



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Daniel Sanchez
Acting Division Director
Oil Conservation Division



Harrison H. Schmitt
Cabinet Secretary-Designate

January 25, 2011

BIYA Operators, Inc.
c/o Mike Pippin
3104 N. Sullivan Ave.
Farmington, NM 87401

Administrative Order NSL-6320
Administrative Order NSP-1948

Re: Horseshoe Gallup Unit Well No. 300
API No. 30-045
1101 feet FNL & 331 feet FWL
Lot 1 (Unit D), Section 28-31N-16W
San Juan County, New Mexico

Dear Mr. Pippin

:

Reference is made to the following:

(a) your non-standard location application (**administrative application reference No. pTGW11-00337236**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 3, 2011,

(b) your non-standard proration unit application (**administrative application reference No. pTGW11-00338939**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 3, 2011, and

(c) the Division's records pertinent to these requests.

BIYA Operators, Inc. [OGRID 224717] (BIYA) has requested to drill the above-referenced well at an unorthodox well location described above in the caption of this letter.

Oil Conservation Division
1220 South St. Francis Drive ▪ Santa Fe, New Mexico 87505
Phone (505) 476-3440 ▪ Fax (505) 476-3462 ▪ www.emnrd.state.nm.us/OCD



BIYA has additionally requested approval of a non-standard, 25.25-acre, more or less, oil spacing and proration unit in the Horseshoe Gallup Pool (32870) consisting of Lot 1 (NW/4 NW/4 equivalent) of Section 28, Township 31 North, Range 16 West, NMPM, San Juan County, New Mexico.

This pool is governed by statewide Rule 15.9, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. The location is less than 330 feet from the southern and eastern unit boundaries.

Your applications have been duly filed under the provisions of Division Rules 15.13, 15.11.B and 4.12.A(2) and (3).

It is our understanding that you are seeking this non-standard location and unit due to the irregularity of the official survey.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

Pursuant to the authority conferred by Division Rule 15.11.B(2), the above-described non-standard spacing and proration unit is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Daniel Sanchez
Acting Director

DS/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management