

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

May 30, 1991

Amoco Production Company
P.O. Box 3092
Houston, TX 77253

Attention: K. W. Brand, Administrative Services Manager

Administrative Order NSL-3015

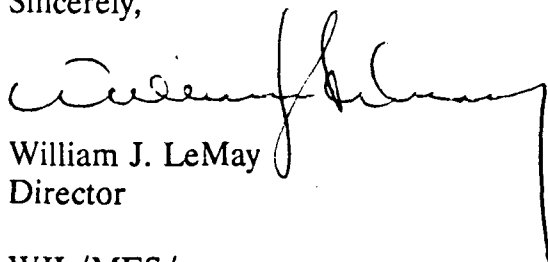
Dear Mr. Brand:

Reference is made to your application dated May 1, 1991 to directionally drill the South Hobbs Grayburg-San Andres Unit Well No. 228 from an unorthodox surface location 660 feet from the North line and 1140 feet from the West line (Unit D) of Section 5, Township 19 South, Range 38 East, NMPM, Hobbs Grayburg-San Andres Pool, Lea County, New Mexico to a more unorthodox bottom-hole location 130 feet to the east of the proposed surface location. It is my understanding pursuant to a telephone conversation between Michael E. Stogner, Petroleum Engineer in Santa Fe, New Mexico with the Division and Jesse Lopez with Amoco in Houston that the directional drilling portion of the application is to be dismissed and that Amoco still proposes to locate said Well No. 228 at the unorthodox surface location. Further, it is my understanding that said unorthodox oil well location is to permit the completion of a more efficient production/injection pattern within the South Hobbs Grayburg-San Andres Pressure Maintenance Project, established by Division Order No. R-4934, as amended. Said well to be dedicated to the existing standard 39.88-acre oil spacing and proration unit comprising Lot 4 (NW/4 NW/4 equivalent) of said Section 5, which is presently dedicated to both the South Hobbs Grayburg-San Andres Unit Well Nos. 12 and 177.

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By the authority granted me under the provisions of General Rule 104F.I. and Rule 7 of the Special Rules and Regulations for the Amoco South Hobbs Grayburg-San Andres Pressure Maintenance Project, as promulgated by Division Order No. R-4934-E, the above-described unorthodox oil well location is hereby approved.

Sincerely,

A handwritten signature in dark ink, appearing to read 'William J. LeMay', with a long horizontal stroke extending to the right.

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe