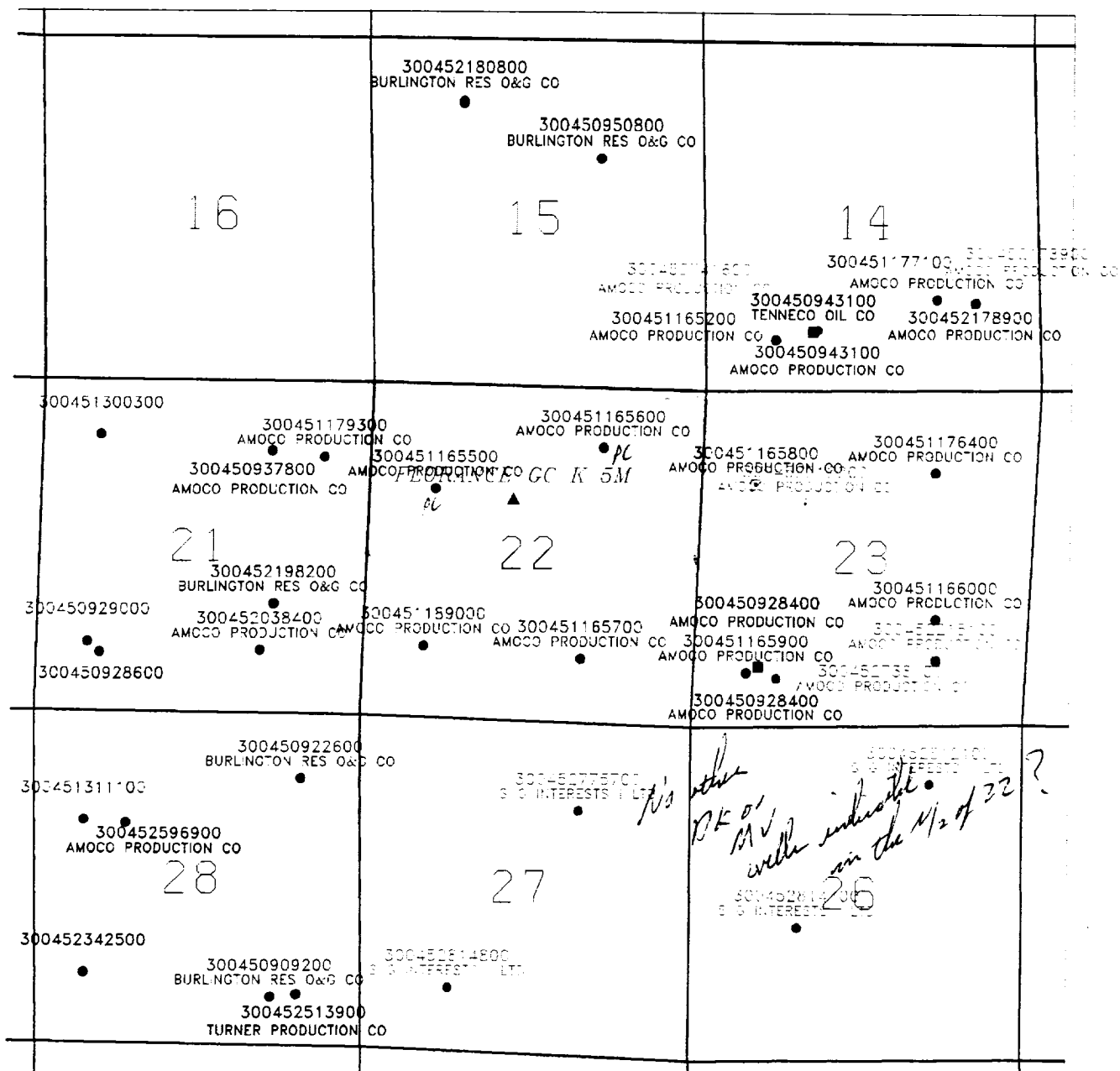
Signature: *Mary Corley*
Printed Name: Mary Corley
Title: Sr. Regulatory Analyst
Date: 02/20/2001

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

November 17, 2000
Date of Survey
Signature and Seal of Professional Surveyor





AMOCO PRODUCTION COMPANY
HOUSTON, TEXAS

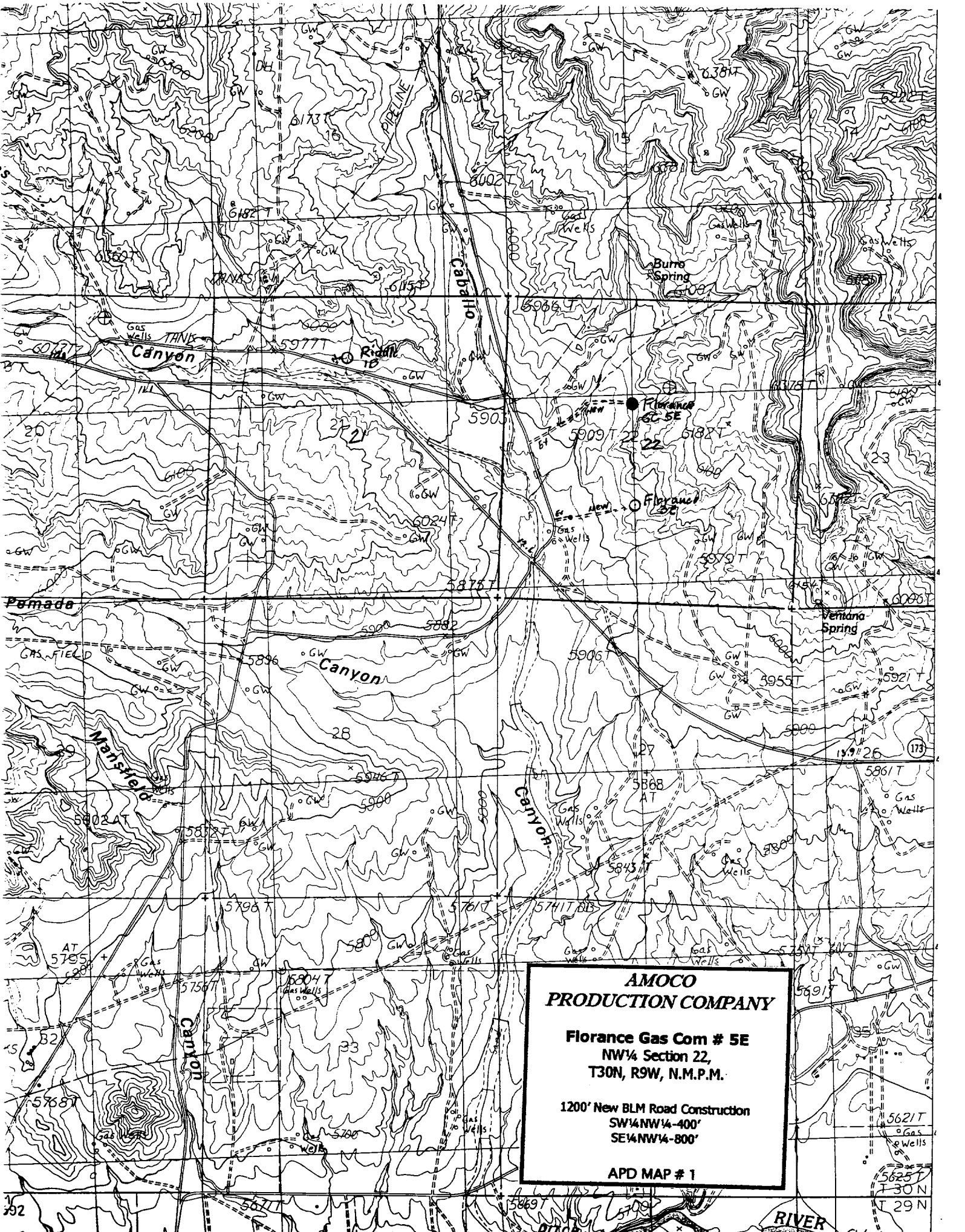
9 Section Plat

30N 9 W SECTION 22

Florance Gas Com K 5M

- DAKOTA ACTIVE WELL
- DAKOTA INACTIVE WELL
- MESAVENDE ACTIVE WELL
- MESAVENDE INACTIVE WELL
- PICTURED CLIFFS ACTIVE WELL
- PICTURED CLIFFS INACTIVE WELL

SCALE: DRAWN C. E. SACKETT DATE 24-JAN-2001



**AMOCO
PRODUCTION COMPANY**

Florence Gas Com # 5E
NW¼ Section 22,
T30N, R9W, N.M.P.M.

1200' New BLM Road Construction
SW¼NW¼-400'
SE¼NW¼-800'

APD MAP # 1