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July 15, 2003

**HAND DELIVERY**

**RECEIVED**

JUL 15 2003

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Oil Conservation Division

Re: Application of Benson-Montin-Greer Drilling Corp. ("BMG") for  
Enhanced Oil Recovery Project Qualification for the Recovered  
Oil Tax Rate for the East Puerto Chiquito Mancos Unit  
("EPCMU"), Rio Arriba County, New Mexico.

Dear Ms. Wrotenbery:

Benson-Montin-Greer Drilling Corp. hereby makes application to qualify a portion of the East Puerto Chiquito Mancos Unit for the recovered oil tax rate as authorized by the Enhanced Oil Recovery Act. Tertiary recovery operations in this unit were authorized by Division Order No. R-6448. BMG plans to commence these operations during the first quarter of 2004 and is making this application pursuant to the rules promulgated by Oil Conservation Commission Order No. R-9708 entered on August 27, 1992.

In accordance with Order No. R-9708, Benson-Montin Greer Drilling Corp. provides the following information:

**A. Operator's name and address:**

Benson-Montin-Greer Drilling Corp.  
4900 College Blvd.  
Farmington, New Mexico 87402

**B. Description of Project Area:**

1. A plat showing the project area is attached hereto as Exhibit "A".

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13121 Exhibit No. 1  
Submitted by:  
**BENSON-MONTIN-GREER DRILLING CORP.**  
Hearing Date: August 21, 2003

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2. Description of Project Area:

**TOWNSHIP 26 NORTH, RANGE 1 EAST, N.M.P.M.**

Sections 4 through 6:	All
Section 7:	E/2
Sections 8 and 9:	All
Section 10:	W/2
Section 15:	W/2
Section 16:	N/2, SE/4
Section 17:	N/2

**TOWNSHIP 27 NORTH, RANGE 1 EAST, N.M.P.M.**

Section 16:	S/2
Section 17:	S/2
Section 18:	S/2
Sections 19 through 21:	All
Sections 28 through 30:	All

**TOWNSHIP 27 NORTH, RANGE 1 WEST, N.M.P.M.**

Section 13:	SE/4
Section 24:	E/2
Section 25:	E/2

The proposed project will impact 67% of the Unit Area and is more accurately identified as the injection well patterns Highlighted on Exhibit "A" that includes the wells listed on Exhibit "B".

3. Total Acres in project area: The EPCMU contains a total of 9440 acres, more or less. BMG is targeting 6300 acres for this tertiary Recovery Project. The project area is highlighted on Exhibit "A".

4. Name of the subject pool and formation:

The EPCMU is within the Gallup Pool. The unit includes the Mancos formation. Exhibit "C" is the type log identified in the Unit Agreement.

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**C. Status of operations in the project area:**

1. The name of the unit is the East Puerto Chiquito Mancos Unit.
2. The unit was approved by Division Order No. R-6409.
3. Secondary recovery and tertiary recovery operations were approved by Division Order No. R-6448, entered in Case No. 6944 on August 26, 1980.

**D. Method of recovery to be used:**

1. Injection fluids: Soda Ash and Surfactant
2. Chemical injection was approved by Order No. R-6448.

**E. Description of project:**

1. Exhibit "B", attached hereto, lists all producing wells within the project area and provides the section, township, range and the footage location of each.
2. Exhibit "B" also identifies all injection wells in the project area. Additional wells are authorized by Order No. R-6448 and an Application for Authorization to Inject will be filed for each proposed new injection well on Division Form C-108.
3. Capital cost of additional facilities:

<u>Description</u>	<u>Cost</u>
Field installations and upgrades	\$ 215,000
Well remediation & misc. costs	\$ 650,000
Water costs/rework Phoenix	<u>\$ 75,000</u>

4. Total project costs: Approximately \$ 950,000

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5. Estimated total value of the additional production that will be recovered as a result of this project:

An additional 151,000 barrels at an average price of \$24.66 per bbl = \$3,700,000.

Average WTI price between 6/1/98 and 6/30/03 from <http://tonto.eia.doe.gov/oog/ftparea/wogirs/xls/'crudeoil'!A1>

6. Anticipated date for commencement of injection:

Winter 2003/2004

7. Type of fluid to be injected and the anticipated volume:

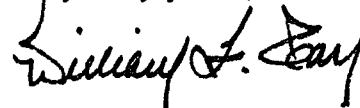
Soda Ash and Surfactant  
400 b/d (10 wells @ 40 b/d)

**F. Project history and forecast:**

Exhibit "D" consists of several graphs that show the production and injection history for the project and a forecast of enhanced recovery of oil and water production anticipated from this project.

BMG requests that this application be set for hearing and, if no objections are received, that it be approved.

Very truly yours,



William F. Carr  
Attorney for Benson-Montin-Greer  
Drilling Corp.

Exhibit A: Plat of Project Area  
Exhibit B: Table of Wells in the Project Area  
Exhibit C: Type Log  
Exhibit D: Historical Production Curve and Production Forecast