



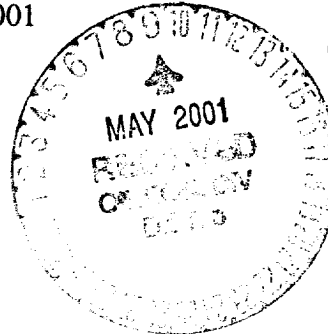
# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON  
Governor  
Jennifer A. Salisbury  
Cabinet Secretary

May 3, 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

*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, as amended, by Division Orders No. R-10987-B and R-10987-B (1), for the Florance Well No. 121-M to be drilled at an unorthodox infill gas well location 2585 feet from the North line and 1445 feet from the East line (Lot 7/Unit G) of Section 24, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, within an existing 315.32-acre stand-up gas spacing and proration unit comprising Lots 1, 2, 7, 8, 10, 15, and 16 (E/2 equivalent) of Section 24.

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, as amended by Division Order No. R-10987-B (1), dated August 10, 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 locating this infill well is neither based on topography or geology and therefore does not qualify for administrative approval;
- (4) from the information provided, there appear to be areas within the 117.93 acres comprising Lots 2, 7, and 8 of Section 24 that this well can be drilled that satisfy the minimum setback requirements for a dually completed infill Dakota/second infill Mesaverde gas well; and

**Amoco Production Company**

**May 3, 2001**

**Page 2**

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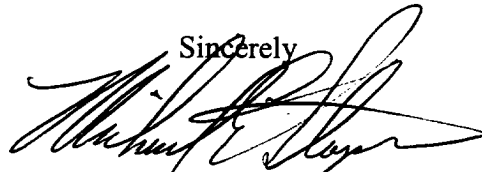
- (5) no explanation was given as to why the existing well pad for Amoco Production Company's Florance "AD" Well No. 5 (API No. 30-045-11768), located 1627 feet from the North line and 1650 feet from the East line (Lot 7/Unit G) of Section 24, could not be utilized to twin the subject Dakota/Mesaverde well.

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 wells and to decrease the number of applications for unorthodox locations, all future location exceptions will require substantial justification, *i.e.*, unusual circumstances.

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

DATE IN: 4/16/01	SUSPENSE: 5/7/01	ENGINEER: MS	LOGGED: NW	TYPE: NSL
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110936297

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

### ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

#### Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
 [DD-Directional Drilling] [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

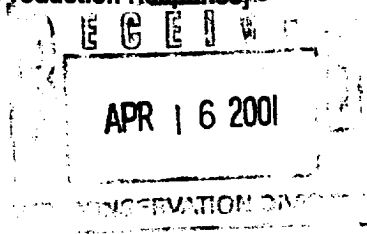
#### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling  
☒ NSL    ☐ NSP    ☐ DD    ☐ SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement  
☐ DHC    ☐ CTB    ☐ PLC    ☐ PC    ☐ OLS    ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX    ☐ PMX    ☐ SWD    ☐ IPI    ☐ EOR    ☐ PPR



#### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☒ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

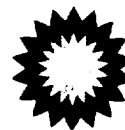
[F] ☐ Waivers are Attached

#### [3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Mary Corley    *Mary Corley*    Sr. Regulatory Analyst    04/10/2001  
 Print or Type Name    Signature    Title    Date



**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 27, 2001

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

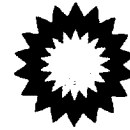
**Application For Non-Standard Well Location**  
**Florance Well No. 121M**  
**2585' FNL, 1445' FEL, Section 24-T30N-R10W**  
**Basin Dakota Gas Pool**  
**San Juan County, New Mexico**

Amoco Production Company hereby requests administrative approval for an non-standard well location for our Florance well no. 121M 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 55' from the south 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 complete in both the Dakota and Mesaverde Pools and downhole commingle. An 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.

Additionally, we offer that the Dakota is not a viable stand-alone project. The Mesaverde in the area has been highly productive and poses some drainage concerns, particularly if the location is too close to current producers. 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.

bp



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.

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,

A handwritten signature in cursive script, reading "Mary Corley", is positioned above the printed name.

Mary Corley  
Sr. Regulatory Analyst  
[corleym1@bp.com](mailto:corleym1@bp.com)

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

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		3 Pool Name	
		71599 & 72319		BASIN DAKOTA & BLANCO MESAVERDE	
4 Property Code		5 Property Name			6 Well Number
000518		Florance			# 121M
7 OGRID No.		8 Operator Name			9 Elevation
000778		AMOCO PRODUCTION COMPANY			6302

10 Surface Location

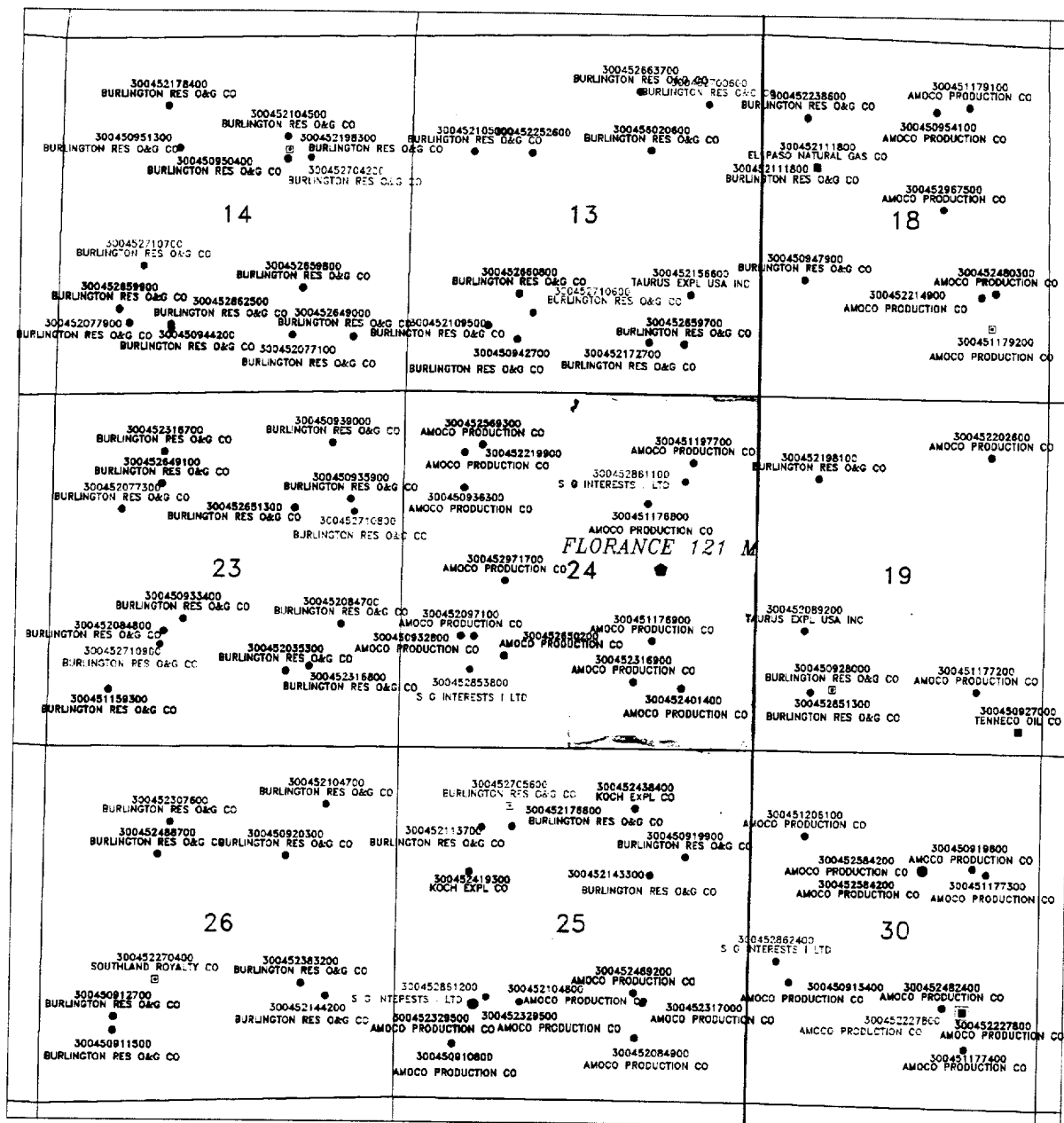
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G (Lot 7)	24	30 N	10 W		2585	NORTH	1445	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

12 UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
13 Dedicated Acres		14 Joint or Infill		15 Consolidation Code		16 Order No.			
315.32									

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

16		3160		17 OPERATOR CERTIFICATION	
Lot 4		Lot 3		I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Lot 5		Lot 6		Signature MARY CORLEY	
Lot 7		Lot 8		Printed Name SR REGULATORY ANALYST	
Lot 9		Lot 10		Title 3/21/2001	
Lot 11		Lot 12		Date	
Lot 13		Lot 14		18 SURVEYOR CERTIFICATION	
Lot 15		Lot 16		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.	
				February 3, 2001	
				Date of Survey	
				Signature and Seal of Professional Surveyor	
				GARY D. VANN NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR 7016	
				7016 Certificate Number	



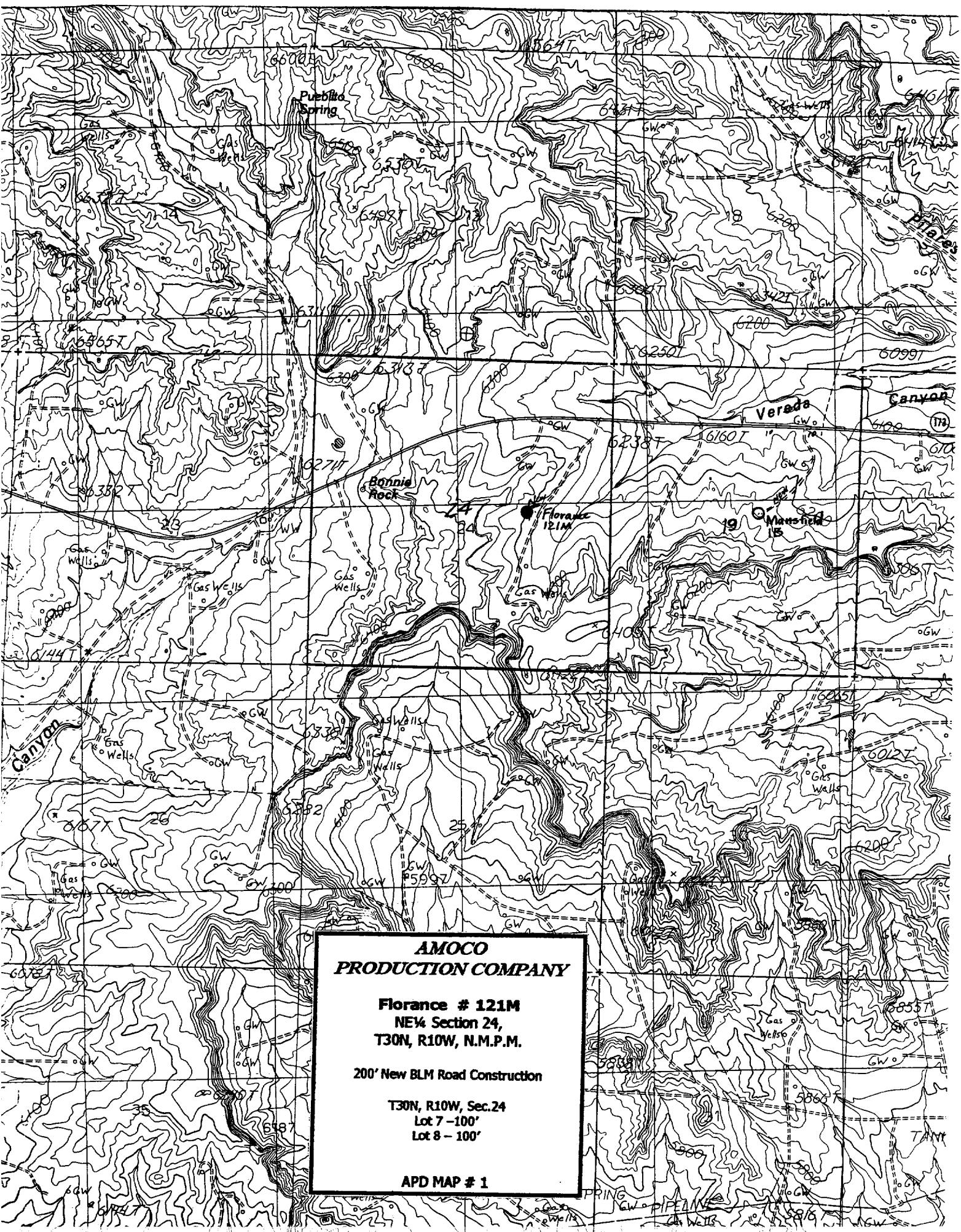
- DAKOTA ACTIVE WELL
- ◻ DAKOTA INACTIVE WELL
- MESARVERDE ACTIVE WELL
- ◻ MESARVERDE INACTIVE WELL
- FRUITLAND COAL ACTIVE WELL
- ◻ FRUITLAND COAL INACTIVE WELL
- PICTURED CLIFFS ACTIVE WELL
- ◻ PICTURED CLIFFS INACTIVE WELL

# AMOCO PRODUCTION COMPANY HOUSTON, TEXAS

## 9 Section Plat 30N10W Section 24 Florance 121M

SCALE DRAWN C. E. SACKETT DATE 26-JAN-2001

DRAWING



**AMOCO  
PRODUCTION COMPANY**

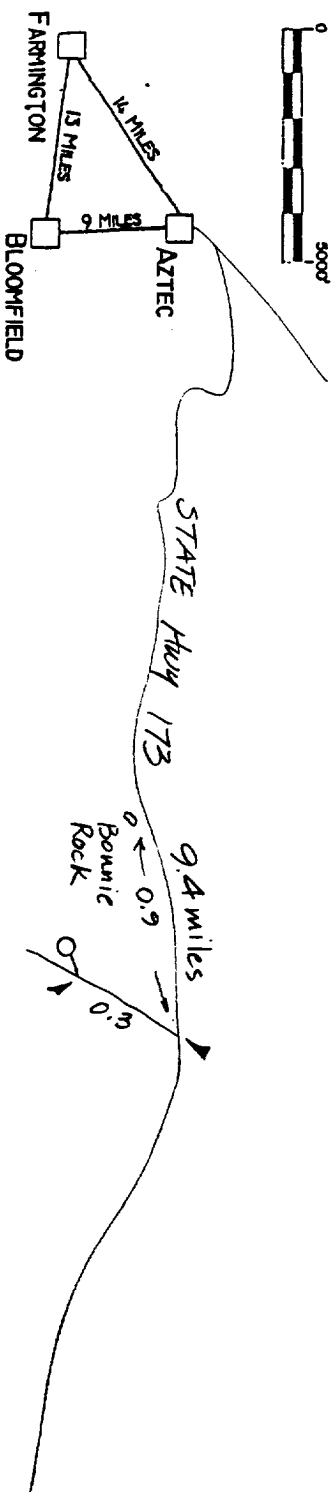
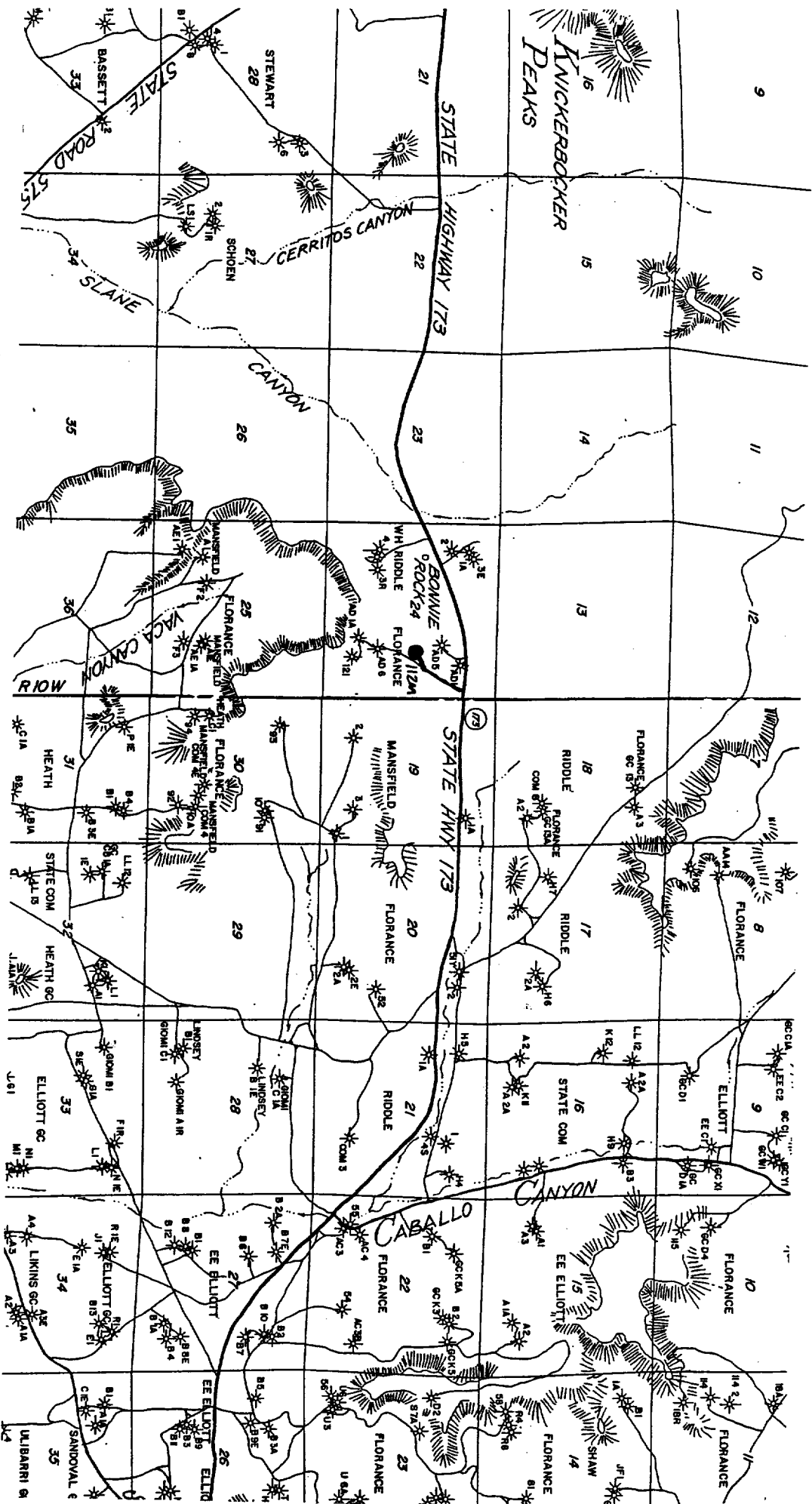
**Florance # 121M  
NE¼ Section 24,  
T30N, R10W, N.M.P.M.**

**200' New BLM Road Construction**

**T30N, R10W, Sec.24  
Lot 7 - 100'  
Lot 8 - 100'**

**APD MAP # 1**





LAT: 36°47.9'  
LONG: 107°49.9'

AMOCO PRODUCTION COMPANY  
Florence # 121M

NE 1/4 Sec. 24, T30N, R10W, NMPM  
RAIL POINT:  
MUD POINT: