

BCO, INC.
OIL CONSERVATION DIVISION

MAIN OFFICE
135 GRANT
SANTA FE, NM 87501
(505) 983-1228

RECEIVED

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FIELD OFFICE
ROUTE 4
NAGEEZI, NM 87037
(505) 568-4420

December 3, 1993

CERTIFIED RETURN RECEIPT REQUESTED
P 326 823 059

Mr. William J. LeMay
Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Non-Standard Location Application
Federal "B" Number 13
1195 FSL & 445 FEL, Unit Letter (P)
S22-T23N-R7W, Sandoval County, New Mexico
Lybrook Gallup Pool

Dear Mr. Lemay:

BCO, INC. requests administrative approval to drill the above referenced Gallup Oil Well in an unorthodox location. A mesa with steep slopes, a narrow drainage canyon, and the presence of Ponderosa Pine trees prevent BCO, INC. from selecting a legal location within the proration unit.


This application includes a copy of the APD which has been filed with the BLM along with the required additional information.

Archaeological clearance has been recommended by M and M Geological Consultants. Bill Leiss of the BLM conducted a field inspection of the proposed well site on November 22, 1993 and has indicated approval.

Directional Drilling is not feasible to reach an orthodox bottom-hole location. Conventional drilling economics are marginally profitable and the additional \$60,000 in directional drilling costs would preclude the project.

Offset operators have been notified of this application. An affidavit of service, list of operators, and a sample letter are provided in Exhibit "H". From a practical stand point, the proposed location is unorthodox only to BCO, INC.

Sincerely,



Rick Wilcox
Senior Field Engineer
BCO, INC.

cc: Frank T. Chavez (OCD, Aztec, NM)

LIST OF EXHIBITS
Non-Standard Location Application
Federal B Number 13

- A) Copy of Application for Permit to Drill
- B) OCD Form C-102
- C) Ownership Plat, showing proposed wellsite, offset operators, and offset wells.
- D) A listing of working interest owners of offset wells.
- E) A topographic map showing the proposed location, orthodox windows, and terrain.
- F) An enlarged topographic map depicting the mesa slope, canyon, and Ponderosa Pine trees.
- G) A copy of the cover letter for the Archaeological report recommending clearance.
- H) An affidavit that notice has been sent to offset operators, a list of the offset operators and an example of the letter that was sent.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

BCO, INC.

3. ADDRESS AND TELEPHONE NO.

135 GRANT, SANTA FE, NM 87501 - 505 983-1228

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

1195' FSL & 445' FEL; NMPM, SE/4 SE/4, UNIT LETTER P

At proposed prod. zone

SEC 22 T23N R7W

SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

1.9 MILES SOUTH OF LYBROOK, NEW MEXICO

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

445' FROM LEASE LINE

16. NO. OF ACRES IN LEASE

2080

19. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1000'

17. PROPOSED DEPTH

5680

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

GL: 7186'

KB: 7198'

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASINO	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12.250	J55 8.625"	24	360'	275 SX OR UNTIL CEMENT CIRCULATES
7.875	J55 4.5"	11.6	5800'	690 SX

Operator plans to drill from the surface through the base of the Gallup Formation. If the well is determined to be economically productive, production casing will be set and cemented. Potentially productive zones will be opened and stimulated as necessary.

EXHIBITS

- | | |
|---|--------------------------|
| A) Location Plat, OCD Form C-102 | F) Drilling Rig Layout |
| B) Ten point Compliance Plan Operations | G) Completion Rig Layout |
| C) Blowout Preventor Diagram | H) Location Profile Plat |
| D) Multi-Point Requirements Program | I) Facilities Layout |
| E) Topography Map Showing Roads | J) ROW Land Use Plat |

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Rich Wilcox

TITLE

Senior Field Engineer

DATE

12-6-93

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

TITLE

DATE

*See Instructions On Reverse Side

070 FARMINGTON, NM

93 DEC -6 AM 8:11

RECEIVED
BLM

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

RECEIVED
EXHIBIT "A"
BLM

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

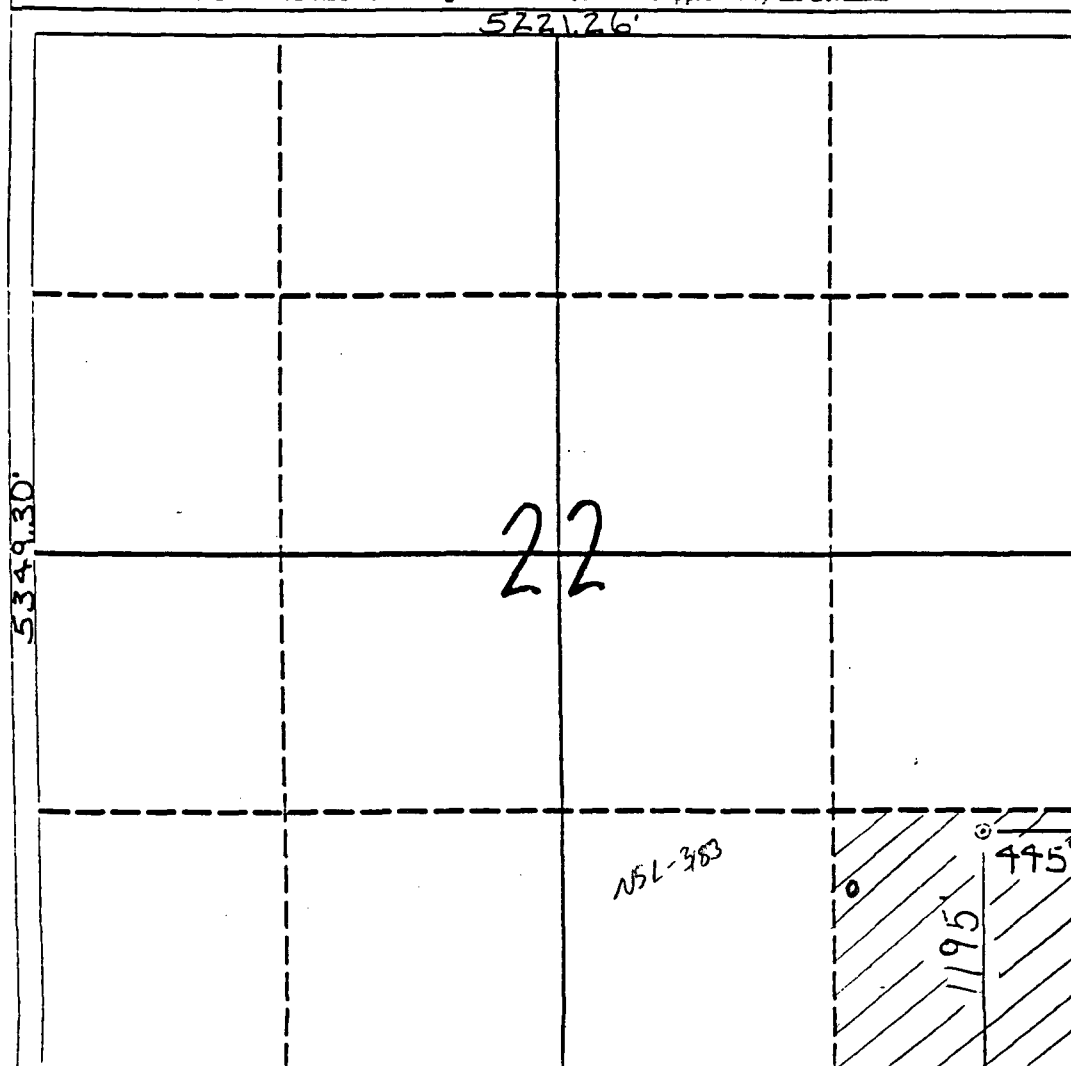
All Distances must be from the outer boundaries of the section

93 DEC -6 AM 8:11

070 EADWINGTON NM
Well No. 13

Operator BCO Inc.		Lease Federal B		Well No. 13	
Unit Letter P	Section 22	Township 23 North	Range 7 West	County Sandoval	
Actual Footage Location of Well: 1195 feet from the South line and 445 feet from the East line					
Ground level Elev. 7186'	Producing Formation Gallup		Pool Lybrook Gallup	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to this subject well by colored pencil or inkline marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature
Rick Wilcox
Printed Name
Senior Field Engineer
Position
BCO, INC
Company
11-18-93
Date

SURVEYOR CERTIFICATION

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
11-4-93
Name
C. EDWARDS
Signature
Professional Surveyor
6857
Certificate No.
6857

BCO, INC., FEDERAL B #13; 1195' FSL & 445' FEL; S22-T23N-R7W
SANDOVAL COUNTY, NEW MEXICO

EXHIBIT "B"

Ten Point Compliance Program of
NTL-6 Approval of Operations

1. The Geological Surface Formation is the Nacimiento.
2. The estimated tops of important geologic markers, measured in feet and at true vertical depth:

Ojo Alamo	1356	Cliffhouse	3533
Kirtland	1636	Menefee	3556
Fruitland	1801	Point Lookout	4348
Pictured Cliffs	1998	Gallup	5206
Chacra	2406	Total Depth	5680

3. Estimated depths of anticipated water, oil, gas, or mineral bearing formations, measured in feet and at true vertical depth:

Pictured Cliffs	1998	Gas and Water
Chacra	2406	Gas and Water
Menefee	3556	Gas
Point Lookout	4348	Gas and Water
Gallup	5206	Gas and Oil

4. The proposed casing program will be as follows:

Depth (Feet)	Hole Size (Inches)	Casing Size (Inches)	Weight (Lbm/Ft)	Grade&Make
0 - 360	12.250	8.625	24.00	J-55 ST&C
0 - 200	7.875	4.500	11.60	N-80 LT&C
200-T.D.	7.875	4.500	11.60	J-55 LT&C

All casing will be new.

The proposed cement program will be as follows:

Surface Casing: Approximately 275 sacks of Class "B" with 0.25 lb/sx of Flocele and 3 percent Calcium Chloride, cement will be circulated to surface.

Production Casing: The production casing will be cemented in a single stage. The lead will consist of a 50 bbl chemical flush followed by 531 sacks of 65/35 Poz with 12% Bentonite, 6 lb/sx Gilsonite, 0.6% Halad-322, and 0.25 lb/sx Flocele. Cement will be mixed at 11.3 bl/gal for no free water and yield of 2.64 cubic feet per sack. The tail will consist of 158 sacks of Class "G" cement

BCO, INC., FEDERAL B #13, 1195' FSL & 445' FEL, S22-T23N-R7W.
SANDOVAL COUNTY, NEW MEXICO

with 8 lb/sx salt, 0.5 lb/sx Flocele and 6.25 lb/sx of Gilsonite. Cement will be mixed at 15.8 lb/gal and yield of 1.15 cubic feet per sack.

5. Operator's Minimum Specifications for Pressure Control.

A 200 PSIG ("2M") blowout preventor will be used for drilling operations under the surface casing. Prior to drilling out from under surface the blowout preventor will be pressure tested to 2000 PSIG. After having drilled out from under surface the pipe rams will be closed and opened daily and the operational check will be recorded in the drilling tour report. The following specifications will apply:

- a) The "2M" BOP system will consist of two rams, one pipe and one blind ram. All connections subject to well pressure will be flanged. All lines and associated valves connecting to the BOP stack will be two inch (2"). (See attached BOP diagram, Exhibit "C")
- b) A two inch kill line will be used.
- c) Two 2" kill line valves will be used. One of the valves will be a check valve.
- d) The choke manifold will contain two variable chokes and the manifold will be constructed of two inch (2") pipe. All connections will be flanged. A pressure gauge will be installed on the manifold.
- e) A safety valve and any necessary subs to fit any drill string in use will be kept on hand.
- f) A two inch fill-up line will be located above the upper ram.

6. Type and characteristics of the proposed drilling fluids

The drilling fluid will consist of a gel-chemical mixture and adequate stocks of adsorption agents on location to handle possible spills of fuel and oil at the surface. The drilling fluid will be maintained on location if abnormal pressures are encountered.

The drilling fluid from 0 to 370' will have a fluid density of 9.0 Pounds Per Gallon, a Marsh funnel viscosity of 50 seconds, there will be no chemical control of fluid loss, pH of 9.0 and no additional chemical additives.

BCO, INC., FEDERAL B #13, 1195' FSL & 445' FEL, S22-T23N-R7W
SANDOVAL COUNTY, NEW MEXICO

The drilling fluid from 370' to Total Depth will have a density of 9.0 Pounds Per Gallon, a Marsh funnel viscosity of 38 to 50 seconds, fluid loss will be maintained at approximately 6.0 cc/30 minutes, pH of 9.0 and chemical additives will be used to control the fluid loss.

7. Auxiliary equipment to be used is as follows:

- a) The use of a float above the drill bit will be determined by the drilling contractor.
- b) The drilling fluids will be monitored visually for signs of abnormal pressures.
- c) A sub with a full opening valve will be kept on the rig floor when the kelly is not in use.

8. Testing, logging, and coring will be as follows:

- a) There is no proposed coring.
- b) There are no proposed Drill Stem Tests.
- c) Logging program will be cased-hole only and consist of a gamma ray from TD to surface with compensated neutron and cement bond logs over selected segments.

9. Anticipated Abnormal Pressures and Temperatures

No abnormal pressures, temperatures, or hydrogen sulfide gas is anticipated. The maximum bottom hole pressure is expected to be less than or equal to 1800 PSIG.

10. Anticipated Starting Date and Duration of Operations

The anticipated starting date of operations is January 1, 1994, or as soon as possible after examination and approval of drilling requirements. Operations are expected to last 15 days.

Note: NTL FRA 90-1 will be complied with regarding cementing precautions for protection of fresh water sands, specifically the Ojo Alamo. The diameter of the hole size will exceed the casing diameter by 1.5 inches or more, through usable water zones. An adequate spacer will be pumped ahead of the cement

BCO, INC., FEDERAL B #13, 1195' FSL & 445' FEL, S22-T23N-R7W
SANDOVAL COUNTY, NEW MEXICO

slurry to help prevent the cement from becoming mud contaminated. An adequate number of casing centralizers will be run through usable water zones to ensure that the casing is properly centered. The number of centralizers will be determined by API specification 11-D. Centralizers which impart a swirling action such as the Halliburton Fluidmaster centralizer will be used just below and into the base of the lowest usable water zone. Centralizers such as these will promote mud displacement, increase cement bonding potential and help create an effective hydraulic seal. A chronological log will be kept which documents pump rate, pump pressure, slurry density, and slurry volume during cementing operations. The log will be sent to the BLM Farmington Resource Area after the completion of the job.

Addendum to Ten Point Compliance Plan:

A surface flow line for produced oil will be ran from the well head parallel to the access road, connecting to the flowline parallel to the access road of the Federal B Number 11.

Description as follows:

General: Surface line, buried only where required

Length: 2000 feet

Diameter: 2.375", 1.995" I.D.

Type: 4.6 lb/ft oilfield tubing

Wall Thickness: 0.380"

Working Pressure: 6160 PSI

Operating Pressure: 100 PSI

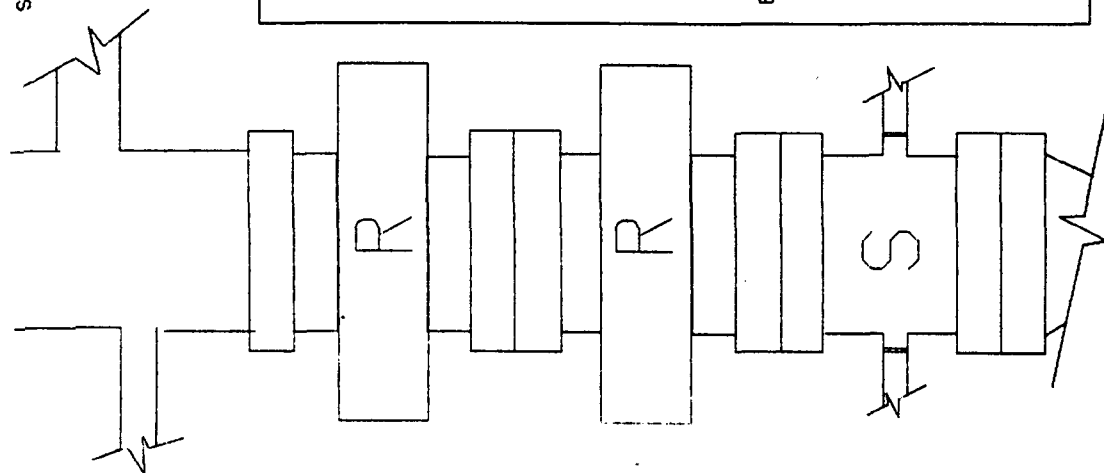
Field Test Pressure: 1000 PSI

BCO, INC.

2M BOP
ARRANGEMENT SRR

R-SINGLE RAM TYPE PREVENTOR WITH ONE SET OF RAMS, EITHER BLANK OR FOR PIPE

S-DRILLING SPOOL WITH SIDE OUTLET CONNECTIONS FOR CHOKES AND KILL LINES



CHOKES MANIFOLD ASSEMBLY FOR 2M RATED WORKING PRESSURE-SURFACE INSTALLATION

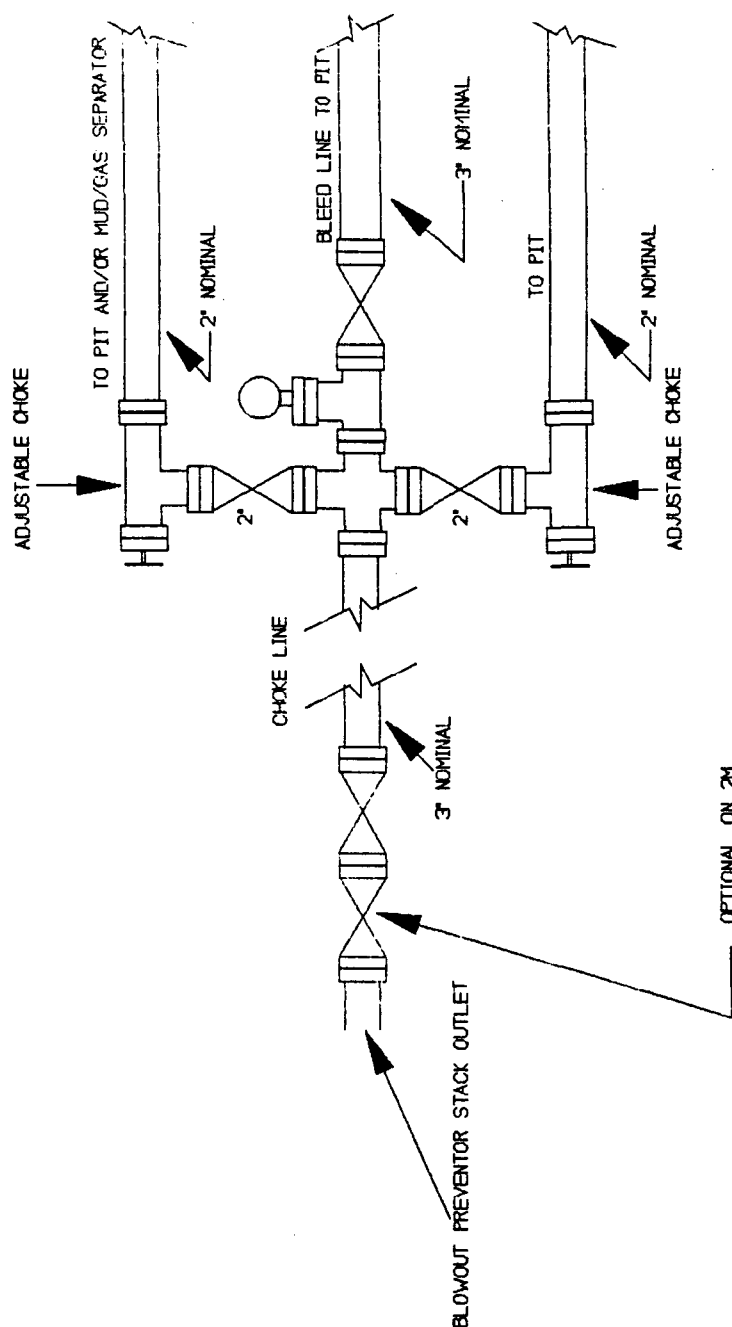


EXHIBIT C

BCO, INC., FEDERAL B #13; 1195' FSL & 445' FEL, S22-T23N-R7W.
SANDOVAL COUNTY, NEW MEXICO

Exhibit "D"

Attachment to Form 3160-3
MULTI-POINT REQUIREMENTS TO ACCOMPANY APPLICATION FOR PERMIT
TO DRILL

1.) Existing Roads

- a. The Operator plans to improve and or maintain existing roads as required. Application is being made for a right-of-way to an existing state or county road, a land use plat for ROW is included as Exhibit "J". The Operator intends to utilize ROW NMNM 86684 from State Highway 44 to the starting point of the new access road. BCO, INC. requests that NMNM 86684 be amended to include the new segment of the access road which originates 750 feet East of the Federal B Number 11 well pad and continues to the end of line at the Federal B Number 13 well pad.
- b. Directions: From Lybrook, New Mexico, turn South off of State Highway 44 at the first dirt road West of the Lybrook Elementary School. Proceed 1.3 miles and turn West, continue 1.2 miles and turn south at the beginning of the new access road and ending at the end of the line at the Federal B Number 13 well pad.
- c. All existing roads within a one mile radius are shown in Exhibit "E".
- d. This is a development well.

2. Planned Access Roads

- a. The access road originates in the NW/4 of the NE/4 of S27-T23N-R7W and terminates in the SE/4 of the SE/4 of S27-T23N-R7W.

The new access road is 2000' in length and is shown on Exhibit "E". A surface ownership and ROW map is included in Exhibit "J". Form 2800-14 is attached with signature to this APD.

- b. The grade will be 10% or less, or consistent with local terrain.
- c. Turnouts will be constructed as required by the BLM.

BCO, INC., FEDERAL B #13, 1195' FSL & 445' FEL, S22-T23N-R7W
SANDOVAL COUNTY, NEW MEXICO

- d. Water bars will be installed as necessary.
 - e. Culverts will be installed as necessary. No major cuts or fills are planned on this segment of the access road.
 - f. Only native materials will be used.
 - g. Gates and or cattle guards will be installed where necessary.
 - h. The new access road will be crowned and ditched.
3. The location of Existing Wells within a One Mile Radius are included in Exhibit "E".
- a. Water wells-None
 - b. Abandoned wells-None
 - c. Temporarily Abandoned wells (TA)-None
 - d. Disposal Wells-None
 - e. Drilling wells-None
 - f. Producing wells-BCO, INC.- 9 wells
 - g. Shut-in wells-None
 - h. Injection wells-None
 - i. Monitoring observation wells-none
4. Location of Existing and/or Proposed Facilities:
- a. There are 4 production facilities (batteries) owned and controlled by the Operator within a one mile radius of the proposed well. Two additional facilities are applied for in a separate APD's for wells within a one mile radius.
 - b. New facilities and existing facilities in the event of production are diagramed in Exhibit "I".

BCO, INC., FEDERAL B #13, 1195' FSL & 445' FEL, S22-T23N-R7W
SANDOVAL COUNTY, NEW MEXICO .

1. A central gathering facility will be utilized. The central gathering facility is currently in use and located on the Federal B Number 22 well pad located in the NE/4 of the SE/4 of S22-T23N-R7W. The central gathering facility is shown in Exhibit "I".
2. Surface flowlines will be constructed and will parallel road. Complete description of the line is provided in the addendum to the 10-Point Plan. ROW for the flowline is requested in this APD.
3. Only native materials will be used with the exception of gravel.
4. The wellhead will be fenced to keep domestic animals and wildlife out.
5. The reserve pit will be fenced and allowed to evaporate. **In accordance with Onshore Oil and Gas Order Number 7, the operator requests approval in this APD to dispose of produced water in the reserve pit for ninety days.** The surface rehabilitation will be made on all unused areas in accordance with BLM stipulations.
5. Location and Type of Water Supply
 - a. The water used for drilling operations will be provided by the Drilling Contractor. Walters Drilling, Inc. will use the Chapman water hole located in Lybrook, New Mexico for the water source.
 - b. Water will be trucked to the location.
 - c. No water well will be drilled.
6. Source of Construction Materials
 - a. Only native soils will be used.
 - b. No construction materials will be taken off Federal or Indian lands.
 - c. Surface and subsoil materials in the immediate area will be utilized. Any gravel used will be purchased from a commercial source.

BCO, INC., FEDERAL B #13, 1195' FSL & 445' FEL, S22-T23N-R7W
SANDOVAL COUNTY, NEW MEXICO

7. Methods of Handling Waste Materials

- a. Drill cuttings are to be contained and buried in the reserve pit.
- b. Drilling fluids are to be contained in the reserve pit.
- c. The produced fluids will be stored in a production tank. Any spills of oil, gas, water, or other production fluids will be cleaned up and removed.
- d. Chemical facilities will be provided for human waste.
- e. Garbage and non-flammable waste are to be contained in trash containers. Trash will be removed periodically and the refuse removed when drilling operations have been completed. The reserve pit will be fenced on three sides during drilling operations and the remaining side will be fenced when the drilling rig is moved off location.
- f. The reserve and mud pits will be allowed to dry after drilling and completion operations and then adequately filled and leveled.

8. Ancillary Facilities: None Required.

9. Well Site Layout.

- a. The Wellsite layout and profile are shown in Exhibit "H".
- b. The Drilling Rig layout is shown in Exhibit "F".
- c. The Producing Well layout is shown in Exhibit "I".

10. Plans for Restoration of the Surface:

- a. Restoration of the well site and access road will begin as soon as all pits have evaporated. If wells are economically productive, the unused area will be restored as soon as practicable.
- b. Should the well be abandoned, the drilling site will be reshaped as closely to the original contour as possible. The access road will be plowed and shaped. The road and location will have topsoil replaced and will be reseeded when germination is possible. The portion of the location needed for daily operations and access road will be kept in good repair and clean.

BCO, INC., FEDERAL B #13, 1195' FSL & 445' FEL, S22-T23N-R7W
SANDOVAL COUNTY, NEW MEXICO

portion of the location needed for daily operations
and access road will be kept in good repair and clean.

- c. Regardless whether the well is economically productive, cleanup of the well site will include burning or removal of all waste, removal of accumulated oil on pits, fencing of pits until filled, and subsequent pit closure.

11. Miscellaneous Information:

- a. General Topography is shown on Exhibit "E"
- b. There are no known archaeological or cultural sites near the proposed roadway or location.
- c. The animal life consists primarily of domestic livestock, Mule Deer, native rodents and scavengers.
- d. The closest occupied dwelling is .75 miles.
- e. The land is under the jurisdiction of the Bureau of Land Management, (Federal).
- f. There are no restrictions.
- g. The anticipated starting date of drilling operations is January 1, 1994, operations are expected to last approximately fifteen days.

BCO, INC., FEDERAL B #13, 1195' FSL & 445' FEL, S22-T23N-R7W
SANDOVAL COUNTY, NEW MEXICO

12. Lessee's or Operators Representative:

Rick Wilcox
Senior Field Engineer
135 Grant Avenue
Santa Fe, New Mexico 87501
Telephone: (505) 983-1228

13. Certification:

I hereby certify that I or someone under my direct supervision has inspected the proposed drilling site and access road; is familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by the Operator, his contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Date: 12-6-93

Rick Wilcox

Rick Wilcox, Senior Field Engineer

EXHIBIT E

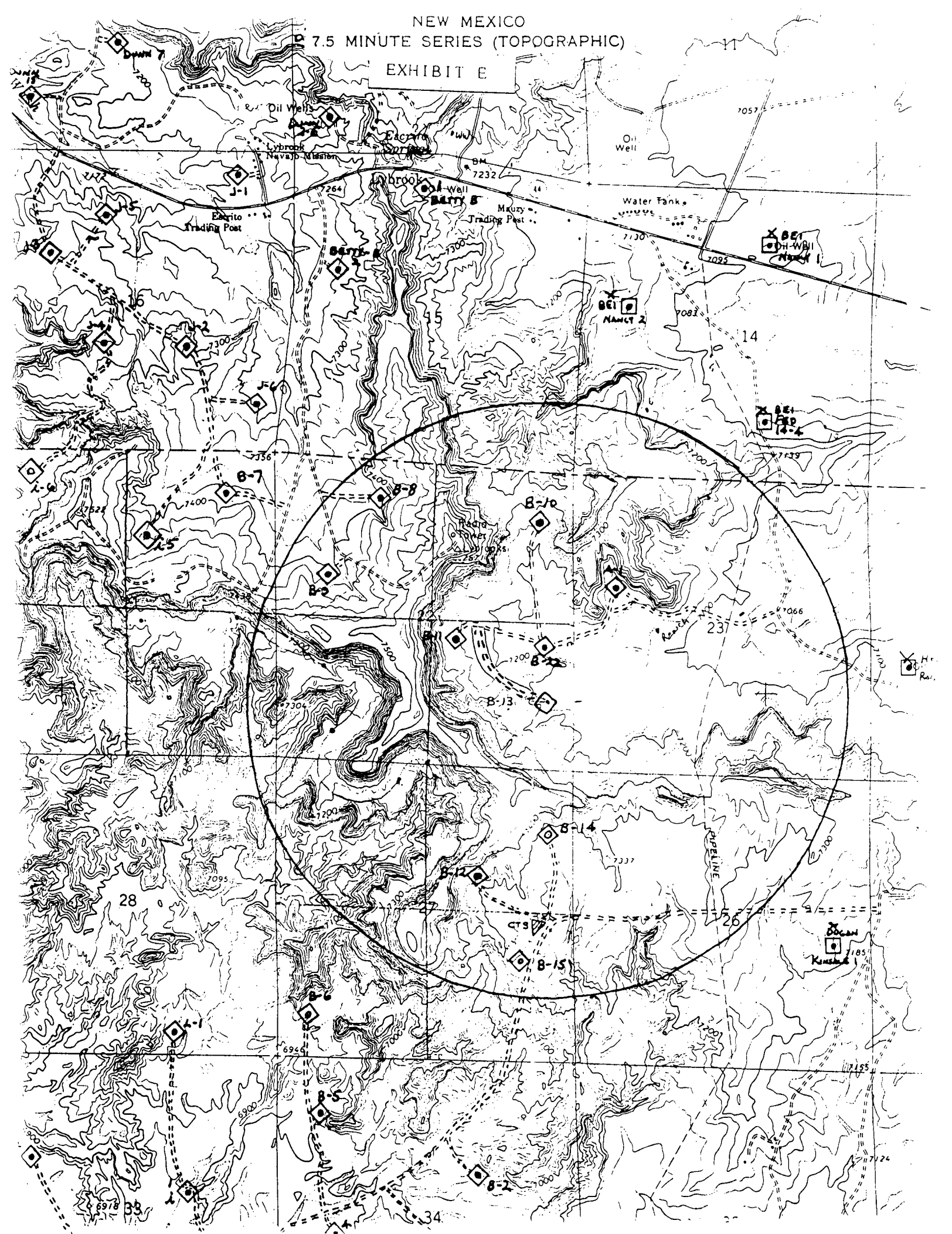
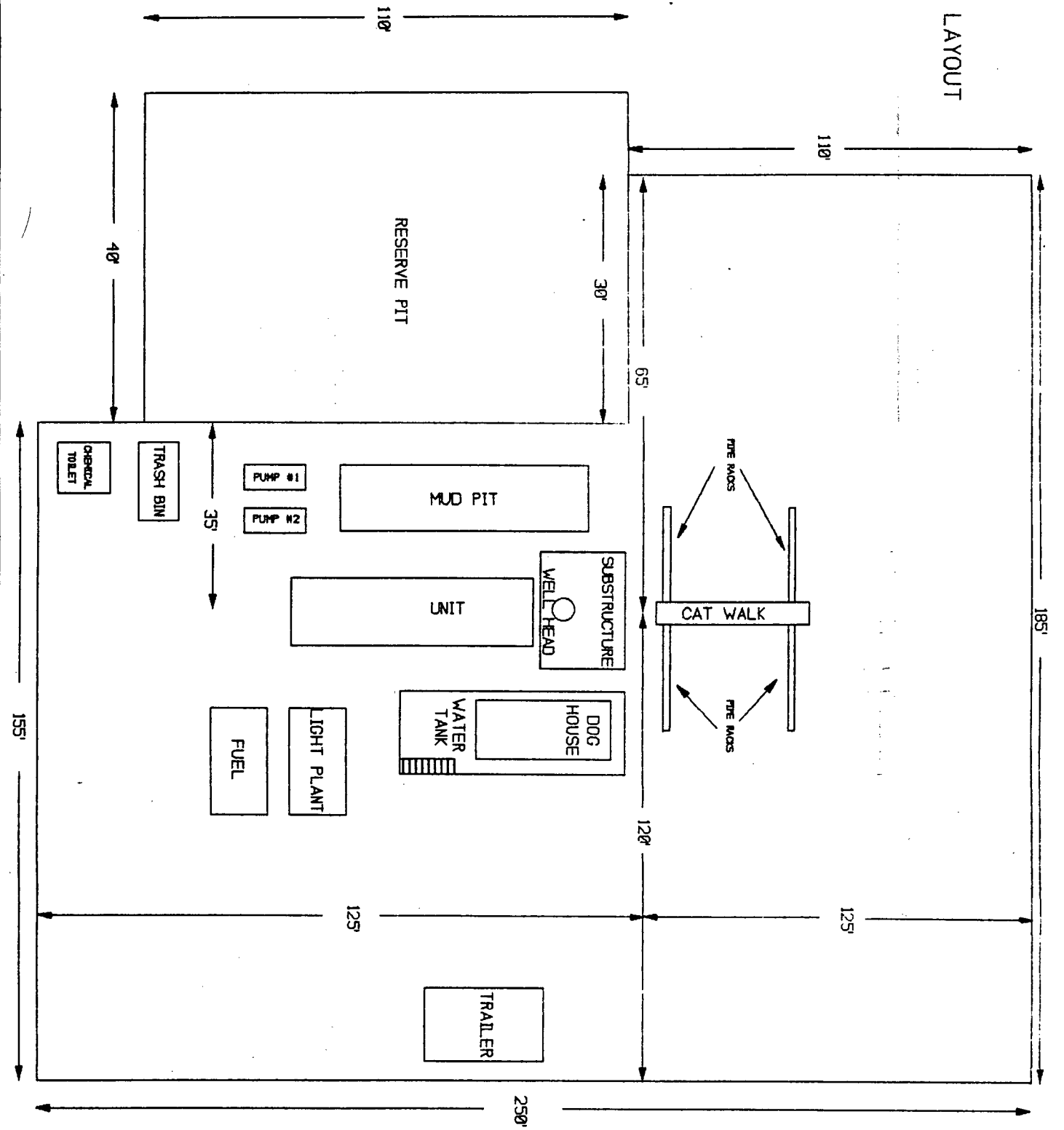
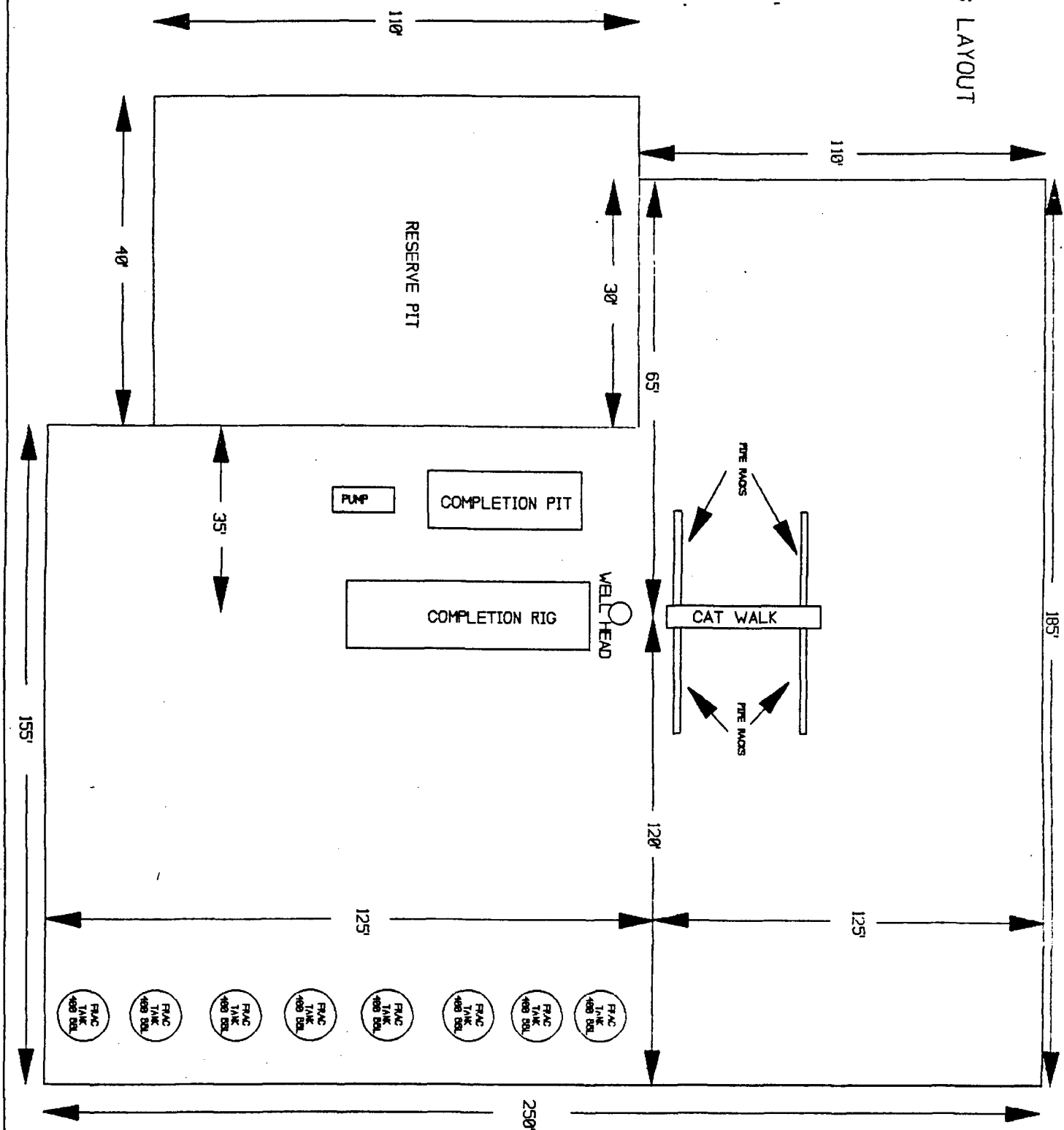


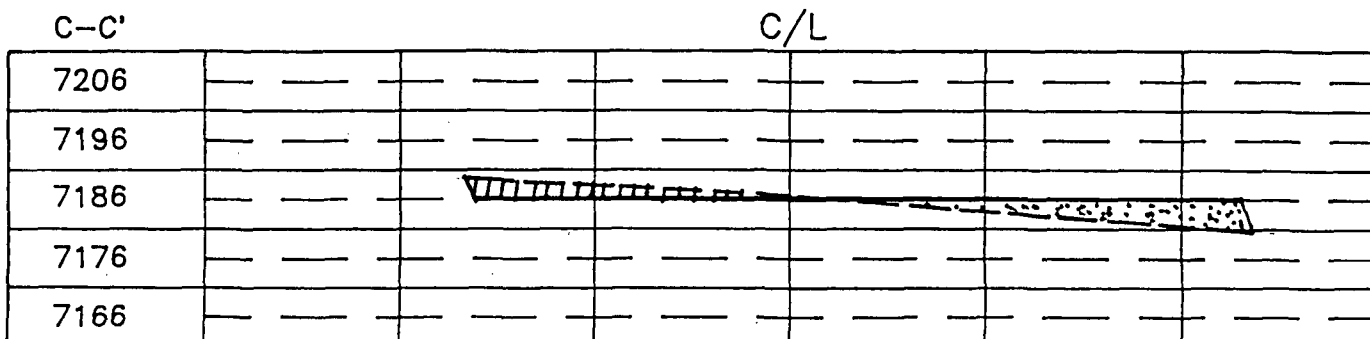
EXHIBIT F
DRILLING RIG LAYOUT

BCO, INC.



BCO, INC.





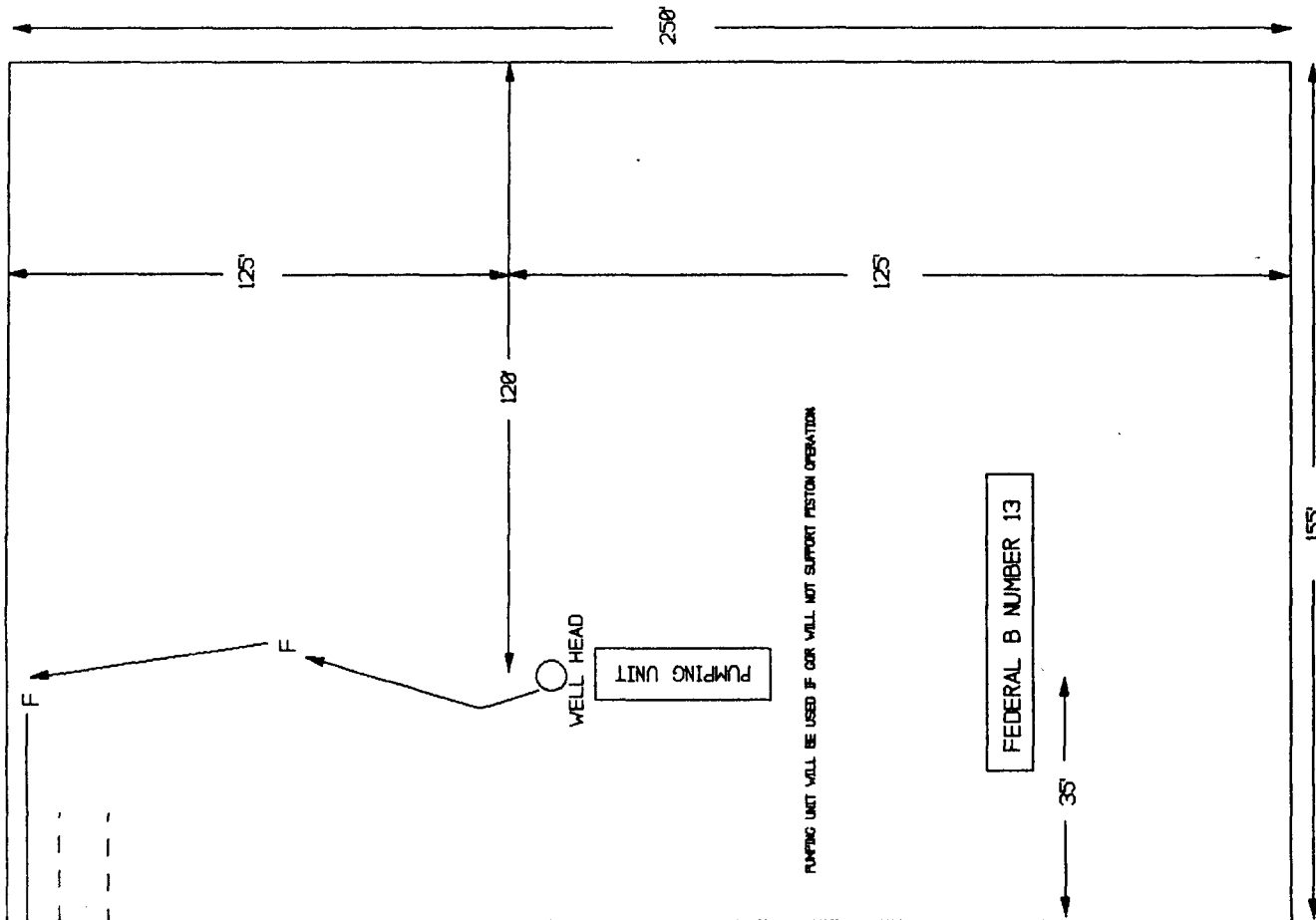
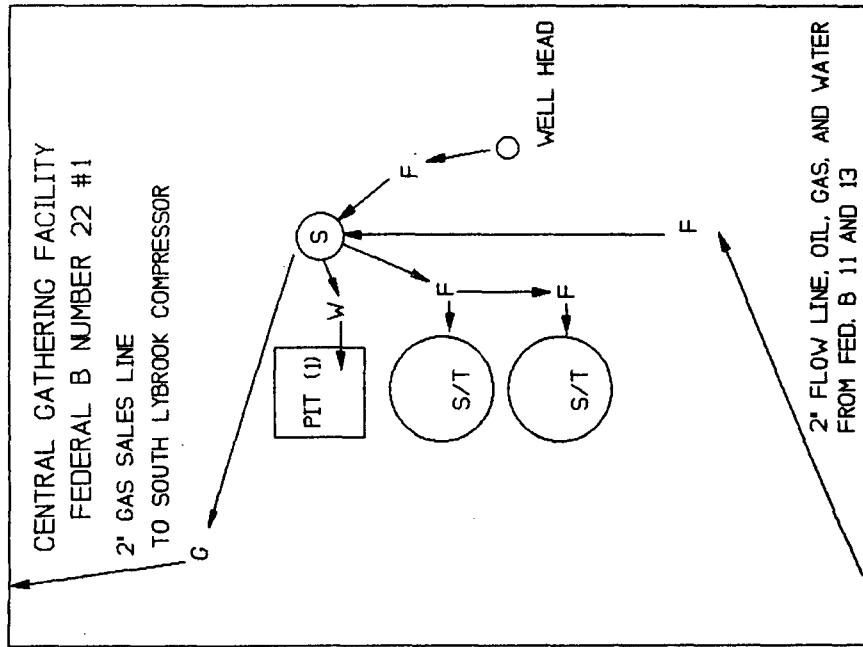
2" FLOW LINE, OIL, GAS AND WATER
TIE IN TO FEDERAL B 11 FLOW LINE

2" FLOWLINE, OIL, GAS AND WATER
TO THE FEDERAL B NUMBER 19

EXHIBIT I

PRODUCTION FACILITIES LAYOUT

BCO, INC.



PUMPING UNIT WILL BE USED IF OUR WELL NOT SUPPORT PISTON OPERATION

LYBROOK QUADRANGLE
NEW MEXICO
7.5 MINUTE SERIES (TOPOGRAPHIC)

EXHIBIT J



Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Exhibit B
Federal B Number 13

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

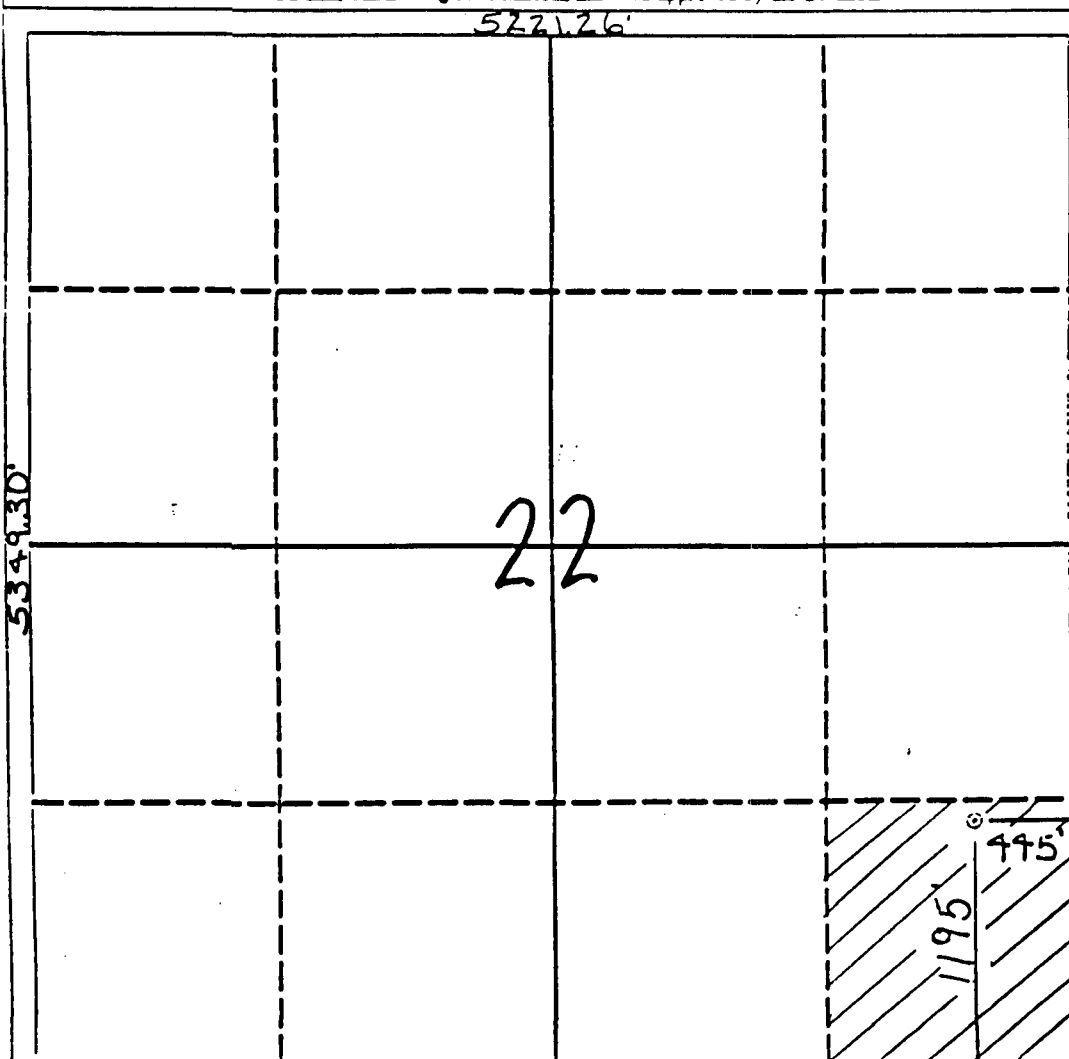
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator BCO Inc.		Lease Federal B		Well No. 13
Unit Letter P	Section 22	Township 23 North	Range 7 West	County Sandoval
Actual Footage Location of Well: 1195 feet from the South line and 445 feet from the East line				
Ground level Elev. 7186'	Producing Formation Gallup		Pool Lybrook Gallup	Dedicated Acreage 40 Acres

- Outline the acreage dedicated to the subject well by colored pencil or inkline marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest 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 acre-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature
Rick Wilcox

Printed Name
Rick Wilcox

Position
Senior Field Engineer

Company
BCO, INC

Date
11-18-93

SURVEYOR CERTIFICATION

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. 11-4-93

Date Surveyed
11-4-93

Signature
C. Edwards

Professional Surveyor
9857

State of New Mexico
Professional Surveyor
9857

Certificate No.
6857

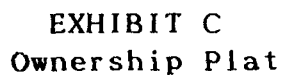


EXHIBIT C
Ownership Plat

EXHIBIT "D"

Working Interest Owners of Offset Wells

Well Name and Number: Federal B Number 22

Location Of Well: NE/4 of the SE/4, S22-T23N-R7W, N.M.P.M.

County, State: Sandoval County, NM

Operator: BCO, INC.

Harry L. Bigbee

Harry R. Bigbee

Nancy P. Jenson

Elanor M. Crout

Well Name and Number: Federal B Number 11

Location Of Well: NW/4 of the SE/4, S22-T23N-R7W, N.M.P.M.

County, State: Sandoval County, NM

Operator: BCO, INC.

Harry L. Bigbee

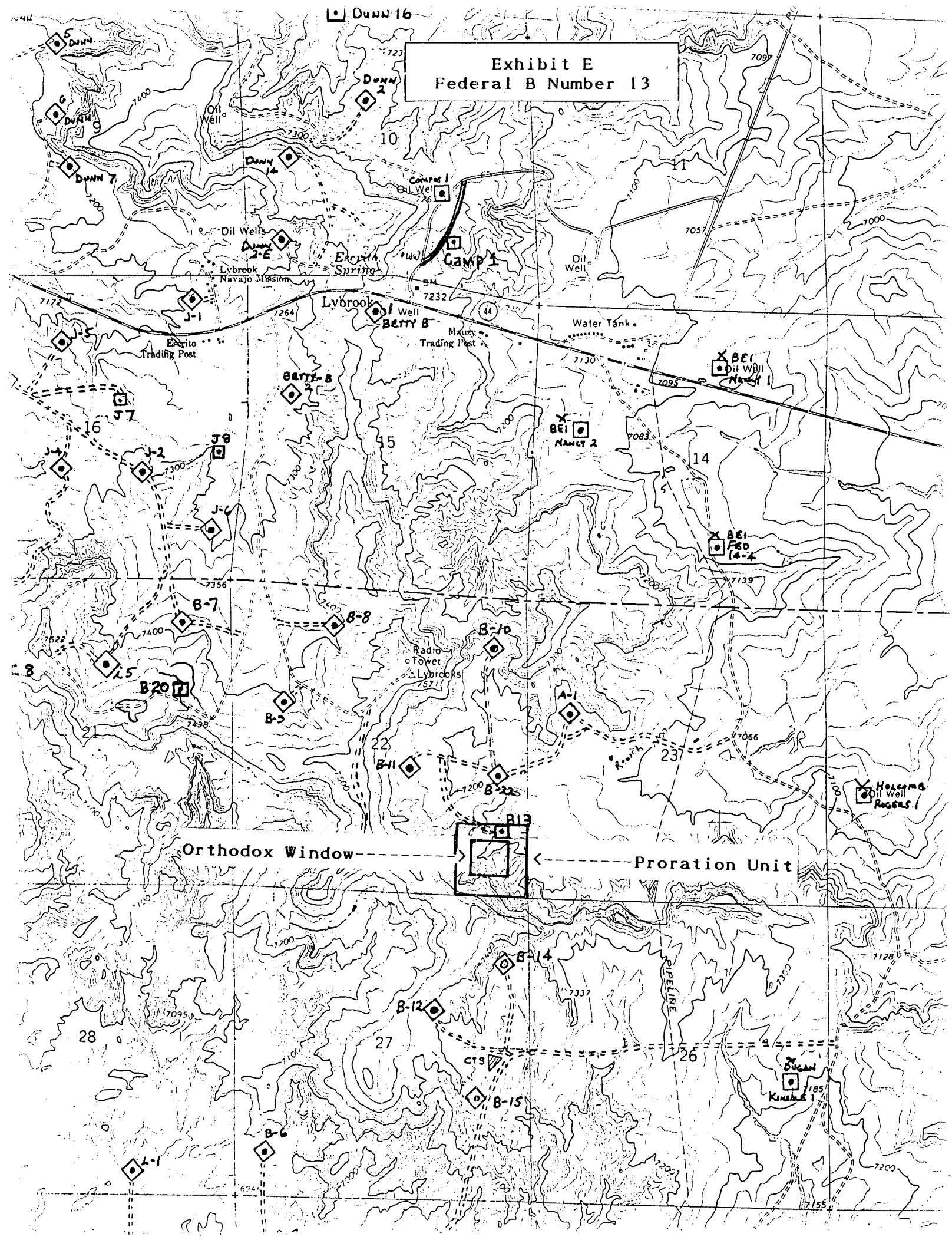
Harry R. Bigbee

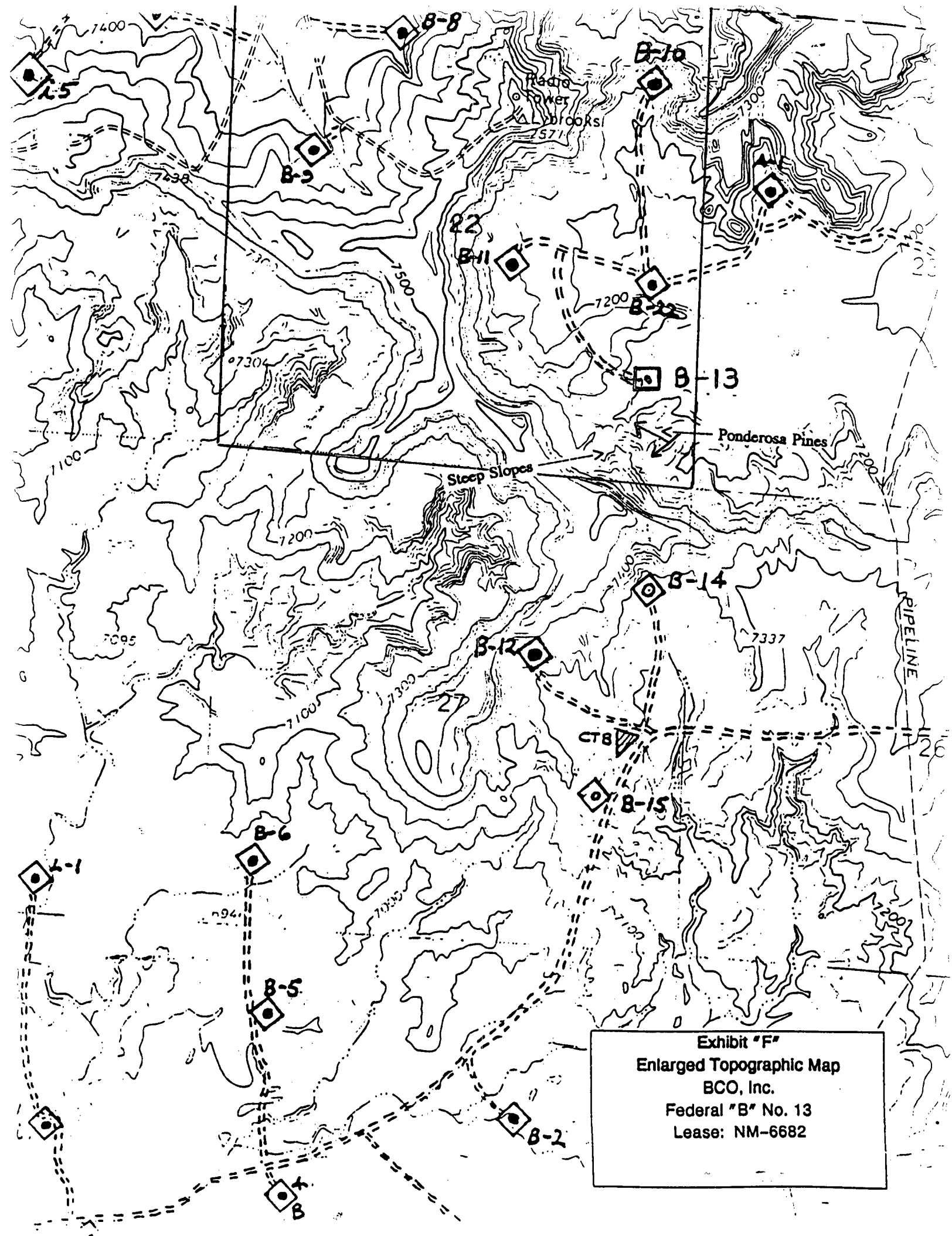
Elizabeth B. Keeshan

Nancy P. Jensen

Donnan Stephenson

Exhibit E
Federal B Number 13





Stephanie Sofranoff Matthews
Consulting Archaeologist

P.O. Box 1027
Bayfield, CO 81122
(303) 884-9569

November 16, 1993

Rick Wilcox
BCO, Inc.
300 Harbour Lane
Farmington, NM 87401

Re: Archaeological Surveys for
Federal B-13 Rstk, Dunn 16 Rstk,
BCO Camp #1 and BCO Camp #2
Proposed Well Locations

Dear Mr. Wilcox:

Enclosed are copies of the archaeological survey report completed for the above proposed well locations and their associated access/pipeline ROWs.

Please be aware that, due to the effect of the new guidelines issued by the Farmington District BLM, your version of the report is missing several items which are forwarded exclusively to the BLM. The format is also drastically different from that used previously, as imposed by the new guidelines.

During the survey 1 site and 14 isolated objects were encountered. The site is partially within the access/pipeline ROW of the Federal B-13 Restake. As it is a surficial site, and field documentation has exhausted its research potential, as well as the research potential of all of the isolated objects, archaeological clearance is recommended for all four of the proposed well locations and their associated access/pipeline ROWs.

This report is subject to review by sponsoring state agencies before archaeological clearance is granted.

Also enclosed is a copy of my invoice, the original of which I have forwarded directly to the Santa Fe office as was done for previous surveys.

Sincerely,


Stephanie Sofranoff (Matthews)


EXHIBIT "H"
CERTIFICATION OF SERVICE-OFFSET OPERATORS
Non-Standard Location Application
BCO, INC.

I certify that notice has been served to the following operators or leasees affected by BCO, INC.'s application for permit to drill the Federal B Number 13 well located 1195' FSL & 445' FEL of Section 22, Township 23 North Range 7 West, Lybrook Gallup Pool, Sandoval County, New Mexico.

- 1.) Dugan Production Corporation
Attn. Mr. Jim Jacobs
P.O. Box 420
Farmington, New Mexico 87499
- 2.) Harold McBride
P.O. Box 1515
Roswell, New Mexico 88201



Rick Wilcox
Senior Field Engineer
BCO, INC.



Date

BCO, INC.

MAIN OFFICE
135 GRANT
SANTA FE, NM 87501
(505) 983-1228

FIELD OFFICE
ROUTE 4
NAGEEZI, NM 87037
(505) 568-4420

November 22, 1993

CERTIFIED RETURN RECEIPT REQUESTED
P 326 823 061

EXHIBIT H

Mr. Jim Jacobs
Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420

Re: Non-Standard Location Application
Federal "B" Number 13
1195 FSL & 445 FEL, Unit Letter (P)
S22-T23N-R7W, Sandoval County, New Mexico
Lybrook Gallup Pool

Dear Mr. Jacobs:

BCO, INC. has requested administrative approval to drill the above referenced Gallup Oil Well in an unorthodox location. A mesa with steep slopes, a narrow drainage canyon, and the presence of Ponderosa Pine trees prevent BCO, INC. from selecting a legal location within the proration unit. The location is unorthodox with respect to BCO, INC. acreage. Other operator's correlative rights should not be adversely affected.

Please contact me at (505) 568-4420 if you have any questions. Thank you for your consideration.

Sincerely,

Rick Wilcox
Senior Field Engineer
BCO, INC.



STATE OF NEW MEXICO
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

'93 DEC 15 AM 8 39

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

Date: 12-13-93

Attn: Mike Hogan

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

RE: Proposed MC _____
Proposed NSL X _____
Proposed WFX _____
Proposed NSP _____

Proposed DHC _____
Proposed SWD _____
Proposed PMX _____
Proposed DD _____

Gentlemen:

I have examined the application received on 12-8-93
for the BCO, INC. Federal B" No. #13
OPERATOR LEASE & WELL NO.

P-22-23N-07W and my recommendations are as follows:
UL-S-T-R

Approve

Yours truly,

Ernest B. Smith