

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

Case 11586

**APPLICATION OF AMOCO PRODUCTION COMPANY FOR AN UNORTHODOX
"INFILL" GAS WELL LOCATION AND SIMULTANEOUS DEDICATION, SAN
JUAN COUNTY, NEW MEXICO.**

***ORDER NO. R-10682 and
DIVISION ADMINISTRATIVE ORDER NSL-3717***

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 8, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of October, 1996 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) On July 16, 1996 Amoco Production Company ("Amoco") filed with the New Mexico Oil Conservation Division ("Division"), an application for an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indians "A" Well No. 22, to be drilled at a standard gas well location in the NW/4 equivalent of Section 2, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico, and from its existing Ute Indians "A" Well No. 17 (API No. 30-045-24604), located at a standard gas well location 1120 feet from the North and West lines (Lot 4/Unit D) of said Section 2, and for the simultaneous dedication of both wells to the 160.24-acre gas spacing and proration unit

comprising Lots 3 and 4 and the E/2 NW/4 (NW/4 equivalent) of said Section 2.

(3) The Ute Dome-Dakota Pool is at this time considered an "unprorated gas pool" and therefore is not governed by the "*General Rules for the Prorated Gas Pools of New Mexico*", as promulgated by Division Order No. R-8170, as amended. The Ute Dome-Dakota Pool is therefore subject to the Division's Statewide Rule 104.C(3)(a), which require standard 160-acre gas spacing and proration units with wells to be located no closer than 790 feet to any outer boundary of the tract nor closer than 130 feet to any quarter-quarter section or subdivision inner boundary.

(4) The Ute Indians "A" Well No. 17 was drilled in 1981 and completed in the Ute Dome-Dakota Pool. Its location 1120 feet from the North and West lines of said Section 2 was based on established and surveyed section lines to the east and projected into the then unsurveyed Ute Mountain Indian Reservation. According to the evidence presented by the applicant and to records on file with the State of New Mexico, the Chief Cadastral Surveyor for New Mexico accepted on behalf of the United States Department of the Interior - Bureau of Land Management on April 27, 1987 an official survey of Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico.

(5) Pursuant to the 1987 survey the location of the Ute Indians "A" Well No. 17 is actually 1150 feet from the North line and 1050 feet from the West line (Lot 4/Unit D) of said Section 2, which is still considered to be a standard gas well location for this pool.

(6) On August 8, 1996, immediately after the hearing and upon the hearing examiner's request, Amoco submitted a request for administrative review of its application for the subject Ute Indians "A" Well No. 22 to be drilled at an unorthodox gas well location, based on the 1987 survey, 1880 feet from the North line and 2150 feet from the West line (Unit F) of said Section 2.

(7) Since issues common to both applications were discussed on the record at the time of the examiner's hearing both applications should be jointly considered, reviewed, and, if applicable, a single order by the Division should be issued for clerical and administrative purposes.

(8) As indicated by Amoco with its administrative request filed pursuant to the provisions of Division General Rule 104.F, revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996 and through testimony and evidence presented at the time of the hearing, necessity for the unorthodox location of the proposed Ute Indians "A" Well No. 22 is both geologic and topographic:

(a) Geologically, the gas bearing Dakota interval in the immediate area indicates a dome that is shattered and broken

up with numerous faults. Seismic data available to Amoco indicates the existence of a southwest/northeast trending fault between the existing Ute Indians "A" Well No. 17 and the proposed Ute Indians "A" Well No. 22 and without the second well the Dakota interval to the east of this fault would not be adequately drained by the existing well.

(b) Topographically, it is deemed advantageous to both surface use agencies involved in this matter, the United States Bureau of Land Management and the Ute Mountain Ute Indian Tribe, to utilize existing drilling pads where available. In this particular instance the Amoco Ute Indians "A" Well No. 7 (API No. 30-045-11049), a Ute Dome-Paradox Pool gas producing well, is situated within the SE/4 NW/4 (Unit F) of said Section 2 at an accessible location to accommodate the proposed Ute Indians "A" Well No. 22.

(9) All of said Section 2 and all immediate offsetting sections are included within a single 4,200-acre lease from the Ute Mountain Ute Indians to Amoco, therefore, no other interest owners or properties are adversely affected by the proposed unorthodox "infill" gas well location or the inclusion of a second well on the existing 160.24-acre Ute Dome-Dakota Pool gas spacing and proration unit.

(10) Approval of the subject application is in the best interest of conservation, exhibits sound reservoir engineering practices, will not violate correlative rights, will afford the applicant the opportunity to produce its just and equitable share of the gas in the Ute Dome-Dakota Pool, and will serve to prevent waste.

IT IS THEREFORE ORDERED THAT:

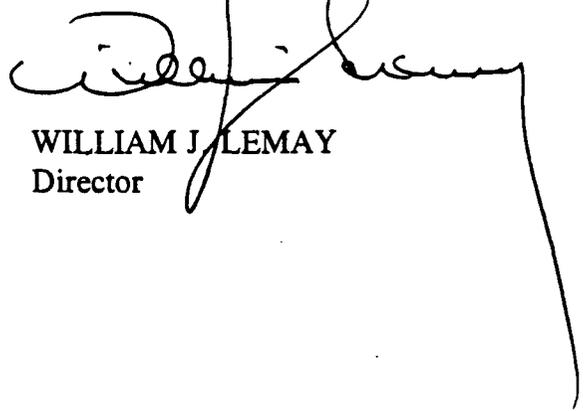
(1) The application of Amoco Production Company to drill its Ute Indians "A" Well No. 22 at an unorthodox "infill" gas well location in the Ute Dome-Dakota Pool, 1880 feet from the North line and 2150 feet from the West line (Unit F) of Section 2, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico is hereby approved.

(2) The applicant's request for an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indians "A" Well No. 22 and from its existing Ute Indians "A" Well No. 17 (API No. 30-045-24604), located at a standard gas well location 1150 feet from the North line and 1050 feet from the West line (Lot 4/Unit D) of said Section 2, and for the simultaneous dedication of both wells to the 160.24-acre gas spacing and proration unit comprising Lots 3 and 4 and the E/2 NW/4 (NW/4 equivalent) of said Section 2, is also approved.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

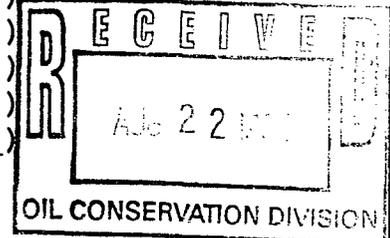
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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:)

CASE NO. 11,586

APPLICATION OF AMOCO PRODUCTION COMPANY)
FOR SIMULTANEOUS DEDICATION, SAN JUAN)
COUNTY, NEW MEXICO)



REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

August 8th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, August 8th, 1996, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

August 8th, 1996
 Examiner Hearing
 CASE NO. 11,586

PAGE

APPLICANT'S WITNESS:

PAMELA W. STALEY (Engineer)

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Examination by Mr. Johnson	15

REPORTER'S CERTIFICATE

17

* * *

E X H I B I T

Applicant's	Identified	Admitted
Exhibit 1	5	12

* * *

A P P E A R A N C E S

FOR THE DIVISION:

ROY E. JOHNSON
 Geologist, NMOCD
 2040 South Pacheco
 Santa Fe, New Mexico 87505

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.
 Suite 1 - 110 N. Guadalupe
 P.O. Box 2208
 Santa Fe, New Mexico 87504-2208
 By: WILLIAM F. CARR

* * *

1 WHEREUPON, the following proceedings were had at
2 8:15 a.m.:

3 EXAMINER STOGNER: Call this hearing to order.
4 Please make note of today's docket, Number 22-96, today's
5 date, August 8th, 1996. I'm Michael Stogner, appointed
6 Hearing Examiner for today's cases.

7 I'll call at this time Case Number 11,586, which
8 is the Application of Amoco Production Company for
9 simultaneous dedication, San Juan County, New Mexico.

10 At this time I'll call for appearances.

11 MR. CARR: May it please the Examiner, my name is
12 William F. Carr with the Santa Fe law firm Campbell, Carr,
13 Berge and Sheridan. We represent Amoco Production Company
14 in this matter, and I have one witness.

15 EXAMINER STOGNER: Are there any other
16 appearances in this matter?

17 Will the witness please stand to be sworn?

18 (Thereupon, the witness was sworn.)

19 EXAMINER STOGNER: Mr. Carr?

20 PAMELA W. STALEY,

21 the witness herein, after having been first duly sworn upon
22 her oath, was examined and testified as follows:

23 DIRECT EXAMINATION

24 BY MR. CARR:

25 Q. Would you state your name for the record, please?

1 A. My name is Pamela Staley.

2 Q. And where do you reside?

3 A. I reside in Denver, Colorado.

4 Q. By whom are you employed?

5 A. Amoco Production Company.

6 Q. And what is your current position with Amoco?

7 A. I'm a staff petroleum engineer in regulatory
8 affairs.

9 Q. Ms. Staley, have you previously testified before
10 this Division and had your credentials as a petroleum
11 engineer accepted and made a matter of record?

12 A. Yes, sir, I have.

13 Q. Are you familiar with the Application filed in
14 this case on behalf of Amoco?

15 A. Yes.

16 Q. And are you familiar with the subject area?

17 A. Yes.

18 MR. CARR: Are the witness's qualifications
19 acceptable?

20 EXAMINER STOGNER: They are.

21 Q. (By Mr. Carr) Would you initially just summarize
22 what Amoco seeks with this Application?

23 A. Amoco seeks an exception to Division Rule 104 (D)
24 (3) to simultaneously dedicate the following wells to the
25 160.24-acre gas spacing and proration unit, comprised of

1 Lots 3 and 4 in the east half of the northwest quarter of
2 Section 2, Township 31 North, Range 14 West of the New
3 Mexico Principal Meridian, San Juan County, New Mexico.

4 That includes Amoco's proposed Ute Indian "A"
5 Well Number 22, to be drilled at a location 1880 feet from
6 the north line and 2150 feet from the west line of the said
7 Section Number 2, also Amoco's existing Ute Indian "A" Well
8 Number 17, located 1150 feet from the north line and 1050
9 feet from the west line of the said Section 2.

10 Amoco proposes to continuously and concurrently
11 produce Ute Dome-Dakota Pool gas from these wells.

12 Q. Now, Ms. Staley, we're dealing with an irregular
13 section, are we not?

14 A. Yes, we are.

15 Q. And when we put in Lots 3 and 4 with the east
16 half of the northwest, we're looking at what is the
17 northwest quarter equivalent for Section 2; is that
18 correct?

19 A. That's correct.

20 Q. Have you prepared exhibits for presentation here
21 today?

22 A. Yes, sir, I have.

23 Q. And are those exhibits contained in a booklet
24 marked Amoco Production Company Exhibit Number 1?

25 A. Yes.

1 Q. Let's go to that booklet, and could you just
2 identify the first document contained therein?

3 A. The first document there is our Application to
4 the NMOCD for simultaneous dedication.

5 Q. Now, Ms. Staley, there is a discrepancy between
6 the well locations in the Application filed for this
7 hearing and in the exhibits prepared for hearing today.
8 Could you review the reasons for that discrepancy for the
9 Examiner?

10 A. Yes. This particular tract is in an area that we
11 originally used an earlier survey of 1923. This area had
12 been resurveyed. The description in the Application was
13 based on that old survey that had been in use for about 50
14 years.

15 The tract is in an area that's within where the
16 new survey was published and accepted in 1993, and the
17 descriptions in our exhibit book today are from that new
18 survey.

19 Q. Now, there are other wells in the area that Amoco
20 has plans to drill. They fall outside the area where the
21 survey has been published and accepted; is that not
22 correct?

23 A. That is correct. There will be some wells that
24 we drill that are in an unpublished, unsurveyed area.

25 Q. What is the impact of the new survey on the

1 locations of the wells which are, in fact, the subject of
2 this Application?

3 A. This causes the locations to move. The location
4 of the Ute "A" Number 22 is now unorthodox, and the well is
5 490 feet from the east line and 760 feet from the south
6 line of this 160-acre unit, instead of the regulated 790-
7 foot setback.

8 Q. So the original locations that were proposed and
9 contained in the Application are based on the old USGS
10 survey; is that right?

11 A. Yes, that is correct.

12 Q. So this new 1993 survey changes the markers; the
13 wells are still where you had hoped to originally drill
14 them?

15 A. That is correct.

16 Q. Now, as to the unorthodox location for the Ute
17 Indian "A" Well Number 22, will Amoco file an application
18 for administrative approval?

19 A. Yes, we will. This location is necessary for
20 geological reasons and the surface-use requirements. We've
21 met with the Ute Mountain Utes, as well as the BLM, and
22 we're trying to use existing pads where we can. And for
23 geological and surface-location reasons, we want to use
24 this location.

25 Q. Does Amoco operate all the offsetting tracts to

1 this proposed well location?

2 A. Yes, Amoco does.

3 Q. So it would qualify for administrative approval?

4 A. Yes, it would.

5 Q. What is the primary objective in the proposed
6 well?

7 A. The basal Dakota formation.

8 Q. Let's go to the next document in this exhibit,
9 the topographic map. Could you review that for Mr.
10 Stogner?

11 A. Yes, the topographic map shown with the arrow
12 shows the location of the well. This also includes the
13 area that we shot the 3-D seismic across.

14 All the well locations in here are operated by
15 Amoco and represent both Dakota and Paradox wells.

16 The red dots in the area are proposed wells in
17 our drilling program this year that we'll be filing
18 administrative applications on, as well as the well we're
19 talking about here today.

20 Q. Now, you indicated Amoco had met with the Ute
21 Mountain Utes and the BLM concerning the location for the
22 proposed Ute Mountain -- or the Ute Indian "A" Well Number
23 22?

24 A. Yes, we met with them, and this location is
25 acceptable to them.

1 Q. Let's go to the next plat in the exhibit book.
2 Can you identify and review that, please?

3 A. Yes, this plat shows part of the 4200-acre lease
4 that we have under lease from the Ute Mountain Utes. As
5 you can see, Amoco would be the only affected offset
6 operator in this particular location.

7 Q. The next page is what?

8 A. The next page is just a C-102, which shows the
9 survey location for the Ute Indian "A" Well Number 22.

10 Q. All right, and let's go, then, to the following
11 plat. Can you identify and review that?

12 A. Yes, we're going to be talking about two wells
13 today in this quarter section. This shows the location of
14 both of the wells on the proration unit. There are 1320
15 feet between the two wells.

16 Q. And these are -- You're showing here the new
17 footage setbacks?

18 A. That is correct.

19 Q. And the proposed well is unorthodox to the east?

20 A. That is correct.

21 Q. All right. Let's go to the seismic map, the next
22 exhibit, and I'd ask you to explain what this is and then
23 review the information on this exhibit for Mr. Stogner.

24 A. This is a map on the base of the Dakota. The red
25 area -- and I apologize for the quality of the reproduction

1 here, but the red area shows the highs in the -- on the
2 dome, the green areas would show the lowest areas on the
3 dome.

4 The arrow shows the location of the Ute Indian
5 "A" Number 22.

6 The bright-colored faults, red, blue, light blue,
7 et cetera, going across the structure, are existing faults
8 that we have known about.

9 The 3-D seismic has shown quite a few new faults,
10 as you can see in the light brown, and we found that this
11 is a much more shattered and broken-up dome than we
12 originally anticipated.

13 There is fault separation. If you look between
14 the "A" Number 22 -- and the "A" 17 is posted to the
15 northwest of that well -- rather faintly, I apologize, but
16 it is posted there on the seismic. As you can see, they
17 are fault-separated by the fault right next to the "A" 22
18 well.

19 The -- There are more wells needed to produce the
20 reserves in this pool, we believe, because of the complex
21 faulting.

22 There is a well, you'll note, right next to the
23 "A" Number 22. It's a small circle there. This well is
24 producing deep sour gas from the Paradox limestone, and we
25 will twin the existing "A" 7 well, rather than producing

1 out of it, because we don't want any chance of mixing those
2 gas streams.

3 Q. Let's go now to the two-well cross-section, and
4 I'd ask you to review that for the Examiner.

5 A. We're going to be looking from the "A" 17 well
6 across to the Ute Indian Number 7, which was the well right
7 next to the "A" 22.

8 Between those wells we have very good evidence
9 now of the fault separation between those blocks. Two
10 faults we see, or we believe actually separate these wells.
11 The log and the seismic data confirm the fault separation
12 between the "A" 17 well and the Number 2 well that we have
13 proposed.

14 Q. All right, let's go to the last page of the
15 exhibit book, and I'd ask you to review the 3-D seismic
16 analysis.

17 A. Again, we're going to tour here from the "A" 17
18 well, shown with a well marker at the top, to the "A" 7
19 well, then through our proposed location, and then on
20 across the section to the next fault.

21 The basal Dakota, which is our objective, is
22 shown in the green, and you can see that there is a fault
23 -- the two faults that we saw shown on the cross-section,
24 and then our well, showing it in a high location, and then
25 the downthrown fault, again confirming the evidence that

1 this is fault-separated from the "A" 22 -- pardon me, from
2 the "A" 17 well.

3 Q. Ms. Staley, in your opinion is the Ute Indian "A"
4 Well Number 22 necessary to effectively drain the reserves
5 under the subject 160-acre spacing and proration unit?

6 A. Yes, we believe this is on a separate fault
7 block.

8 Q. Will approval of this Application and the
9 simultaneous dedication of the Indian "A" Wells Numbers 17
10 and 22 be in the best interests of conservation, the
11 prevention of waste and the protection of correlative
12 rights?

13 A. Yes, sir.

14 Q. Was Exhibit 1 either prepared by you, or can you
15 testify as to its accuracy?

16 A. Yes.

17 MR. CARR: At this time, Mr. Stogner, we would
18 move the admission into evidence of Amoco Exhibit Number 1.

19 EXAMINER STOGNER: Exhibit Number 1 will be
20 admitted into evidence at this time.

21 MR. CARR: And that concludes my direct
22 examination of Ms. Staley.

23 EXAMINATION

24 BY EXAMINER STOGNER:

25 Q. Ms. Staley, whenever I look at the Form C-102 in

1 your plat -- or, I'm sorry, in your booklet -- that is, of
2 course, the land plat in the OCD form -- is that based on
3 the old survey or the new survey?

4 A. That is based on the new survey. We have
5 surveyed this now three times, and this is a brand-new plat
6 that we have done.

7 Q. And how about the location of the Number 17 well?

8 A. The survey? Are you asking about --

9 Q. Yeah, what is its new location? Is that shown on
10 the next plat?

11 A. That is shown on the next plat. The two
12 locations shown on the plat saying "Well Locations" at the
13 top are the correct surveyed locations.

14 Q. Now, has this survey been published and accepted
15 by the USGS?

16 A. Yes, sir, it has.

17 Q. And that was the resurvey of 1993?

18 A. It was accepted in -- It was actually surveyed in
19 1985 and not accepted until 1993 and published.

20 Q. And this is based on the New Mexico Principal
21 Meridian?

22 A. Yes, sir.

23 Q. Mr. Carr stated in his cross-examination -- I
24 mean in his direct examination to you that Amoco plans to
25 file for a nonstandard location?

1 A. Yes, sir.

2 Q. Has that been done yet?

3 A. It has not.

4 EXAMINER STOGNER: I see, it's not.

5 I'm going to request, Mr. Carr, at this time that
6 if you can get something over to me this afternoon or
7 tomorrow --

8 MR. CARR: Yes, sir, we can do that.

9 EXAMINER STOGNER: -- requesting that in a one-
10 page letter, referencing back to this material and what's
11 been presented today, and let's try to kill two birds with
12 one stone, and I'll just include that as applicable in any
13 order that's issued from this order.

14 Q. (By Examiner Stogner) Would that be any problem
15 with Amoco?

16 A. That would be quite acceptable. We'd like to
17 drill these --

18 MR. CARR: That would be preferred, Mr. Stogner.

19 Q. (By Examiner Stogner) Okay. Now, when I look at
20 the topographic map of the Ute Dome field, you show section
21 lines in here. Is that based on the old one, or is this a
22 new survey?

23 A. We have taken the topography off of that quad and
24 we have put the new surveyed lines onto that. So
25 everything in this booklet represents the new survey.

1 Q. Now, usually a section 2 is in the northern
2 portion of a township, and they usually have -- how would
3 you say? -- corrective lots in the northern tier. Is that
4 apparent in this new survey? I don't have a copy of it.

5 A. I don't believe so, Mr. Stogner. I believe that
6 the -- there are not any along the northern line that I'm
7 aware of. I believe the northern line is a true line.

8 Q. And so that is a true 640 acres in Section 2?

9 A. I believe it's slightly over 640 acres, but the
10 correction, I believe, is on the east side.

11 Q. Okay.

12 A. And it's very slight.

13 EXAMINER STOGNER: Any other questions of this
14 witness?

15 MR. JOHNSON: I have one.

16 EXAMINATION

17 BY MR. JOHNSON:

18 Q. What was the discrepancies in the footage calls
19 from the 1923 survey to the 1993 survey?

20 A. We had as much as -- well, not on this particular
21 well. We had as much as 300-foot discrepancy on this well.
22 We had as much as 4200 feet on some of our wells. That was
23 in the next township up, in trying to tie to the new
24 markers.

25 Q. Is Amoco going to be filing new C-102s on all of

1 these existing wells out there to show the correction on
2 the survey plots?

3 A. Yes, we've gone back and actually -- We've
4 resurveyed, like I said, three times, twice during our
5 seismic activity, and that's where we had the problem of
6 everything not locating on the map correctly. And so we
7 believe we have the correct survey at this time, on this
8 particular well.

9 This well did not move much at all to the final
10 survey. 300 feet was in an earlier adjustment that we had
11 made. But this particular well moved the least of any of
12 the wells that we're going to drill. But there were some
13 severe movements.

14 EXAMINER STOGNER: No other questions of Ms.
15 Staley? You may be excused.

16 Again, Mr. Carr, if you will submit to me a
17 written request for a nonstandard location and ask that the
18 record in this matter be incorporated in that Application.

19 Other than that, as far as the simultaneous-
20 dedication portion goes, that will be taken under
21 advisement at this time.

22 MR. CARR: Thank you, Mr. Stogner.

23 (Thereupon, these proceedings were concluded at
24 8:35 a.m.)

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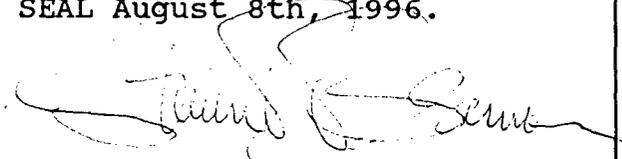
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

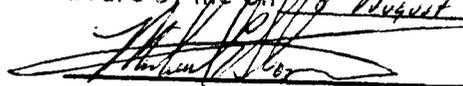
WITNESS MY HAND AND SEAL August 8th, 1996.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 11586, heard by me on 18 August 1996.


Examiner
Oil Conservation Division

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
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AUG 8 1996

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August 8, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: *Application of Amoco Production Company for Administrative Approval of an Unorthodox Well Location for its Ute Indian "A" Well No. 22, 1880 feet from the North line and 2150 feet from the West line of Section 2, Township 31 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.*

Dear Mr. LeMay:

Amoco Production Company hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Ute Indian "A" Well No. 22 to be drilled at an unorthodox well location 1880 feet from the North line and 2150 feet from the West line of Section 2, Township 31 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.

This well was the subject of Oil Conservation Division Case No. 11586 which was presented to Examiner Stogner on this date. When this case was docketed, Amoco used the U S G S survey that had been in effect for this area for over 50 years. Subsequent to filing this application, Amoco discovered that there had been a resurvey of this area in the mid-1980's. This survey was published and accepted by the BLM in 1993 and the new unorthodox footage location is the result of this resurvey.

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
August 8, 1996
Page 2

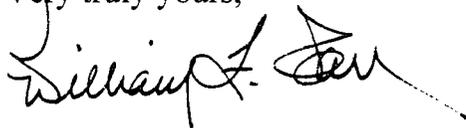
Attached hereto as Exhibit A is a copy of the exhibit book that was admitted into evidence in Case 11586. This exhibit contains a plat showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

This unorthodox location is necessary for geological reasons and to comply with the surface use requirements of the Ute Mountain Utes. Included in the enclosed exhibit book is a 3-D seismic map, a cross section and a 3-D Seismic Analysis which show the proposed location is necessary if the Dakota reserves under this spacing unit are to be drained.

As is shown on the lease plat in the attached exhibit there are no affected owners to whom notice of this application must be provided.

Your attention to this application is appreciated.

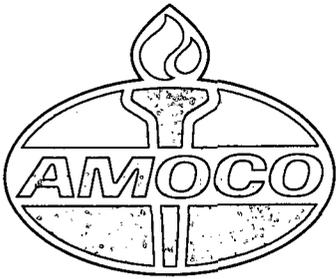
Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long horizontal flourish extending to the right.

WILLIAM F. CARR
Attorney for Amoco Production Company
Enclosures

cc: Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Ms. Pam Staley
Amoco Production Company
Post Office Box 800
Denver, Colorado 80201



Application of Amoco Production Company
for Simultaneous Dedication
Ute Indian #A-22 Well
San Juan County, New Mexico

NMOCD Case 11586

August 8, 1996

**BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico**

Case No. 11586 Exhibit No. 1

Submitted by: Amoco Production Company

Hearing Date: August 8, 1996

BEFORE THE
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR SIMULTANEOUS DEDICATION,
SAN JUAN COUNTY, NEW MEXICO

CASE NO. _____

APPLICATION

AMOCO PRODUCTION COMPANY ("Amoco"), through its undersigned attorneys,
hereby makes application for authorization for simultaneous dedication, and in support of its
application states:

1. Amoco is the operator of the Ute Indian A-17 Well which is completed as a producing gas well in the Dakota formation, Ute Dome-Dakota Gas Pool, at a standard location in the NW/4 of Section 2, Township 31 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.
2. The Amoco Ute Indian A-17 Well is unable to effectively drain the reserves under the NW/4 of said Section 2 due to faults in the Dakota formation which transverse this spacing unit.
3. Amoco seeks an exception to Oil Conservation Division General Rule 104 C 3 to permit it to drill its proposed Ute Indian A-22 Well at a standard location as a second well in the NW/4 of said Section 2 and simultaneously dedicate the NW/4 of Section 2 to the Ute Indian A-17 and A-22 Wells.

4. Approval of this application and the drilling of the Ute Indian A-22 Well will enable Amoco to produce its just and fair share of the reserves under the NW/4 of said Section 2 and will otherwise be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, Amoco Production Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 1996, and, after notice and hearing as required by law, the Division enter its order granting this application and authorizing the simultaneous dedication of the NW/4 of Section 2, Township 31 North, Range 14 West, N.M.P.M. to the Amoco Ute Indian A-17 and A-22 Wells.

Respectfully submitted,

CAMPBELL, CARR, BERGE,
& SHERIDAN, P.A.

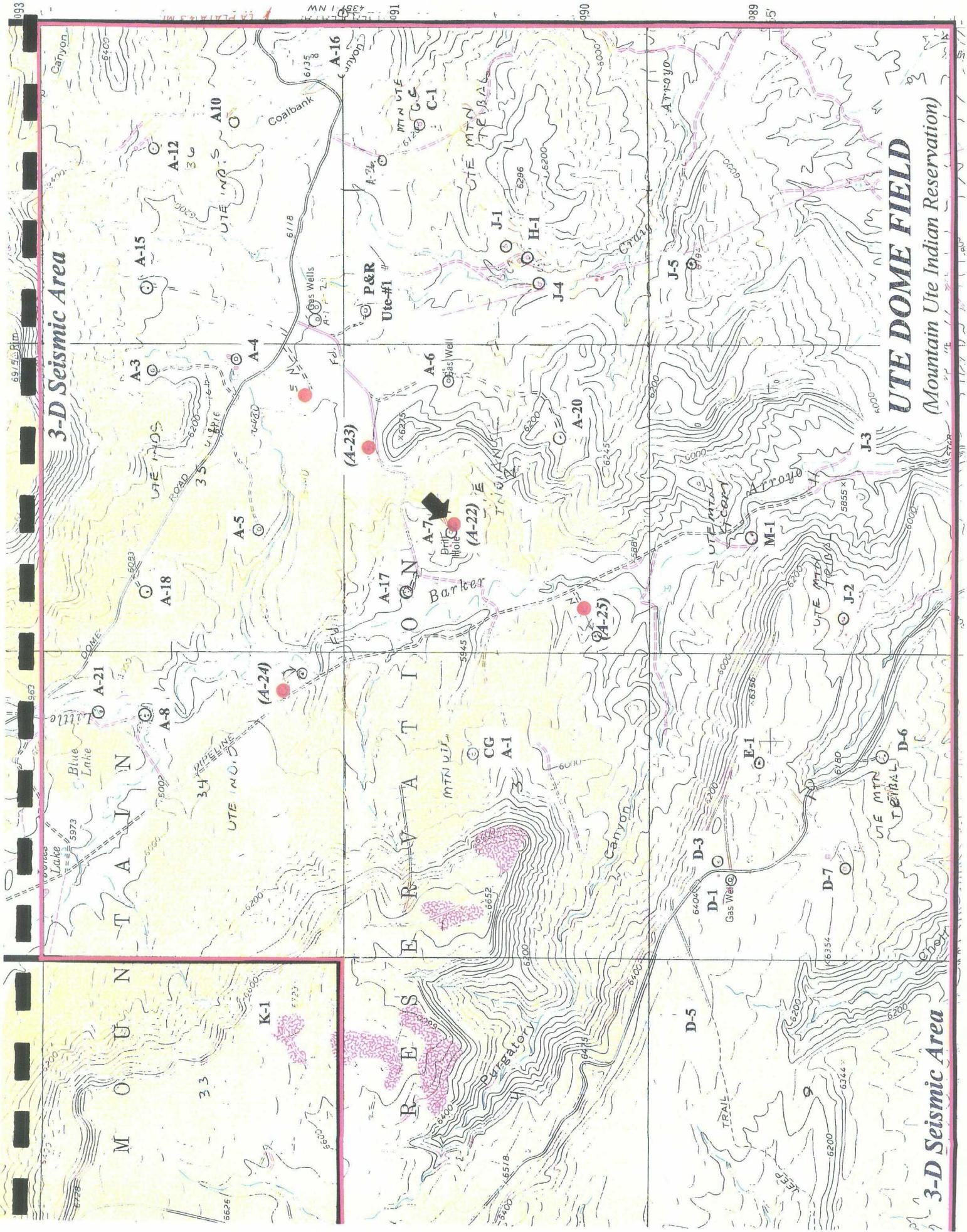
By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR AMOCO PRODUCTION
COMPANY

3-D Seismic Area

UTE DOME FIELD
(Mountain Ute Indian Reservation)

3-D Seismic Area



993

991

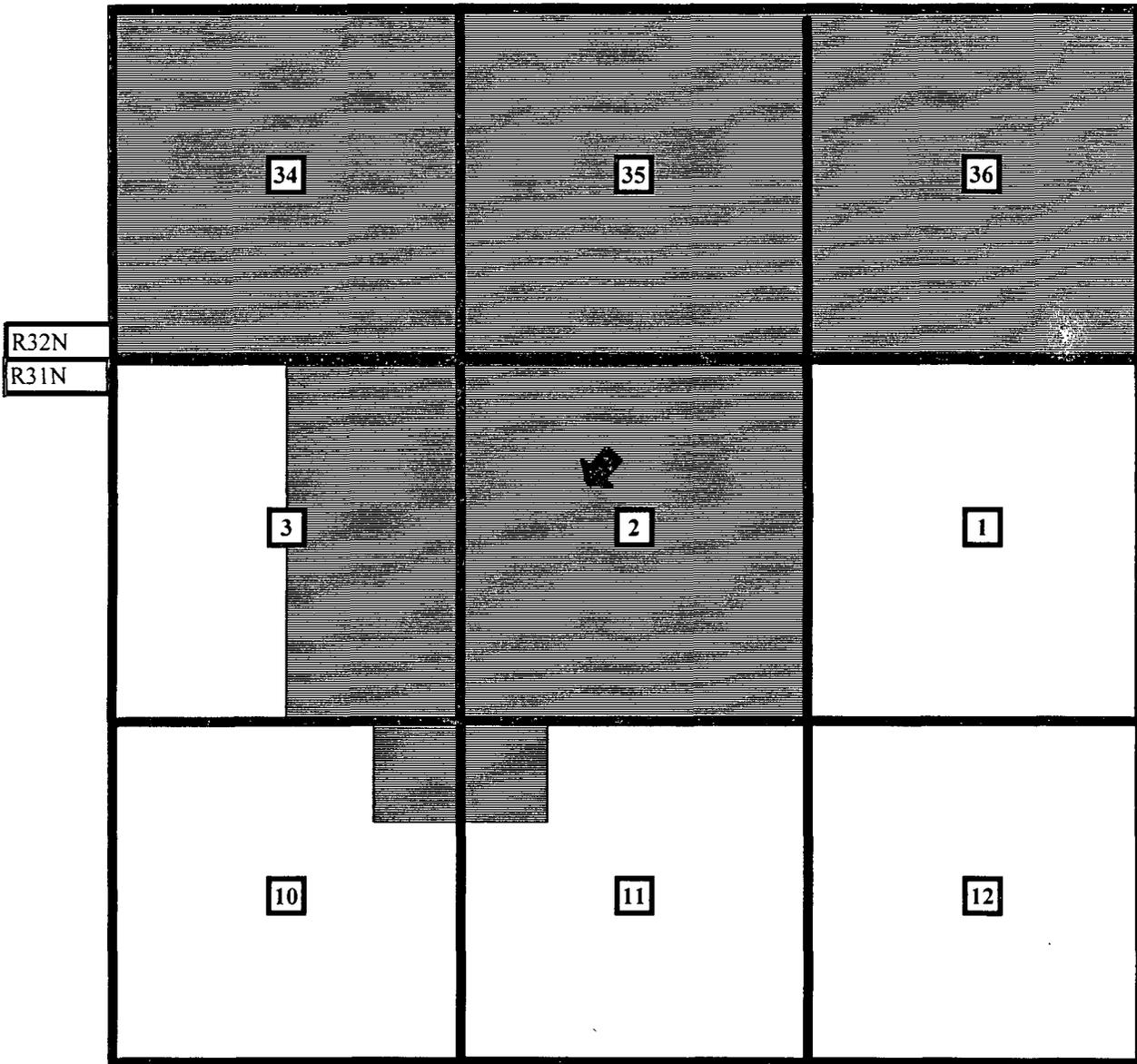
990

989

985

AMOCO PRODUCTION COMPANY NOTICE PLAT

**Proposed Ute Indian A-22
2150'FWL & 1880'FNL
Unit F Section 2 - T31N- R14W
San Juan County, NM**



R32N
R31N

 **AMOCO PRODUCTION COMPANY UNDER LEASE FROM UTE MOUNTAIN UTES
PART OF A 4200-ACRE LEASE WITH SAME ROYALTY**

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer D10, Artesia, NM 88211-0719
 District III
 1000 Rio Huerfano Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Well Name UTE INDIANS # A-22	
Property Code		Property Name NW 2-31-14			Well Number
OGRID No.		Operator Name AMOCO PRODUCTION COMPANY			Elevation 5995

¹⁰ Surface Location

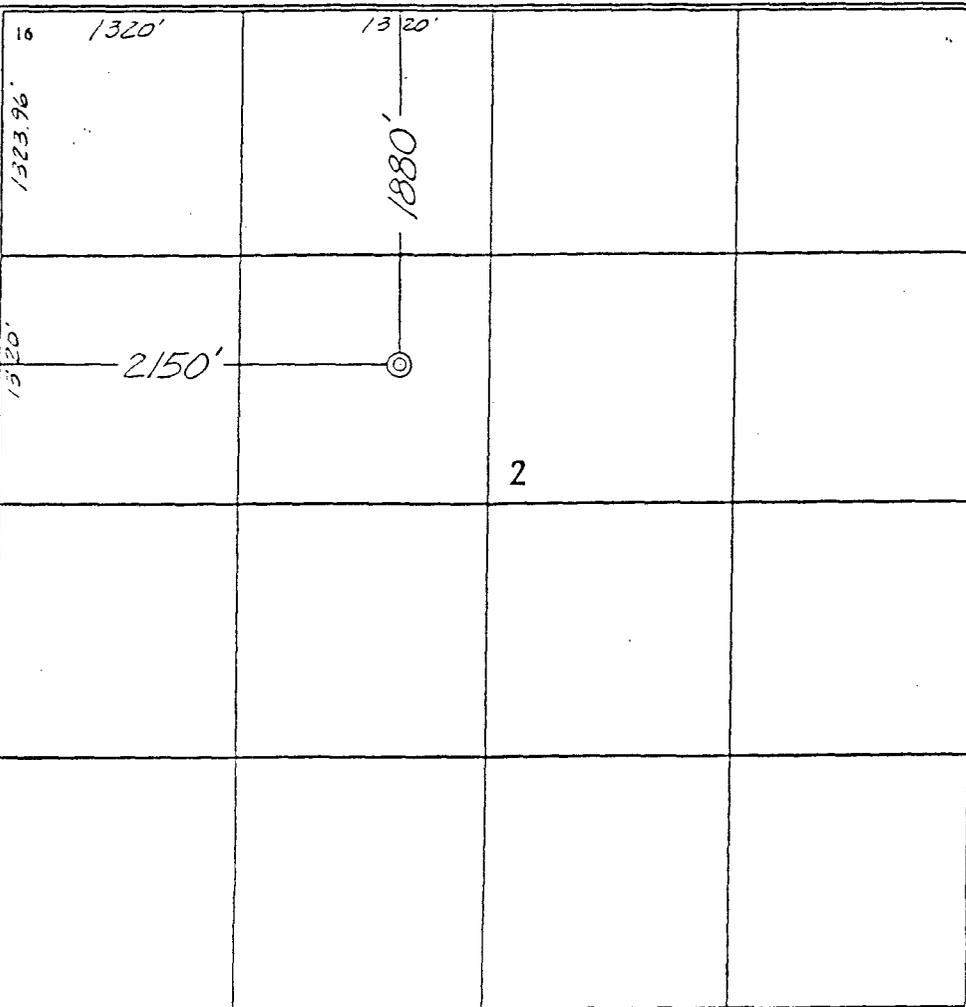
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	2	31 N	14 W		1880	NORTH	2150	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

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

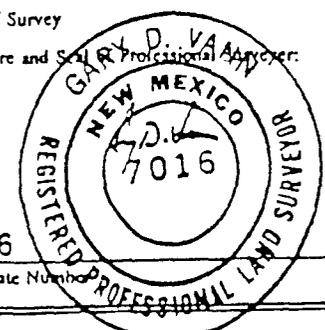
Signature _____
 Printed Name _____
 Title _____
 Date _____

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.

July 5, 1996
 Date of Survey

Signature and Seal of Professional Surveyor: _____

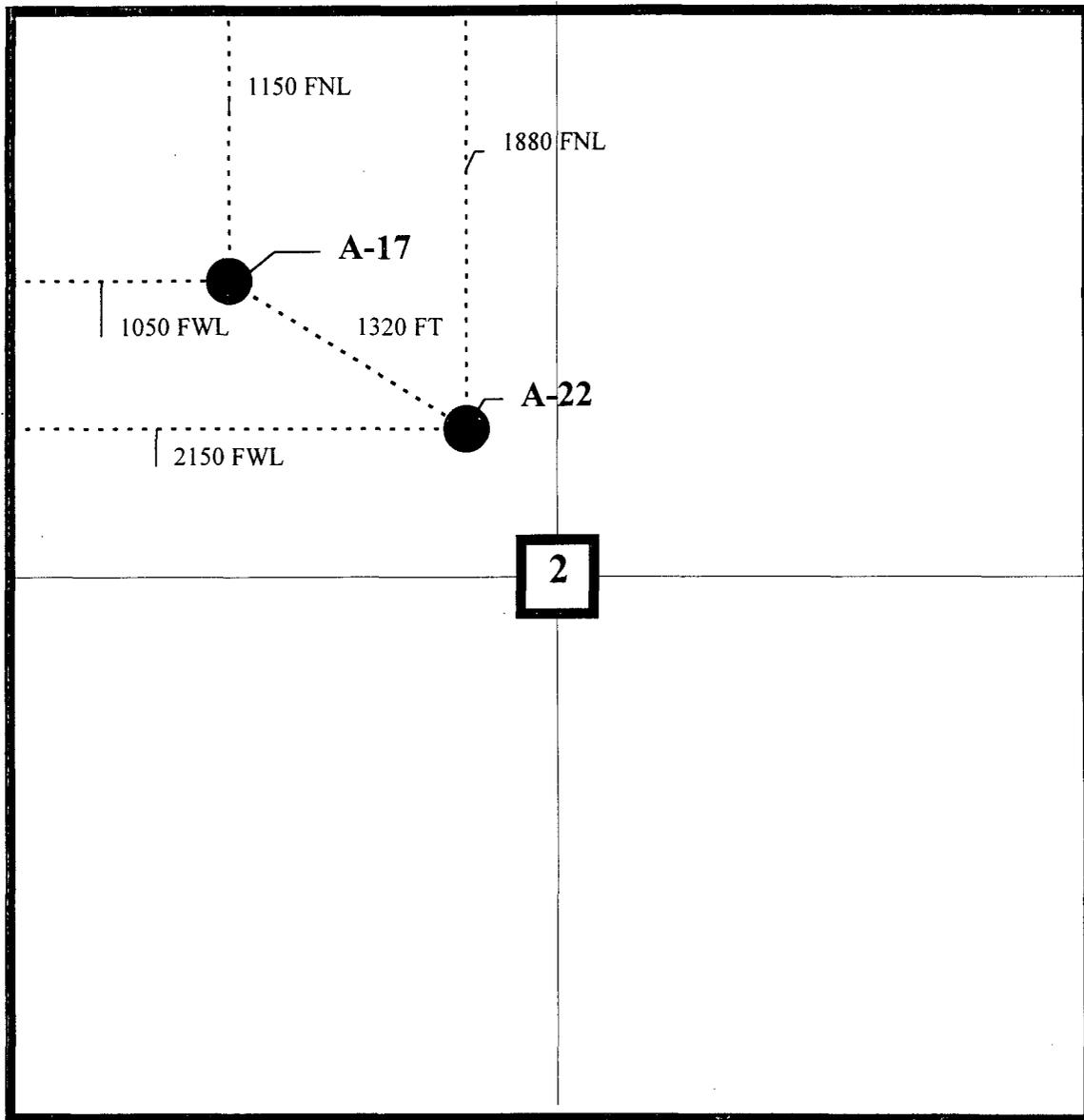
7016
 Certificate Number



BLM RECORD

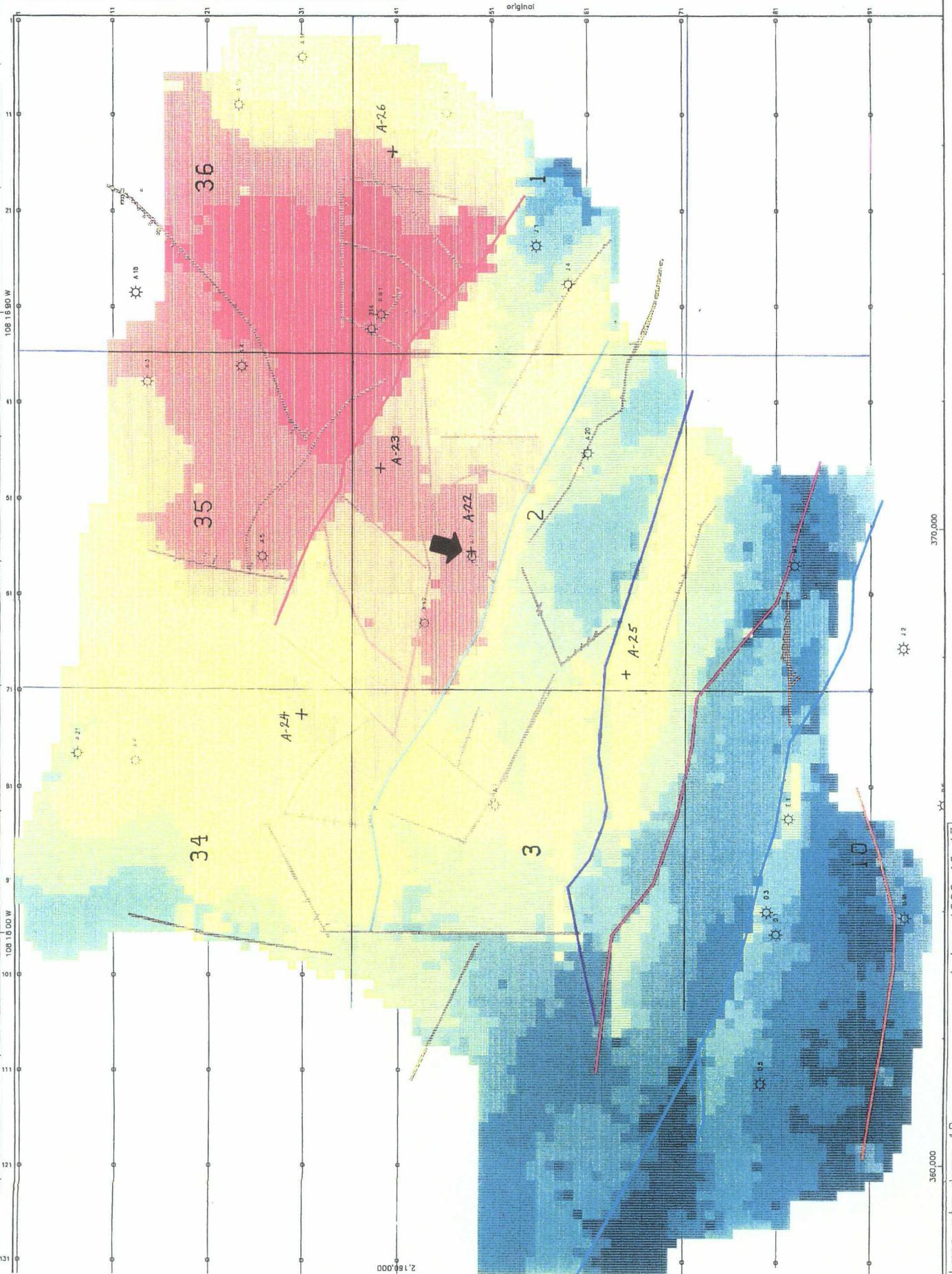
**AMOCO PRODUCTION COMPANY
WELL LOCATIONS**

**Proposed Ute Indian A-22
2150'FWL & 1880'FNL
Unit F Section 2 - T31N- R14W
San Juan County, NM**



- A-17 WELL IS AT AN ORTHODOX LOCATION
- A-22 WELL IS 490 FEL AND 760 FSL
- DISTANCE BETWEEN WELLS WILL BE 1320'

bmap_ute_dome_18
bmap_ute_dome_18.cgm.for.zgsf05.at.desgsf05
1-Aug-1996 16:13



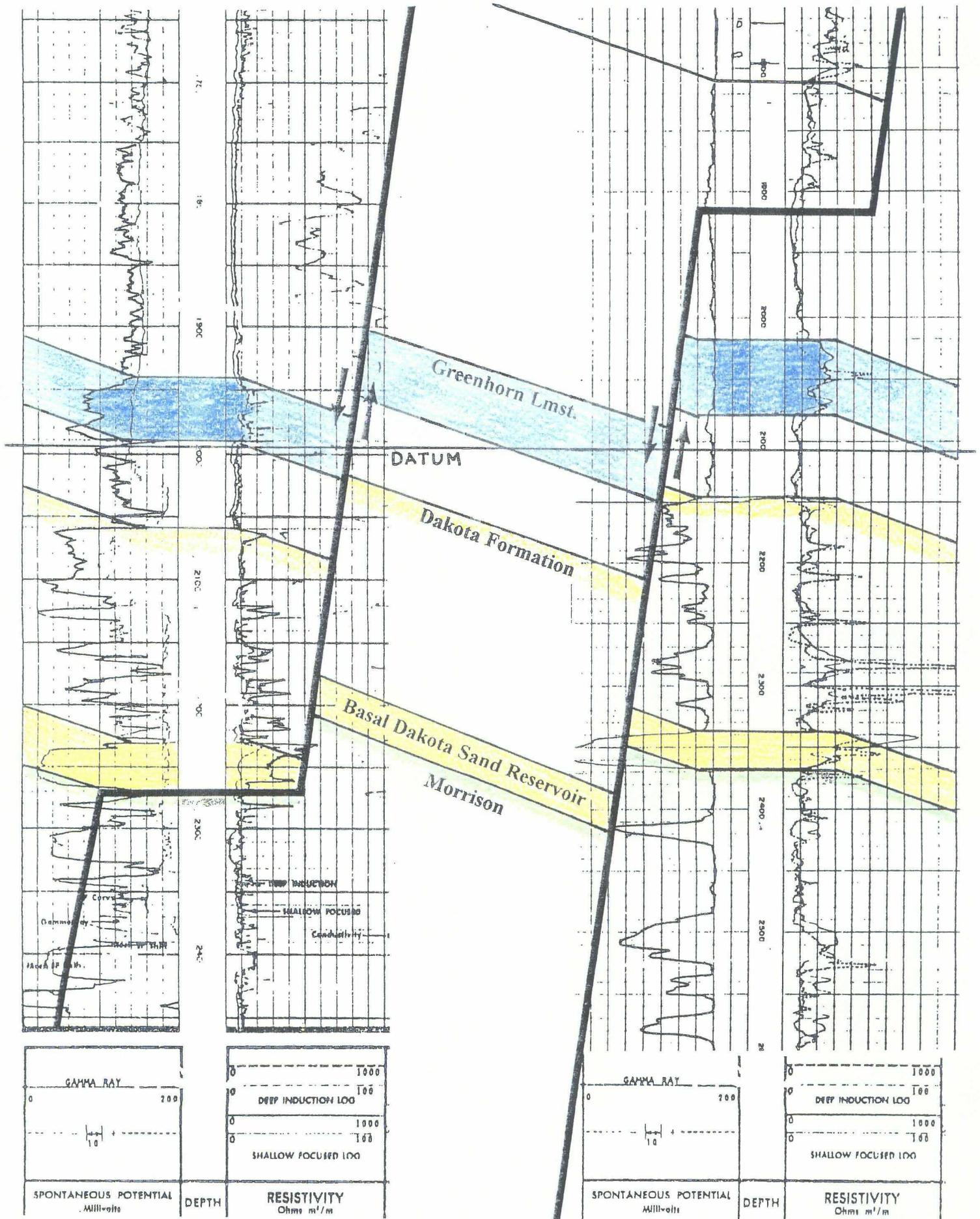
370,000

350,000

bmap_ute_dome_18
bmap_ute_dome_18.cgm.for.zgsf05.at.desgsf05
1-Aug-1996 16:13

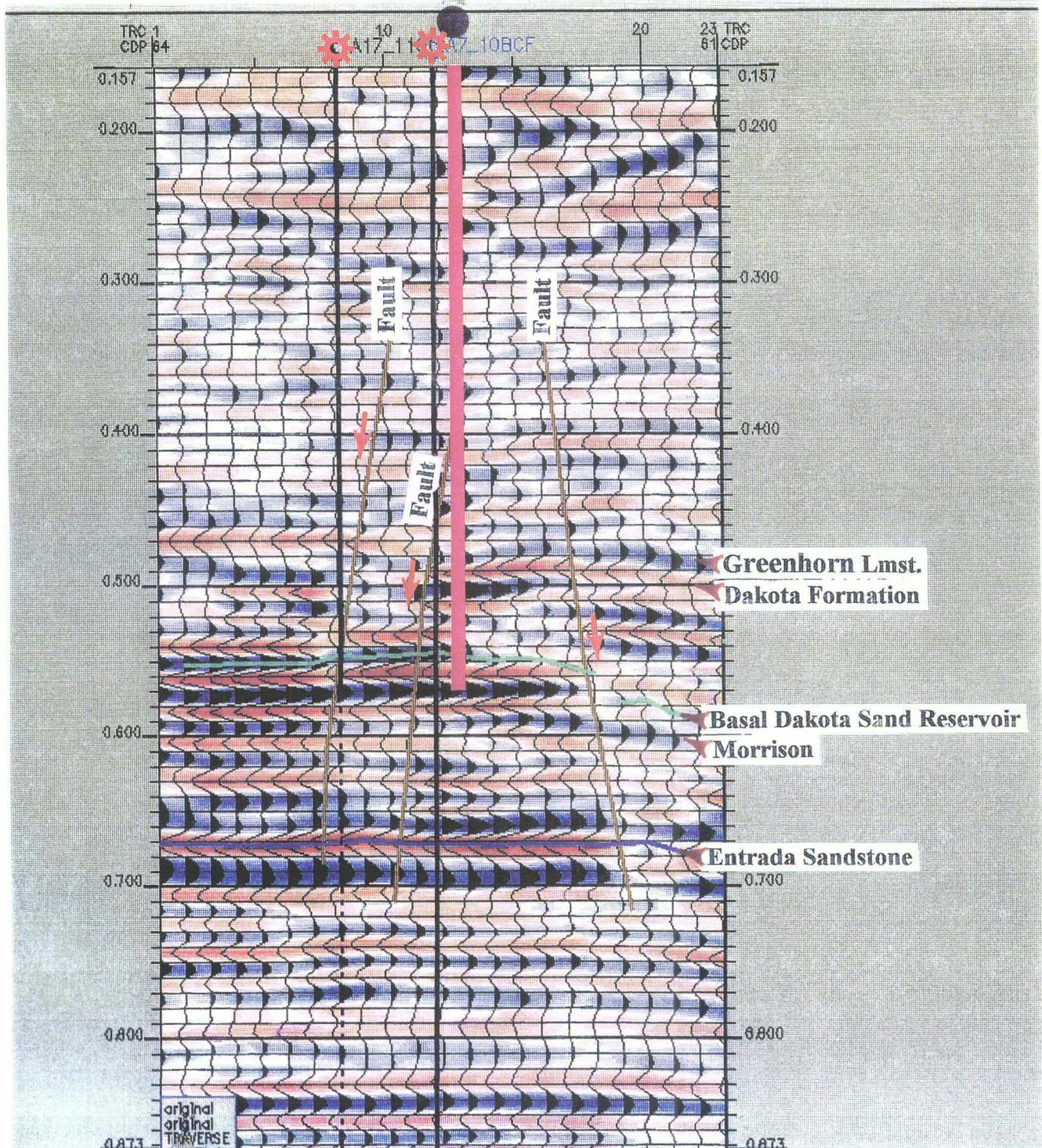
Amoco Production Company
 Ute Indian "A" #17
 NWNW Sec. 2 T31N R14E
 San Juan County, New Mexico
 KB 5895'

Stanolind Oil & Gas Company
 Ute Indian #7
 SENW Sec. 2 T31N R14E
 San Juan County, New Mexico
 KB 6008'



Ute Indians A-22

Ute Dome Field SENW Section 2 T31N R14W San Juan County, New Mexico



CASE 11585: Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SW/4 SW/4 of Section 8, Township 23 South, Range 32 East. Applicant proposes to dedicate the unit to its Tomcat "8" Federal Well No. 1, to be drilled at an orthodox oil well location 660 feet from the South line and 467 feet from the West line (Unit M) of said Section 8 to test any and all formations to the base of the Bone Spring formation, including the Undesignated Sand Dunes-Bone Spring Pool and the Undesignated South Sand Dunes-Delaware Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles north-northeast of the intersection of State Highway 128 and the Eddy/Lea County lines.

CASE 11586: Application of Amoco Production Company for simultaneous dedication, San Juan County, New Mexico. Applicant seeks an exception to Division General Rule 104(D)(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indian "A" Well No. 22, to be drilled at a standard gas well location in the NE/4 equivalent of Section 2, Township 31 North, Range 14 West, and from its existing Ute Indian "A" Well No. 17 (API No. 30-045-24604), located at a standard gas well location 1120 feet from the North and West lines (Lot 4/Unit D) of said Section 2, and for the simultaneous dedication of both wells to the 160.24-acre gas spacing and proration unit comprising Lots 3 and 4 and the E/2 NW/4 (NW/4 equivalent) of said Section 2. Said unit is located approximately 5 miles west of La Plata, New Mexico.

CASE 11547: (Continued from July 11, 1996, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C., for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, in all formations developed on 320-acre spacing, underlying the E/2 of Section 11, Township 17 South, Range 25 East. Said unit is to be dedicated to the Eagle Creek 11 Com Well No. 1 to be drilled at a location 1980 feet from the South and East lines of said Section 11. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles west of Artesia, New Mexico.

CASE 11587: Application of Penwell Energy, Inc. for compulsory pooling and a non-standard gas proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from a depth of 4,000 feet to the base of the Morrow formation, underlying the following described acreage in Section 30, Township 18 South, Range 31 East, and in the following manner: (a) Lots 1, 2, 3 and 4 and the E/2 W/2 (W/2 equivalent) to form a non-standard 301.68-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated North Shugart-Atoka Gas Pool and Undesignated North Shugart-Morrow Gas Pool; (b) Lots 1 and 2 and the E/2 NW/4 (NW/4 equivalent) to form a non-standard 150.68-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and, (c) the SE/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at a standard location 1980 feet from the North and West lines (Unit F) of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said well location is approximately 8 miles southeast by south of Loco Hills, New Mexico.

CASE 11534: (Continued from July 25, 1996, Examiner Hearing.)

Application of Enron Oil & Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authorization to drill its Greenback State Well No. 2 at an unorthodox oil well location 1980 feet from the North line and 1330 feet from the West line (Unit F) of Section 17, Township 24 South, Range 38 East, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SE/4 NW/4 of said Section 17 in the East Fowler-Ellenburger Pool. Said unit is located approximately 6 miles northeast of Jal, New Mexico.

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

July 16, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RECEIVED

JUL 16 1996

Oil Conservation Division

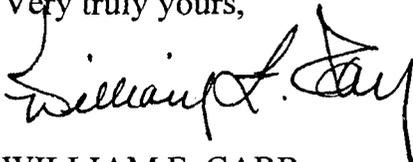
Case 11586

Re: Application of Amoco Production Company for simultaneous dedication, San Juan County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Amoco Production Company in the above-referenced case as well as a copy of a legal advertisement. Amoco Production Company respectfully requests that this matter be placed on the docket for the August 8, 1996 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Bill Hawkins (w/enclosures)

BEFORE THE
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

RECEIVED

JUL 16 1996

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR SIMULTANEOUS DEDICATION,
SAN JUAN COUNTY, NEW MEXICO

Oil Conservation Division
CASE NO. 11586

APPLICATION

AMOCO PRODUCTION COMPANY ("Amoco"), through its undersigned attorneys, hereby makes application for authorization for simultaneous dedication, and in support of its application states:

1. Amoco is the operator of the Ute Indian A-17 Well which is completed as a producing gas well in the Dakota formation, Ute Dome-Dakota Gas Pool, at a standard location in the NW/4 of Section 2, Township 31 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.
2. The Amoco Ute Indian A-17 Well is unable to effectively drain the reserves under the NW/4 of said Section 2 due to faults in the Dakota formation which transverse this spacing unit.
3. Amoco seeks an exception to Oil Conservation Division General Rule 104 C 3 to permit it to drill its proposed Ute Indian A-22 Well at a standard location as a second well in the NW/4 of said Section 2 and simultaneously dedicate the NW/4 of Section 2 to the Ute Indian A-17 and A-22 Wells.

4. Approval of this application and the drilling of the Ute Indian A-22 Well will enable Amoco to produce its just and fair share of the reserves under the NW/4 of said Section 2 and will otherwise be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, Amoco Production Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 1996, and, after notice and hearing as required by law, the Division enter its order granting this application and authorizing the simultaneous dedication of the NW/4 of Section 2, Township 31 North, Range 14 West, N.M.P.M. to the Amoco Ute Indian A-17 and A-22 Wells.

Respectfully submitted,

CAMPBELL, CARR, BERGE,
& SHERIDAN, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR AMOCO PRODUCTION
COMPANY

CASE 11586

Application of Amoco Production Company for simultaneous dedication, San Juan County, New Mexico. Applicant in the above-styled cause seeks authority to simultaneously dedicate the NW/4 of Section 2, Township 31 North, Range 14 West in the Ute Dome-Dakota Gas Pool to the Ute Indian A-17 and A-22 Wells located at standard locations in the NW/4 of said Section 2. Said wells are located approximately __ miles __ of _____, New Mexico.

RECEIVED

JUL 16 1996

Oil Conservation Division

A history of surveys is contained in the field notes.

This plat represents the dependent resurvey of the north boundary of Township 30 North, Range 14 West, portions of the west boundaries of Townships 31 and 32 North, Range 13 West, designed to restore the corners in their true original locations according to the best available evidence, and the survey of the west and north boundaries and subdivisional lines of Township 31 North, Range 14 West, New Mexico Principal Meridian, New Mexico.

Survey executed by Gilbert V. Olson and Jack A. Savlan, Supervisory Cadastral Surveyors, beginning July 11, 1985, and completed November 21, 1985, pursuant to Special Instructions dated July 9, 1985 for Group 851, New Mexico.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Santa Fe, New Mexico

April 27, 1987

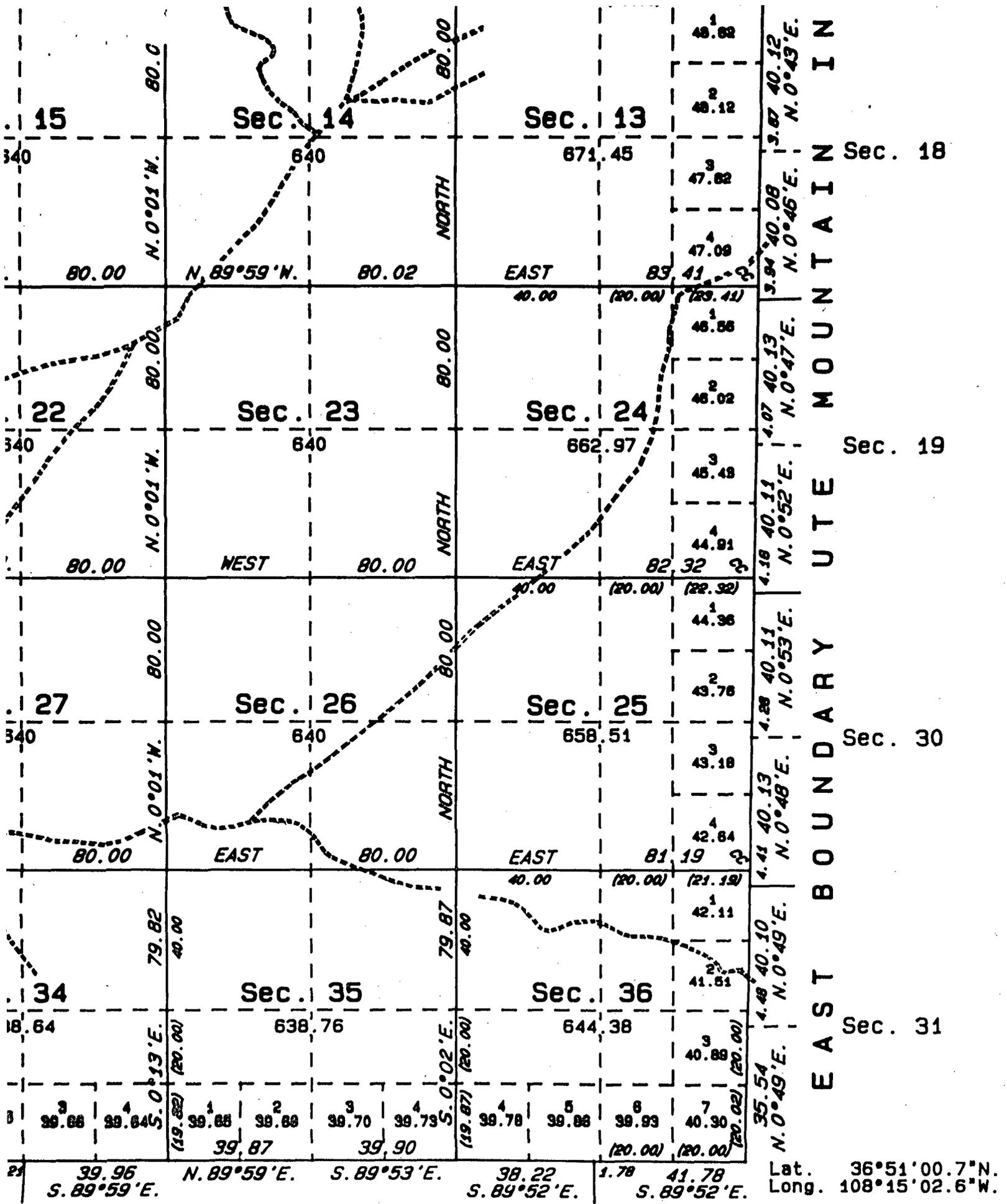
This plat is strictly conformable to the approved field notes, and the survey, having been correctly executed in accordance with the requirements of law and the regulations of this Bureau, is hereby accepted.

For the Director



Chief Cadastral Surveyor
for New Mexico

.7"N.
.6"W.



Lat. 36°51'00.7"N.
 Long. 108°15'02.6"W.

N INDIAN RESERVATION

COUNTY *San Juan* POOL *Ute Dome - Dakota*

TOWNSHIP *32 North* RANGE *13 West* NMFM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Ext: $\frac{SW}{4}$ Sec 30 (R-5339, 2-1-77) Ext: $\frac{N}{2} + \frac{SE}{4}$ Sec. 30 (R-6056, 8-1-79)

Ext: $\frac{N}{2}$ Sec 31 (R-7046, 8-6-82)