



Amoco Production Company

Post Office Box 68
Hobbs, New Mexico 88240

J.L. Krupka
District Manager

October 17, 1986

File: SGH-1498-WF

Re: South Hobbs Unit No. 216
Hobbs (G/SA) Field
Section 4, T-19-S, R-38-E
Lea County, New Mexico

State of New Mexico
Oil Conservation Division
P. O. Box 1980
Hobbs, NM 88240

Attention: Mr. Jerry Sexton

Amoco Production Company received approval from the NMOCD to drill the South Hobbs Unit No. 216 as a water injection well at the above referenced location. This well, in our Northern Leaseline Infill Drilling Project, provides us an opportunity to test San Andres Zone I potential in this area.

Please find attached Form C-103 showing our proposed procedure for conducting temporary Zone I production tests prior to commencing with injection operations.

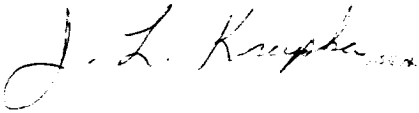
Our regional proration group has been in contact with an NMOCD regulator and in lieu of newspaper re-notification, a waiver from Shell Western E & P, acting as North Hobbs Unit Operator, may be obtained to expedite regulatory approval.

Please find attached the signed waiver from Shell Western E & P.

After the completion of this limited test, the perforated intervals will be cement squeezed and operations to set 5-1/2" liner casing will commence. Water injection procedures will be submitted soon after.

October 17, 1986
File: SGH-1498-WF
Page 2

If further information is required, please contact Steve Brownlee at
(505) 393-1781, Extension 2250.

A handwritten signature in cursive script, appearing to read "J. L. Kuyper".

SBB/tjt
APRD01-EEE

Attachments