

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



July 10, 2013

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

Administrative Order NSL-6320-A
Administrative Order NSP-1948-A

This order amends Administrative Order NSL-6320/NSP1948, issued on January 25, 2011, which is superseded hereby in its entirety.

Re: Horseshoe Gallup Unit Well No. 400
API No. 30-045
1123 feet FNL & 863 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 applications: **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 and **administrative application reference No. pAXK1318825771**, submitted on June 27, 2013;

(b) your non-standard proration unit applications: **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 **administrative application reference No. pAXK1318258466**, submitted on June 27, 2013; and

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

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

BIYA has additionally requested approval of a non-standard, 15.25-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 19.15.15.9 NMAC, 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 gave due notice of the original application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units, and that the amended application involves not additional encroachment.

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,

A handwritten signature in black ink, appearing to read 'Jami Bailey', with a stylized flourish at the end.

Jami Bailey
Director

JB/db

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