



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

April 23, 2001

Lori Wrotenberg

Director

Oil Conservation Division

**Amoco Production Company
San Juan Business Unit
501 West Lake Park Boulevard
Houston, Texas 77059-3092**

Case 12664

Attention: Mary Corley

Re: *Amoco Production Company's placement of its proposed E. E. Elliott "B" Well No. 8-M 770 feet from the South line and 2420 feet from the East line (Unit O) of Section 27, Township 30 North, Range 9 West, NMPM, San Juan County, New Mexico, as an infill gas well in both the Blanco-Mesaverde and Basin-Dakota Pools within an existing standard 320-acre lay-down gas spacing and proration unit comprising the S/2 of Section 27.*

Dear Ms. Corley:

Your application dated March 21, 2001 contains several items that can not be addressed in the administrative review process.

The rules and procedures currently governing the Basin-Dakota and Blanco-Mesaverde Pools both contain provisions that serve to check well density within existing spacing units. Review of the Division's records indicate that the proposed E. E. Elliott Well No. 8-M is located within the same quarter-quarter section as Amoco's E. E. Elliott "B" Well No. 1-A, being a completed Mesaverde gas well, and within the same quarter section as your E. E. Elliott "B" Well No. 8-E, which is shown to be a completed in both the Mesaverde and Dakota intervals. I have therefore prepared the following advertisement, which will be placed on the May 17, 2001 hearing docket:

"Application of Amoco Production Company for exceptions to the well density and location provisions of the special rules governing both the Basin-Dakota and Blanco-Mesaverde Pools, San Juan County, New Mexico. The applicant in this matter proposes to drill its E. E. Elliott "B" Well No. 8-M 770 feet from the South line and 2420 feet from the East line (Unit O) of Section 27, Township 30 North, Range 9 West, as an infill gas well in both the Blanco-Mesaverde and Basin-Dakota Pools within an existing standard 320-acre lay-down gas spacing and proration unit comprising the S/2 of Section 27 (which is located approximately two miles north of Turley, New Mexico. Applicant seeks exceptions to: (i) Rule I.B (2) (b) of the "Special Rules for the Blanco-Mesaverde Pool," as promulgated by Division Order No. R-10987-A, in order to drill and complete this well within the same quarter-quarter section as its E. E. Elliott "B" Well No. 1-A (API No. 30-045-22194), located at a standard infill gas well location 875 feet from the South line and 1450 feet from the East line of Section 27; (ii) Rule I.B (2) (c) of the special Blanco-Mesaverde pool rules in order to drill and complete the proposed E. E. Elliott "B" Well No. 8-M within the same quarter section as the above-described E. E. Elliott "B" Well No. 1-A and E. E. Elliott "B" Well No. 8-E (API No. 30-045-26299), located at a standard infill gas well location 1560 feet from the South line and 1070 feet from the East line (Unit I) of Section 27; and (iii) the well location requirements provided within the "Special Rules and Regulations for the Basin-Dakota Pool," as promulgated by Division Order No. R-10987-B, in order to drill and complete the proposed E. E. Elliott "B" Well No. 8-M within the same quarter section as the above-described E. E. Elliott "B" Well No. 8-E".

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Thank you for your cooperation and understanding, should you have any questions concerning this matter, your legal counsel should be able to assist you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U.S. Bureau of Land Management - Farmington
Continental Energy Legal Counsel for Amoco Production Company - Houston, TX