



Amoco Production Company (USA)

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

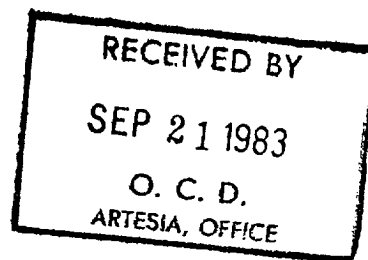
R. G. Smith
Regional Engineering
Manager-West

September 19, 1983

File: JCA-986.51NM-3280

Re: Application for Unorthodox Location
and Non-standard Proration Unit
Mesa Petroleum Company
Eddy County, New Mexico

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
State Land Office Building
Old Santa Fe Trail
P.O. Box 2088
Santa Fe, NM 87501



Attention: Mr. Joe D. Ramey

Gentlemen:

Amoco Production Company is in receipt of the subject application dated September 1, 1983 addressed to the attention of Mr. R. L. Stamets. Said application requests administrative approval of a 270.5-acre non-standard proration unit and an unorthodox location at 990' FNL x 660' FWL of Section 4, T-16-S, R-28-E for Mesa's proposed Depco Federal Well No. 2. Amoco must object to the unorthodox location portion of this application because of the potential for uncompensated drainage from its adjacent lease.

The well which is subject to this application is an immediate offset to the Amoco State "ET" lease and is targeted for completion in the same reservoir from which said lease produces. Therefore, in all likelihood, approval of the requested unorthodox location would result in confiscation of reserves from the Amoco lease.

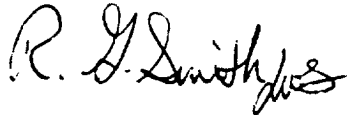
Amoco is willing to withdraw objection to authorization of an unorthodox location if the Applicant will move the proposed well to a site at least 1485' FNL of the section; still 495' north of the nearest orthodox location. According to the geological exhibits submitted in the subject application, this compromise location provides the Applicant with a site

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at which they would obtain a reservoir position (i.e., structural as well as net sand) essentially equivalent to the recently drilled Amoco State "ET" Com Well No. 1. However, if the Applicant is adamant about drilling at the requested location, Amoco must insist that administrative approval of the subject application be denied and the matter be set for hearing.

If you have any question concerning this matter, please contact Larry Sheppard (713/556-3941) in Amoco's Houston Region-West Proration Section.

Yours very truly,

A handwritten signature in cursive script, appearing to read "R. G. Smith".

LWS/mes
885/Z

cc: Mesa Petroleum Company
P.O. Box 2009
Amarillo, TX 79189

Attention: Mr. R. E. Mathis

New Mexico Oil Conservation Division
P.O. Drawer DD
Artesia, NM 88210

Attention: Mr. L. A. Clements