

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR CHAMPLIN PETROLEUM COMPANY	8. FARM OR LEASE NAME FEDERAL 44-2
3. ADDRESS OF OPERATOR 420 HENRY FORD AVENUE, WILMINGTON, CALIFORNIA	9. WELL NO. #1
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface SESE (660' FSL 660' FEL)	10. FIELD AND POOL, OR WILDCAT RIO PUERCO MANCOS-GALLUP
14. PERMIT NO. Approved 4/17/84	11. SEC., T., R., M., OR B.L. AND SURVEY OR AREA Section 2 - T20N-R3W
15. ELEVATIONS (Show whether dr. or prod. hole) 6926' GL, 6937' KB	12. COUNTY OR PARISH Sandoval
	13. STATE New Mexico

RECEIVED
JAN 03 1986
BUREAU OF LAND MANAGEMENT
WILMINGTON RESOURCE AREA

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO: Obtain approval

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input type="checkbox"/>	
(Other) To Vent/Flare Gas (NTL-4A) <input checked="" type="checkbox"/>		(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)	

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Champlin Petroleum Company requests approval to vent/flare gas from the subject lease pursuant to NTL-4A, Section IV.B "Venting and Flaring Oil Well Gas".

Based on the latest production test on October 27, 1985, the subject well is producing an average of 32 BOPD and 26 MCFD. Approximately 10 MCFD is used on the lease for fuel, releasing 16 MCFD to flare.

Enclosed as Attachments "A", "B", and "C" are engineering evaluation and economic data to demonstrate that expenditures necessary to market or beneficially use such as gas are uneconomical and that required conservation of the gas could result in premature abandonment of recoverable oil reserves.

Expires 1-6-87

18. I hereby certify that the foregoing is true and correct		RECEIVED JAN 07 1986 OIL CON. DIV.	
SIGNED <u>P. M. McKinney</u>	TITLE <u>Petroleum Engineer</u>	DATE <u>12/30/85</u>	
(This space for Federal or State office use)			
APPROVED BY <u>[Signature]</u>	TITLE <u></u>	DATE <u>12/30/85</u>	
CONDITIONS OF APPROVAL, IF ANY:			

*See Instructions on Reverse Side

BACKGROUND

Production in the Rio Puerco Field, Sandoval County, New Mexico, occurs in the Gallup-Mancos member of the Mancos Shale. This formation is characterized as a fractured, silty, interbedded formation with predominant fracturing occurring along the flanks of the localized structures.

Volumetric reserve estimates are considered to be invalid due to the lack of matrix porosity and the degree of fracturing through the productive interval. Reserves, however, have been based upon well performance of each well during the last six month period and projecting this information to the economic limit.

Recent well tests and other pertinent well data are shown below:

	<u>#2</u> <u>Federal 22-1</u>	<u>#3</u> <u>Federal 24-3</u>	<u>#1</u> <u>Federal 24-11</u>
Production Period	24 hours	24 hours	24 hours
Test Date	10/29/85	10/31/85	10/30/85
Oil Rate	2.0 BOPD	2.0 BOPD	2.0 BOPD
Gas Rate	13 MCFD	16 MCFD	5.0 MCFD
GOR	6,500	8,000	2,500
Drilling & Completion Cost	\$520,000	\$560,000	\$490,000
Estimated Gas Reserves	Minimal	Minimal	Minimal
Champlin W.I.	35.75%	50.0%	50.0%
Champlin R.I.		41.25%	41.25%

	<u>#2</u> <u>Federal 24-2</u>	<u>#1</u> <u>Federal 44-2</u>
Production Period	24 hours	24 hours
Test Date	10/28/85	10/27/85
Oil Rate	32 BOPD	32 BOPD
Gas Rate	37 MCFD	26 MCFD
GOR	1,160	800
Drilling & Completion Cost	\$555,000	\$600,000
Estimated Gas Reserves	10 MMCF	8 MMCF
Champlin W.I.	50.0%	50.0%
Champlin R.I.	41.25%	41.25%

CHAMPLIN PETROLEUM COMPANY
RIO PUERCO FIELD
SANDOVAL COUNTY, NEW MEXICO

EVALUATION FOR FEASIBILITY OF MARKETING GAS

It is determined that there is no economically feasible alternative to venting the gas at the Rio Puerco Field. Three of the existing wells are near the economic limit and to prevent premature abandonment, permission is requested to vent the gas. A brief discussion of the alternatives and economics of each is as follows:

1. Sales via Gas pipeline:

Sales via gas pipeline is unfeasible due to the 12-15 miles of line that would have to be installed. The wells produce 5-37 MCFD and have insufficient reserves at current prices, to cover the cost of installation of the line.

2. Installation of a small gas plant to strip liquids:

This type of plant would cost + \$300,000. Reserves are insufficient to cover initial costs and increased operating expenses would affect premature abandonment. In addition, there would still be measurable gas to vent.

In conclusion, there is no reasonable alternative to venting our produced gas at this time. Champlin will, however, continue to investigate alternatives as they may be presented to us.



R. E. Wood
Petroleum Engineer

Page 1 of 1File 3806-G-1414Company CHAMPLIN PETROLEUM COMPANY Formation Mancos - GallupWell #1 FEDERAL 44-2 County SANDOVALField Rio Puerco Field State NEW MEXICO

HYDROCARBON ANALYSIS OF: SEPARATOR GAS

<u>Component</u>	<u>Mol Percent</u>	<u>GPM</u>
Carbon Dioxide	.07	
Nitrogen	8.70	
Methane	57.46	
Ethane	10.49	2.789
Propane	13.75	3.762
iso-Butane	1.75	.569
n-Butane	3.71	1.163
iso-Pentane	.78	.284
n-Pentane	.65	.234
Hexanes Plus	2.64	1.131
	<u>100.00</u>	<u>9.932</u>

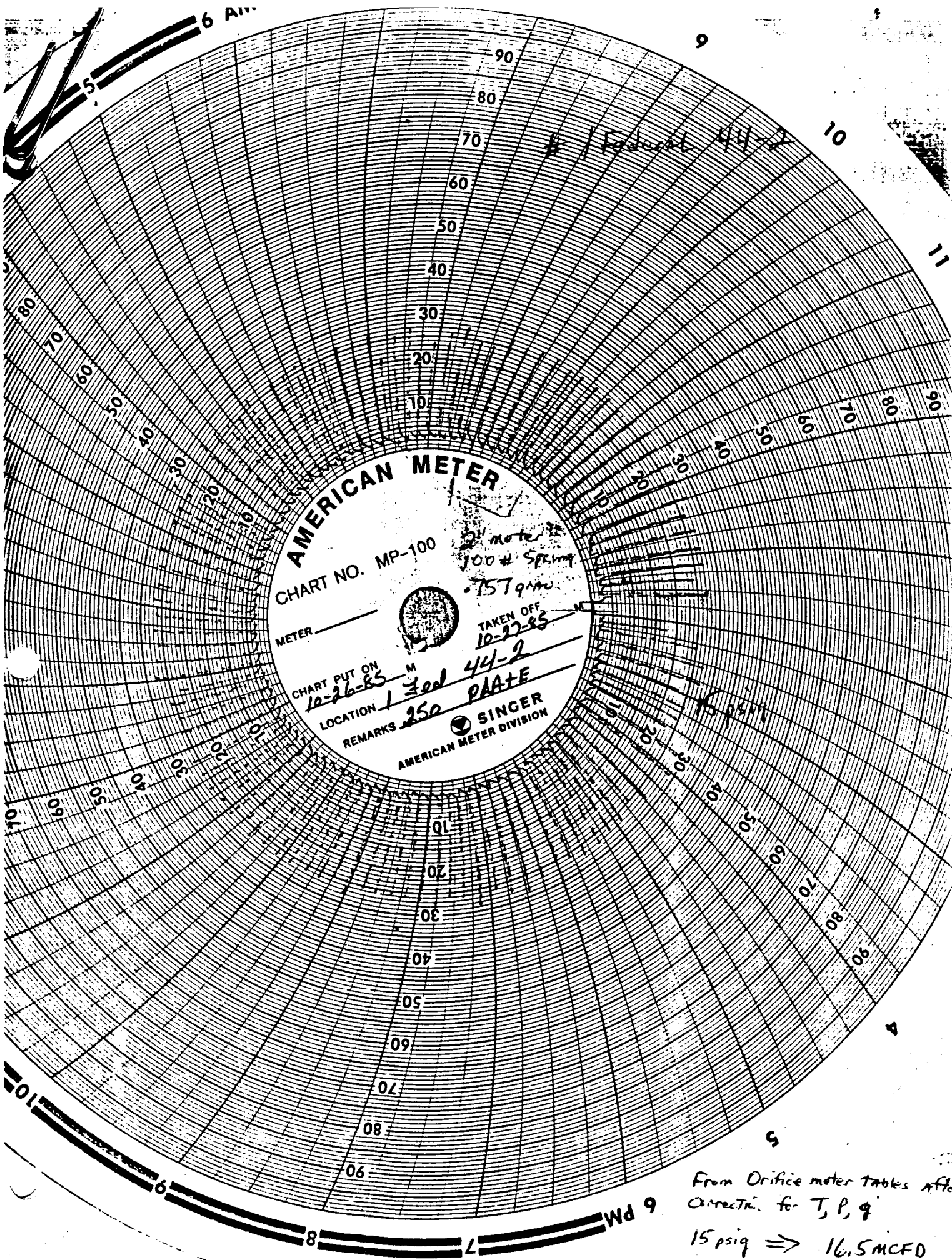
Calculated gas gravity (air = 1.000) = .954

Calculated gross heating value = 1479 BTU per
cubic foot of dry gas at 14.65 psia and 60°F.

Collected at 36 psig and 76 °F.

Date Sampled : 8-16-84

Cylinder Number: 868



From Orifice meter tables after
Correction for T, P, q

15 psig \Rightarrow 16.5 MCFD
+ 10 Fuel

26.5 MCFD