

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

RECEIVED  
JUL 29 1997

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-192

Dear Ms. Staley:

Reference is made to Amoco Production Company's application dated June 5, 1997 for authorization to recomplete the existing Wallace Gas Com Well No. 1 (API No. 30-045-10150) 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 non-standard gas spacing and proration unit ("GPU") comprising the N/2 of Section 35, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico.

H-35-31N-11W

**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) The Wallace Gas Com Well No. 1, located at a standard gas well location 1640 feet from the North line and 790 feet from the East line (Unit H) of said Section 35, was originally drilled and completed in 1957 as an initial Blanco-Mesaverde gas well, and was assigned the above-described 320-acre GPU;
- (4) A high angle slant hole drilled off of the existing vertical wellbore in the Wallace Gas C.

Well No. 1 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 3,500 feet by milling a window in the existing 7-inch production casing, kick-off in an easterly direction, build to an angle of approximately 44 degrees, and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool, with total horizontal displacement of said wellbore to be approximately 770 feet;
- (6) The applicable drilling window or "producing area" for said wellbore should include that area within the NE/4 of said Section 35 that is no closer than 790 feet to the quarter section lines; 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 Wallace Gas Com Well No. 1 (API No. 30-045-10150), located at a standard gas well location 1640 feet from the North line and 790 feet from the East line (Unit H) of Section 35, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico, by milling a window in the existing 7-inch production casing at a depth of approximately 3,500 feet, kick-off from vertical in an easterly direction, build to an angle of approximately 44 degrees and continue drilling in such a manner as to bottom back into the Blanco-Mesaverde Pool (total horizontal displacement of said wellbore to be approximately 770 feet) within a drilling window or "producing area" comprising the NE/4 of said Section 35 that is no closer than 790 feet to the quarter section lines.

**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.