



OIL CONSERVATION DIVISION
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Amoco Production Company

501 WestLake Park Boulevard
Post Office Box 3092
Houston, Texas 77253

July 19, 1991

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attn: Mr. Mike Stogner

Request for Hearing Date of August 22, 1991

Amoco Production Company respectfully requests that its application to drill the Smith Federal Well No. 1, Indian Basin (Upper Penn) Gas Pool, Eddy County, New Mexico, be set for examiner hearing on the August 22, 1991, docket.

This application is to revise a previously approved unorthodox well location, approved by Order No. R-9487 of May 8, 1991. The original approval was to re-enter an existing watered-out well, plug back and directionally drill to a 100' x 200' target area. However, after pulling the production casing, a leak was discovered in the intermediate casing and we have deemed it too risky to attempt to operate rotary tools inside this wellbore.

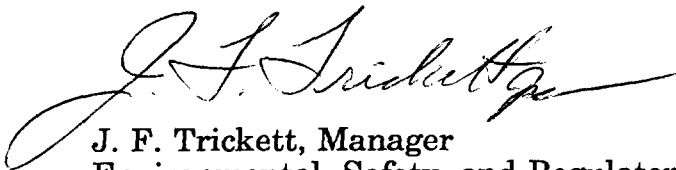
Amoco is therefore making application for a new case, said application also to include Apache Corporation as operator of the well and the Smith Federal Gas Com Lease. The well will be drilled as a straight hole at a revised unorthodox location of 480' FWL and 2049' FNL of Section 12, T-22-S, R-23-E, Eddy County, New Mexico. Note that this is outside of the approved target area because a suitable surface location within the target was unavailable. The pool rules require a standard location to be 1650' from the outer boundary of the section line.

Item (6) of Order No. R-9487 assigned an acreage factor of 0.49 for gas allowable purposes. Since there is a negligible difference in the approved and the revised locations, we request that Item (6) be adopted in the new order arising from this application.

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Further, Amoco respectfully requests that if there are no objections filed by August 22, 1991, that the NMOCD take this application under advisement. If questions come up about this matter, please call Mr. Jim Collier at 713-556-3371.

Yours very truly,

A handwritten signature in cursive script, appearing to read "J. F. Trickett", with a long horizontal flourish extending to the right.

J. F. Trickett, Manager
Environmental, Safety, and Regulatory Affairs

JWC/kcf

cc: Apache Corporation
1500 Citywest Blvd.
Suite 400
Houston, Tx. 77042
Attn: Ceci Leonard

Sec. 12 Township No. 22 South of Range No. 23 East

