

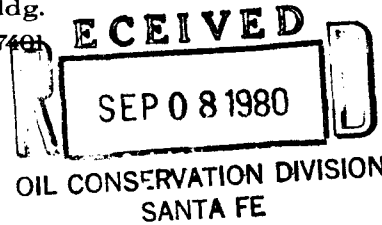
WILLIAM R. SPEER
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Petroleum and Mineral Evaluation and Management



September 8, 1980

New Mexico Oil Conservation Division
Mr. Joe D. Ramey, Secretary-Director
P.O. Box 2088
Santa Fe, NM 87501

RE: Request for Approval of an Unorthodox
Location, Bixco, Inc. #3 Trail Canyon
NE/4 SE/4, Sec. 7-T32N-R8W,
San Juan County, New Mexico

Basin Dakota Pool

2050 S 430 E

Dear Mr. Ramey,

I have been asked by Bixco, Inc. of Box 20864, Phoenix, Arizona, to act as their agent in supervising the drilling of several wells in the San Juan Basin. Included is a Dakota well in the above-cited location, a location which was selected as offering the best geological possibility for this lease. Both the section and the drilling unit are a non-standard size and the drilling unit has been approved previously by the NMOCC on August 14, 1969, by order number R-3817. A large portion of the section was included in a proposed federal wilderness study after Bixco acquired its federal lease and, as such, is now excluded from consideration for a drill-site. This acreage is shown on the enlarged topographic map by the heavy outline and consists essentially of the bottom of Rattlesnake Canyon, a rugged, steep-sided, sandstone-capped canyon extending both north-south and northeast-southwest across the section. This present off-limits acreage constitutes a severe limitation on the construction of a legal drill-site, but in addition the terrain in and around section 7 is extremely rough in nature and is composed essentially of steep-sided canyons and mesas capped by thick sandstones laced with an intricate, deeply-incised drainage pattern as shown by the topographic map. In addition, because of its altitude, the area has much vegetation including ponderosa pine and Gambels oak along with the usual pinon and juniper trees and sagebrush-covered flats. Much of the area has been chained, but the dead timber has not been removed, so that most of the region is presently inaccessible to even four-wheel drive vehicles.

On August 29 Mr. Fred Kerr, a local surveyor, and myself walked into the area to survey two legal locations for the #2 and #3 Trail Canyon wells for Bixco. We were able to locate a reasonably situated

NSL - 1264

*NSL - 1264
Rule 3 R-1670
9-28-80*

all of partial section

spot for the #2 Trail Canyon in section 18, although it was necessary to move it from my originally-selected location because of severe terrain problems. This location meets the NMOCD regulations for a standard Dakota location.

However in the case of the #3 Trail Canyon in section 7, the only available location in the NE/4 SE/4 meeting the state requirements (2160 ft. fsl, 790 ft. fel) fell in a narrow sandstone-sided tributary canyon to Rattlesnake Canyon, as shown on the topographic map. This spot was staked, as the attached survey plat shows. To move the location westward, still staying legal, would have meant staying within this same canyon and encountering the off-limits area in a short distance. I therefore requested Mr. Kerr to survey a spot I selected immediately out of this canyon on a fairly flat area which would be more amenable to location construction, but as close to the legal limitations as could be had. This alternate location, as shown by the second survey plat, fell 2050 ft. fsl, 430 ft. fel and has been staked.

While this location is an authorized distance from the south, it is not with respect to the east line. However Bixco owns the lease immediately to the east and has, in fact, drilled the #1 Trail Canyon well in the NE/4 SE/4 of that section 8. Since this lease is the only lease being crowded by the alternate location and since the topographic and wilderness situation places severe limitations on the construction of a legal location in that quarter-quarter, Bixco respectfully requests that you grant an exception to the well location requirements of the Oil Conservation Division with respect to the drilling unit comprising all of non-standard section 8, T32N-R8W, N.M.P.M. and that, further, you authorize Bixco, Inc. to be allowed to drill a Dakota test well in an unorthodox location described as 2050 ft. from the south line and 430 ft. from the east line of that section.

This application for administrative approval is filed in triplicate and is accompanied by a plat showing the ownership of all leases off-setting the drilling unit for which the unorthodox location is sought, as well as the location of presently-existing wells that are on these leases. Copies of this application have been sent to the operators of all off-setting proration or spacing units by registered mail as required. We would appreciate your approval of our request as soon as possible in order that we may construct the location and drill the well before the onset of winter weather conditions.

Very truly yours,



William R. Speer

Attachments

cc: Atlantic Richfield Co., Denver, CO
Northwest Pipeline Corp., Farmington, NM
Bixco, Inc., Phoenix, AZ

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

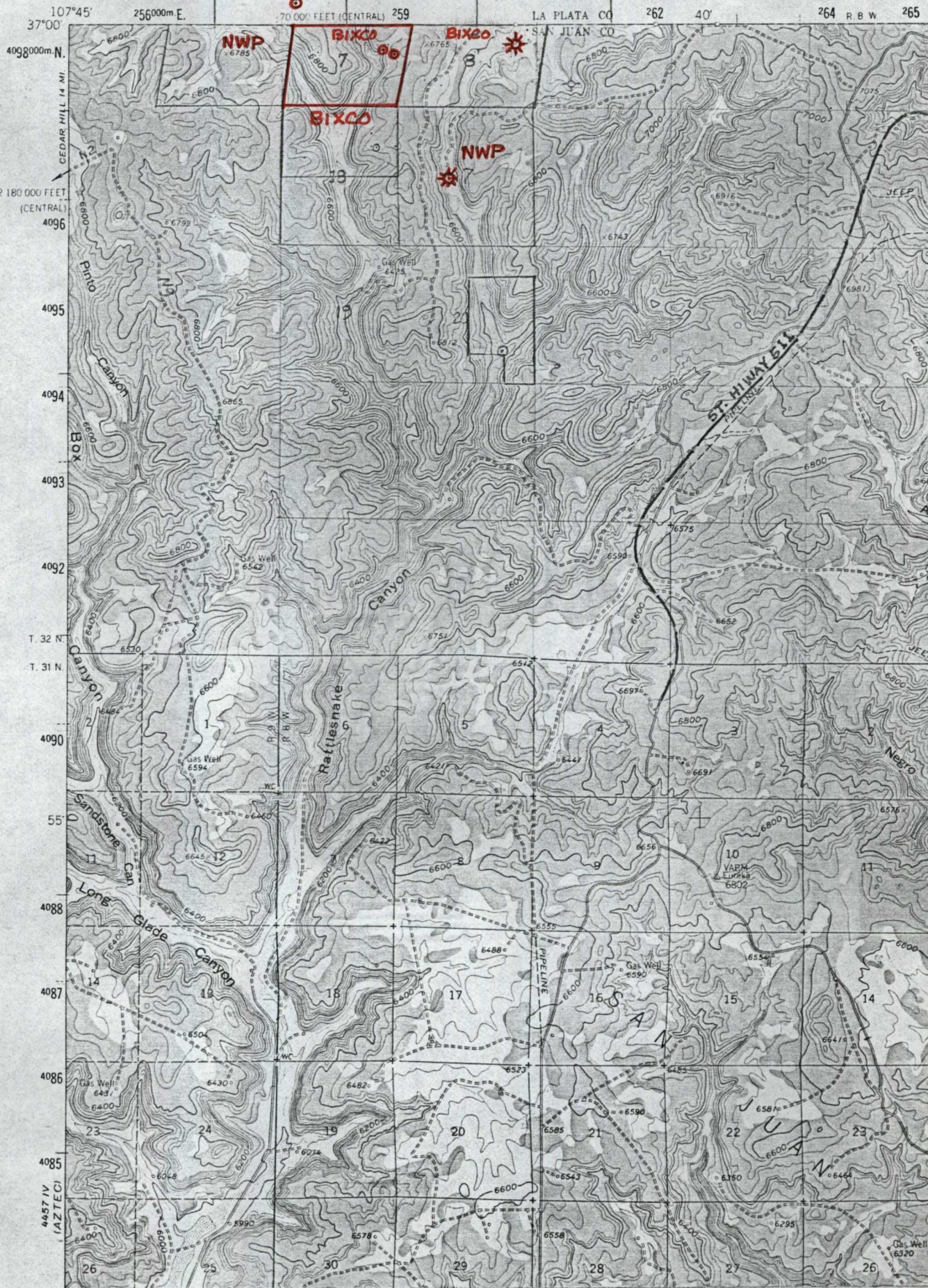
Arco

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NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

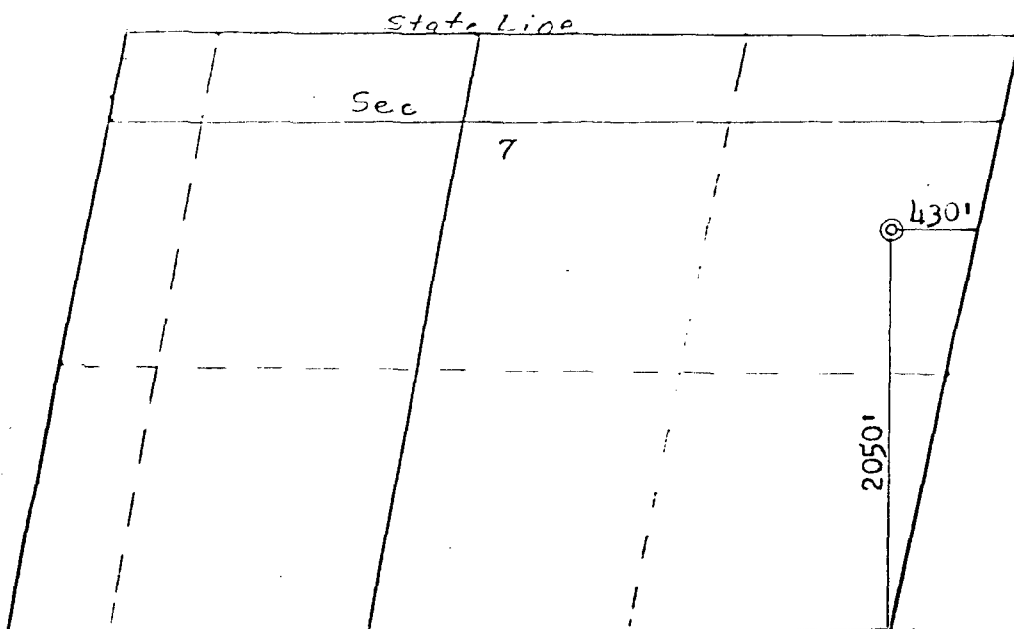
Operator BIXCO, INCORPORATED			Lease TRAIL CANYON		Well No. 3
Unit Letter I	Section 7	Township 32N	Range 8W	County San Juan	
Actual Footage Location of Well: 2050 feet from the South line and 430 feet from the East line					
Ground Level Elev: 6695	Producing Formation		Pool	Dedicated Acreage: Acres	

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 interests 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 interests, has been approved by the Commission.



Scale: 1" = 1000'

CERTIFICATION

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

Name

Position

Company

Date

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

August 29, 1980

Registered Professional Engineer and Land Surveyor

Fred B. Kerr, Jr.
Fred B. Kerr, Jr.

Certificate No. 6062 & KERR, JR.

3950

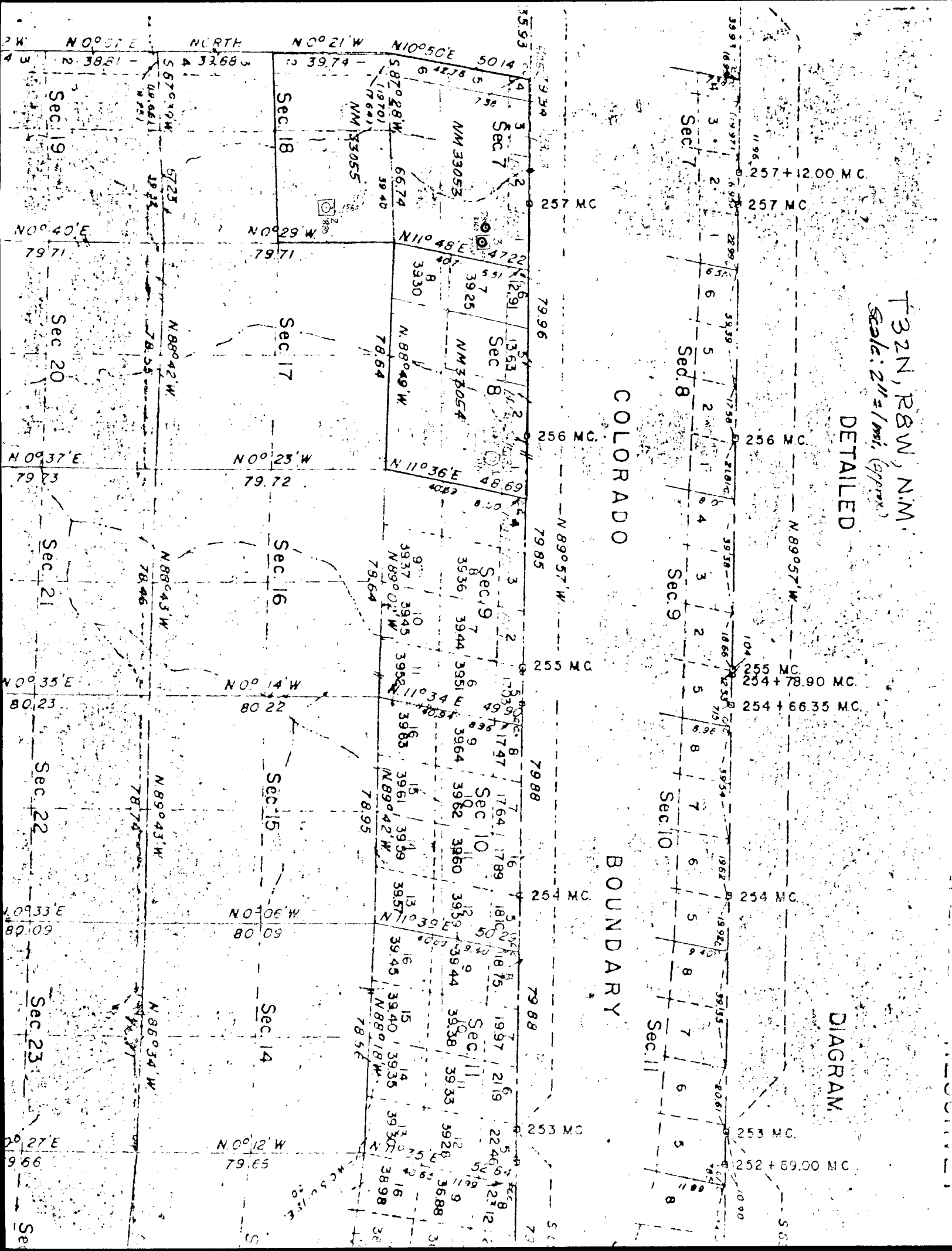


RATTLESNAKE CANYON
UNIT NO. NM-010-090
EXHIBIT - A

Wilderness
- Unit Boundary

DETAILED

DIAGRAM.



ARCO Oil and Gas Company

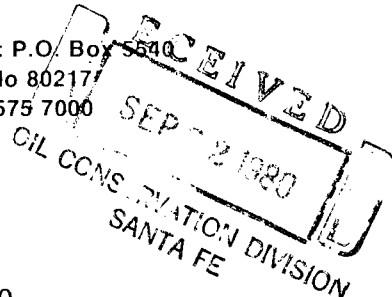
Rocky Mountain District

717-17th Street

Mailing address: P.O. Box 5540

Denver, Colorado 80217

Telephone 303 575 7000



September 18, 1980

New Mexico Oil Conservation Division

Mr. Joe D. Ramey, Secretary-Director

P. O. Box 2088

Santa Fe, N. M. 87501

Dear Mr. Ramey:

Complying with the New Mexico Oil and Gas Conservation Commission Regulations, Mr. William R. Speer, acting for Bixco, Incorporated, notified ARCO Oil and Gas Company, as an offsetting operator, of a request for approval of an unorthodox location for a proposed Dakota well in the NE/4 SE/4, Sec. 7-T32N,R8W, San Juan County, New Mexico. This location is approximately 1050 feet south of acreage held by ARCO in the Ignacio Blanco Field, La Plata County, Colorado, and we have no objections to its approval.

A handwritten signature in cursive script, appearing to read "H. C. Jamison".

H. C. Jamison

HCJ:BJN:ve