

Submit to Appropriate District Office  
 State Lease - 6 copies  
 Fee Lease - 5 copies

**RECEIVED**

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-101  
 Revised 1-1-89

NOV 5 1990 CONSERVATION DIVISION

DISTRICT I  
 P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088  
 Es, New Mexico 87504-2088

DISTRICT II  
 P.O. Drawer DD, Artesia, NM 88210

**OIL CON. DIV.**  
**DIST. 3**

DISTRICT III  
 1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)

30-039-24989

5. Indicate Type of Lease  
 STATE  FEE

6. State Oil & Gas Lease No.  
 LGB748

**APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK**

1a. Type of Work:  
 DRILL  RE-ENTER  DEEPEN  PLUG BACK   
 b. Type of Well:  
 OIL WELL  GAS WELL  OTHER   
 SINGLE ZONE  MULTIPLE ZONE

7. Lease Name or Unit Agreement Name  
 State H

2. Name of Operator  
 BCO, Inc.

8. Well No. 7

3. Address of Operator  
 135 Grant, Santa Fe, New Mexico 87501

9. Pool name or Wildcat Undesignated  
 Graneros ~~6m to 7m~~ Lybrook Gallup

4. Well Location  
 Unit Letter F : 2255 Feet From The North Line and 1990 Feet From The East <sup>well</sup> Line  
 Section 2 Township 23N Range 7W NMPM Rio Arriba County

10. Proposed Depth 6450  
 11. Formation Graneros/Gallup  
 12. Rotary or C.T. Rotary

13. Elevations (Show whether DF, RT, GR, etc.) 6898 GR  
 14. Kind & Status Plug Bond 50,000 Blanket Plug  
 15. Drilling Contractor Walters Drilling  
 16. Approx. Date Work will start 1 or 2/91

17. <sup>ing bond on file with OCD</sup>  
**PROPOSED CASING AND CEMENT PROGRAM**

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	8 5/8"	24#	200'	150	Surface
7 7/8"	4 1/2"	11.6#	6450'	1700	Surface

Plan to drill a 12-1/4" hole and set ±200' of 8-5/8" OD, 24#, limited service range 3 surface casing; then plan to drill a 7-7/8" hole to total depth with gel-water-mud program to test Gallup and Graneros formation. Plan to run IES and CDL logs. If determined productive, will run 4-1/2", 11.6#, N-80 casing, selectively perforate, frac, clean out after frac and complete well.

It is anticipated we will request commingling of the Graneros and Gallup in accordance with Oil Conservation Commission Order 7279. Attached is a copy of a topographic map showing the approximate location of the well.

APPROVAL EXPIRES 5-5-91  
 UNLESS DRILLING IS COMMENCED.  
 SPUD NOTICE MUST BE SUBMITTED  
 WITHIN 10 DAYS.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Elizabeth B. Keeshan TITLE President DATE 11/2/90  
 TYPE OR PRINT NAME \_\_\_\_\_ TELEPHONE NO. \_\_\_\_\_

(This space for State Use)  
 APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE NOV 05 1990

CONDITIONS OF APPROVAL, IF ANY:  
Hold C-104 FOR DHC ALLOCATION FORMULA  
DHC-R6929

Submit to Appropriate District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102  
Revised 1-1-89

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**OIL CONSERVATION DIVISION**

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P.O. Box 1980, Hobbs, NM 88240

NOV 5 1990

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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OIL CON. DIV.

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

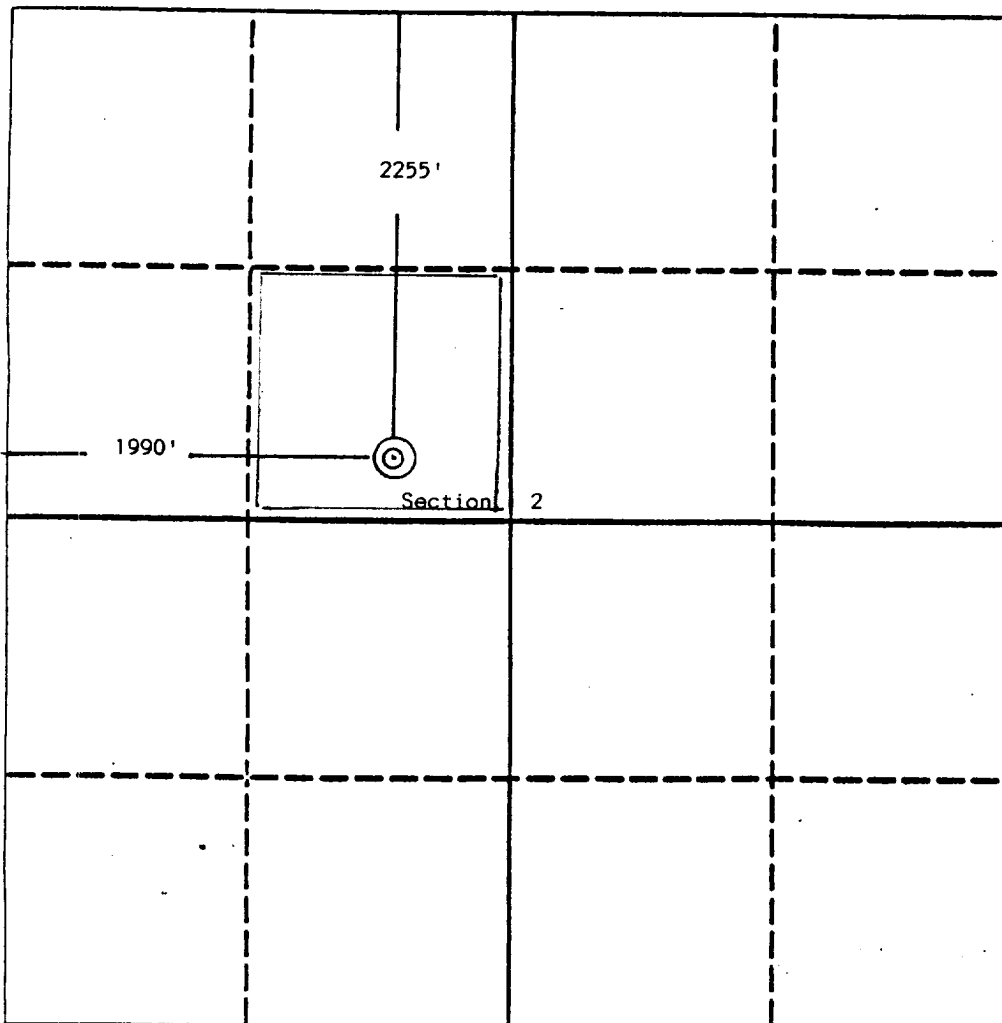
All Distances must be from the outer boundaries of the section

Operator BCO, Inc.		Lease State H		Well No. 7
Unit Letter F	Section 2	Township 23 North	Range 7 West	County Rio Arriba
Actual Footage Location of Well: 2255 feet from the North line and 1990 feet from the West line				
Ground level Elev. 6898	Producing Formation Gallup/Graneros	Pool Undesignated Graneros/Lybrook Gallup	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?  
 Yes     No    If answer is "yes" type of consolidation \_\_\_\_\_

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Elizabeth B. Keeshan*  
Signature

Elizabeth B. Keeshan  
Printed Name

President  
Position

BCO, Inc.  
Company

11/2/90  
Date

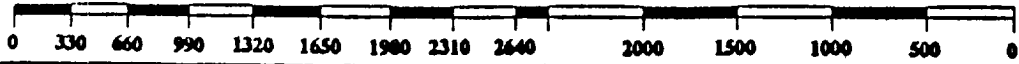
**SURVEYOR CERTIFICATION**

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 knowledge and belief.

Date Surveyed  
October 22, 1990

Signature & Seal of Professional Surveyor  
*Edgar L. Risenhoover*

Certificate No. 5979  
Edgar L. Risenhoover, P.S.



OIL CONSERVATION DIVISION

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

CASE NO. 7505  
Order No. R-6929

APPLICATION OF BCO, INC. FOR  
DOWNHOLE COMMINGLING, RIO ARRIBA  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 16, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 26th day of March, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, BCO, Inc., is the owner and operator of certain wells and leases in Sections 2, 3, 4, 9, and 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle Lybrook-Gallup (including the Greenhorn formation) and Basin-Dakota production within the wellbore of its current and future wells in said five sections.

(4) That from each of said zones, wells within the subject area are and are expected to be capable of low marginal production only.

(5) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(6) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that any well therein is not shut-in for an extended period.

(7) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Division any time any commingled well in the subject area is shut-in for 7 consecutive days.

(8) That in order to allocate the commingled production to each of the commingled zones in any well in the subject area, applicant should consult with the supervisor of the Aztec district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, BCO, Inc., is hereby authorized to commingle Lybrook-Gallup (including the Greenhorn formation) and Basin-Dakota production within the wellbore of its current or future wells in Sections 2, 3, 4, 9, and 10 of Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

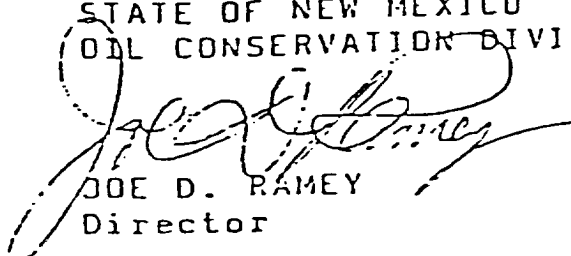
(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula for the allocation of production to each zone in any well downhole commingled under terms of this order.

(3) That the operator shall immediately notify the Division's Aztec district office any time any well downhole commingled under terms of this order has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) That 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 herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

S E A L  
fd/