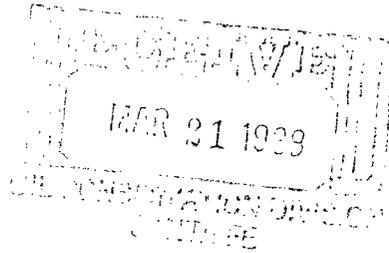


Release Date: April 11, 1988

By DEC

Suite 600  
5613 DTC Parkway  
Englewood, Colorado 80111  
Telephone (303) 850-9090  
DEX: (303) 850-9110



March 14, 1988



State of New Mexico  
Oil & Gas Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

RE: Request for Approval  
Unorthodox Well Location  
Gallegos Canyon Unit  
San Juan County, New Mexico

*NSL-2497  
RULE-104F (E)*

*Undesignated North Pinion  
Fruitland Pool  
160 Acres dedicated  
NW1/4 Section 29*

Gentlemen:

BHP Petroleum (Americas) Inc. respectfully requests approval of the below referenced unorthodox well location based on the land owner's topographical preference.

Gallegos Canyon Unit No. 366  
1815' FNL, 660' FWL  
Sec. 29, T29N, R12W  
San Juan County, New Mexico  
Fee Lease

It is proposed to drill the subject well to test the Fruitland formation at a depth of 1,160'. The wellsite is located on lands owned by Mr. Thomas Bolack of Farmington, New Mexico. Mr. Bolack has requested the drilling site be moved to the above location in order to limit further disruption of his rangeland. The site is on an existing location serving Amoco's well No. 173-E which produces from the Dakota formation and BHP's well No. 331 which produces from the Pictured Cliffs formation.

We would appreciate your consideration in reviewing this request.

Very truly yours,

BHP PETROLEUM (AMERICAS) INC.

Chuck Williams  
Administrator, Field Services  
Rocky Mountain Region

CW:gb

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.

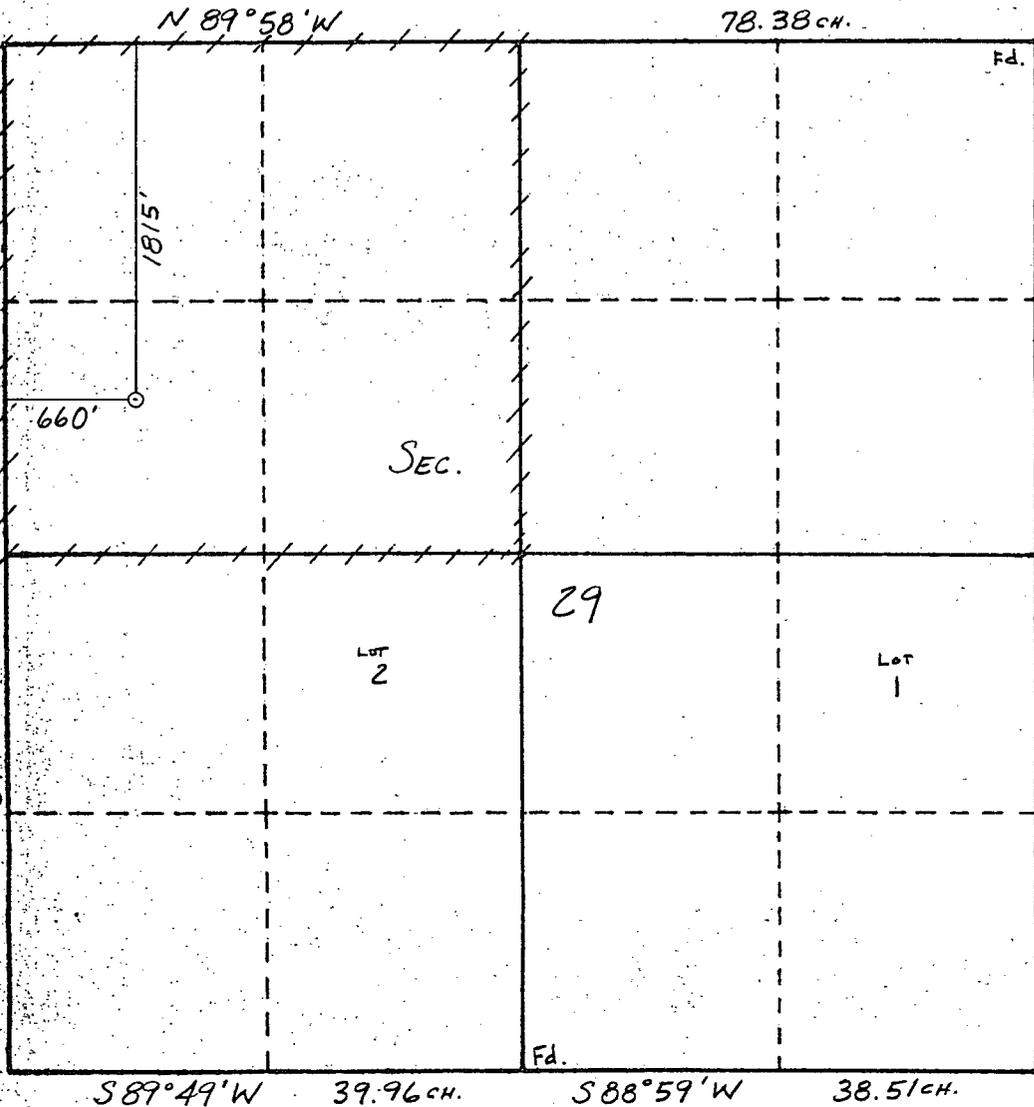
Operator <b>BHP PETROLEUM (AMERICAS) INC.</b>		Lease <b>GALLEGOS CANYON UNIT</b>		Well No. <b>366</b>
Unit Letter <b>E</b>	Section <b>29</b>	Township <b>29 N</b>	Range <b>12 W</b>	County <b>SAN JUAN</b>
Actual Footage Location of Well: <b>1815</b> feet from the <b>NORTH</b> line and <b>660</b> feet from the <b>WEST</b> line				
Ground Level Elev. <b>5307</b>	Producing Formation <b>Fruitland</b>	Pool <b>N. Pinion Fruitland</b>	Dedicated Acreage <b>160</b> 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 unitization

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.



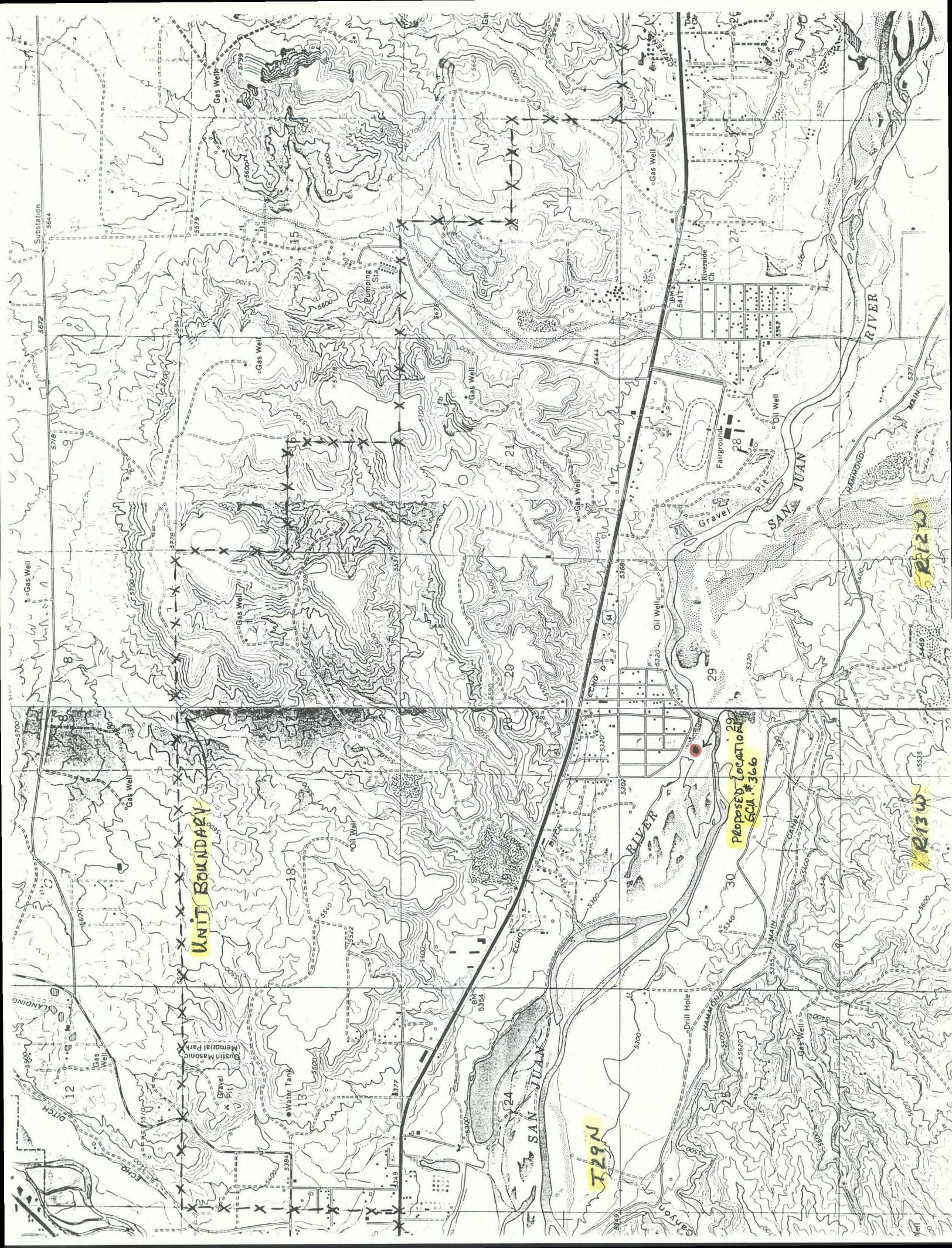
CERTIFICATION

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

Name Chuck Williams  
 Chuck Williams  
 Position  
 Administrator, F.S.  
 Company  
 BHP Petroleum (Americas)  
 Date  
 03/03/88

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 2-17-88  
 WILLIAM E. MAHNKE  
 Registered Professional Engineer  
 and Surveyor #8466  
 Certificate No. 8466



UNIT BOUNDARY

Proposed Location  
BCU #366

R120

R130

T29N



March 16, 1988

Amoco Production Company  
501 Airport Drive  
Farmington, New Mexico 87401

RE: Notification of Proposed Unorthodox  
Well Location  
Gallegos Canyon Unit  
San Juan County, New Mexico

Gentlemen:

Please consider this letter as notice that BHP Petroleum (Americas) Inc. proposes to drill the below listed unorthodox well location.

Gallegos Canyon Unit No. 366  
1815' FNL, 660' FWL  
Section 29, T29N, R12W  
San Juan County, New Mexico

The subject well is to be drilled to test the Fruitland formation at a depth of 1160'. In accordance with the New Mexico Oil Conservation Division we are requesting your waivers of this well site due to the landowner's, Mr. Tom Bolack of Farmington, New Mexico desire to limit further disruption of his rangeland. The wellsite is adjacent to Amoco's well No. 173-E.

We would very much appreciate your consideration of this request. If you have no objections, please notify the Oil Conservation Division as soon as convenient. If you do have any objection, please let me know and also, enter an objection to the Oil Conservation Division within 20 days of receipt of this letter.

Very truly yours,

BHP PETROLEUM (AMERICAS) INC.

A handwritten signature in cursive script that reads "Chuck Williams".

Chuck Williams  
Administrator, Field Services  
Rocky Mountain Region

CW:gb



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

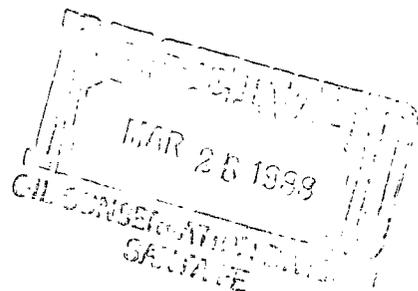
OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

OIL CONSERVATION DIVISION  
BOX 2088  
SANTA FE, NEW MEXICO 87501

DATE 3-21-88

- RE: Proposed MC \_\_\_\_\_
- Proposed DHC \_\_\_\_\_
- Proposed NSL X \_\_\_\_\_
- Proposed SWD \_\_\_\_\_
- Proposed VFX \_\_\_\_\_
- Proposed PMX \_\_\_\_\_



Gentlemen:

I have examined the application dated 3-18-88  
for the BHP PETROLEUM INC. G.C.U. #366 E-29-28N-12W  
Operator Lease and Well No. Unit, \_\_\_\_\_

and my recommendations are as follows:

APPROVE  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Yours truly,

Eric Busch