Form 3160-5
(November 1983)
(Formerly 9-331)

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

5. LEASE DESIGNATION AND SERIAL NO.: N/A NM-37548
6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
7. UNIT AGREEMENT NAME:
8. FARM OR LEASE NAME: FEDERAL 24-3
9. WELL NO.: #3
10. FIELD AND POOL, OR WILDCAT: RIO PUERCO MANCOS-GALLUP
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 3 - T20N-R3W
12. COUNTY OR PARISH: SANDOVAL
13. STATE: NEW MEXICO

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.)

RECEIVED
JAN 03 1986
BUREAU OF LAND MANAGEMENT
FARMINGTON RESOURCE AREA

1. OIL WELL [X] GAS WELL [ ] OTHER

2. NAME OF OPERATOR: CHAMPLIN PETROLEUM COMPANY

3. ADDRESS OF OPERATOR: 420 HENRY FORD AVENUE, WILMINGTON, CALIFORNIA

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface: SESW (660' FSL 1980' FWL)

14. PERMIT NO.: Approved 12-14-84

15. ELEVATIONS (Show whether DF, RT, GR, etc.): 6878' GL, 6889' KB

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

NOTICE OF INTENTION TO: Obtain approval

TEST WATER SHUT-OFF	[ ]	PULL OR ALTER CASING	[ ]
FRACTURE TREAT	[ ]	MULTIPLE COMPLETE	[ ]
SHOOT OR ACIDIZE	[ ]	ABANDON*	[ ]
REPAIR WELL	[ ]	CHANGE PLANS	[ ]
(Other) To Vent/Flare Gas (NTL-4A)			[XX]

SUBSEQUENT REPORT OF:

WATER SHUT-OFF	[ ]	REPAIRING WELL	[ ]
FRACTURE TREATMENT	[ ]	ALTERING CASING	[ ]
SHOOTING OR ACIDIZING	[ ]	ABANDONMENT*	[ ]
(Other)			[ ]

(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 31, 1985, the subject well is producing an average of 2 BOPD and 16 MCFD. Approximately 5 MCFD is used on the lease for fuel, releasing 11 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

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JAN 07 1986
OIL CON. DIV.
DIST. 3

18. I hereby certify that the foregoing is true and correct

SIGNED P. M. McKinney TITLE Petroleum Engineer DATE 12/30/85

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE JAN 06 1986

CONDITIONS OF APPROVAL, IF ANY:

ACCEPTED
for AREA MANAGER
FARMINGTON RESOURCE AREA

*See Instructions on Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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 occuring 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:

	#2 Federal 22-1	#3 Federal 24-3	#1 Federal 24-11
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%

	#2 Federal 24-2	#1 Federal 44-2
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%

ATTACHMENT B

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

R. E. Wood
Petroleum Engineer

CORE LABORATORIES, INC.

ATTACHMENT C

File 3806-G-1414

Company CHAMPLIN PETROLEUM COMPANY Formation Mancos - Gallup

Well #1 FEDERAL 44-2 County SANDOVAL

Field Rio Puerco Field State NEW MEXICO

HYDROCARBON ANALYSIS OF: SEPARATOR GAS

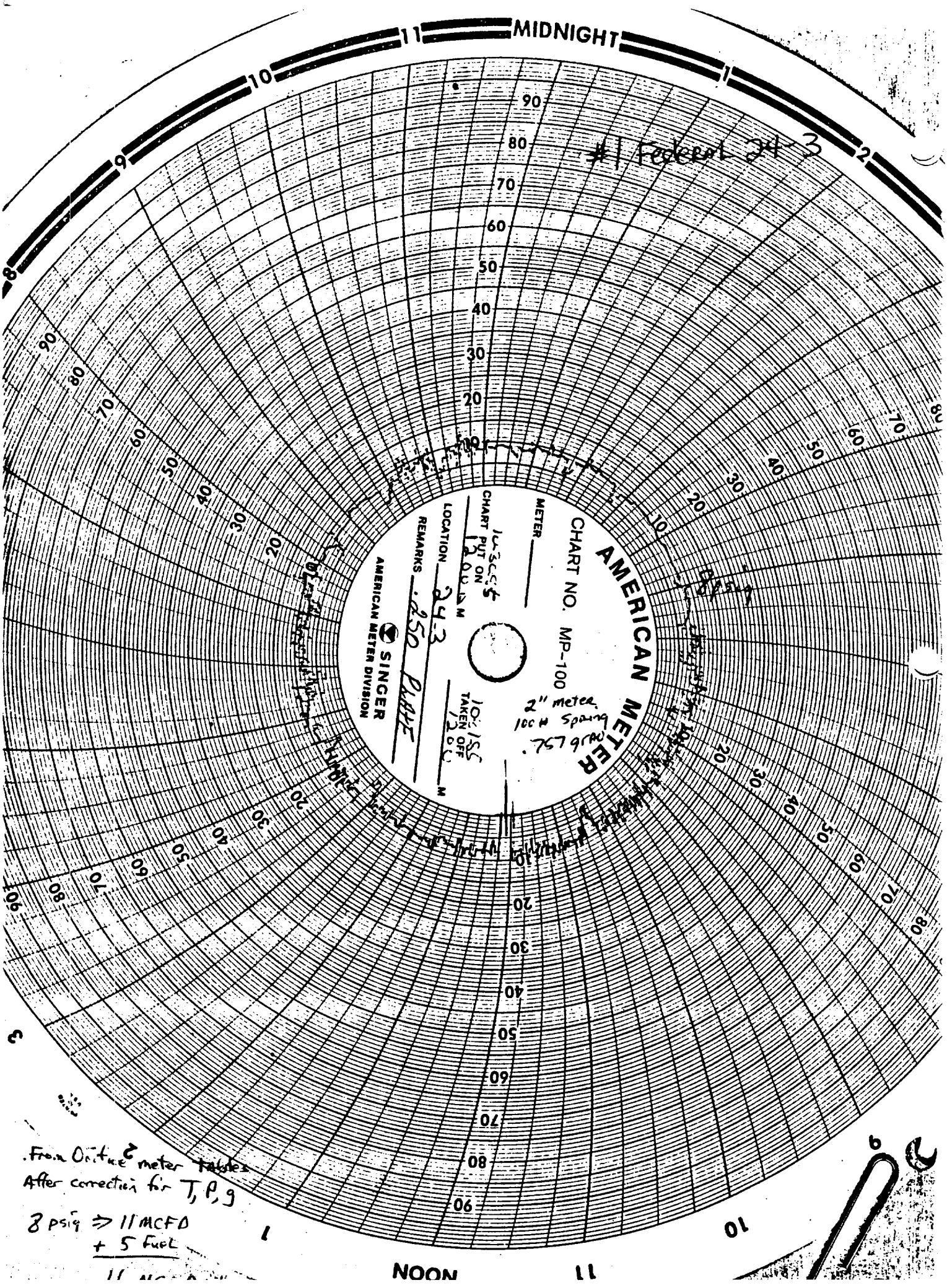
Component	Mol Percent	GPM
Carbon Dioxide	.07	
Nitrogen	8.70	
Methane	57.46	
Ethane	10.49	2.789
Propane	13.75	3.762
iso-Butane	1.75	.569
n-Butane	3.71	1.163
iso-Pentane	.78	.284
n-Pentane	.65	.234
Hexanes Plus	2.64	1.131
	100.00	9.932

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


MIDNIGHT
NOON
#1 Federal 24-3
AMERICAN METER
CHART NO. MP-100
METER
CHART PUT ON
LOCATION
REMARKS
TAKEN OFF
SINGER
AMERICAN METER DIVISION
2" meter
100 H Spring
.757 grav
From Orifice meter tables
After correction for T, P, g
8 psig ⇒ 11 MCFD
+ 5 Fuel