



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 19, 1999

Amoco Production Company
Western Gas Business Unit
P. O. Box 3092
Houston, Texas 77253-3092
Attention: J. W. Hawkins

Administrative Order NSL-4331

Dear Mr. Hawkins:

Reference is made to the following: (i) your application dated June 22, 1999; and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe: all concerning Amoco Production Company's ("Amoco") request for an off-pattern non-standard Basin-Fruitland coal gas well location for the existing Gallegos Canyon Unit Well No. 159 (API No. 30-045-07040), located 1765 feet from the North line and 1585 feet from the West line (Unit F) of Section 31, Township 28 North, Range 12 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico.

According to the Division's well records the Gallegos Canyon Unit Well No. 159 was initially drilled in 1964 by Pan American Petroleum Corporation and completed at a standard initial gas well location in the Basin-Dakota Pool within a 304.00-acre stand-up gas spacing and proration unit comprising Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31.

It is our understanding that Amoco indents to abandon the Dakota interval in this well at this time and to recomplete up-hole into the Basin-Fruitland Coal (Gas) Pool. Pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, the location of this well is considered to be unorthodox. Further, the W/2 equivalent of Section 31 is to be dedicated to this well in order to form a standard 304.00-acre stand-up gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of these special pool rules the above-described unorthodox coal gas well location for the Gallegos Canyon Unit Well No. 159 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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