

5847 San Felipe Suite 3600
Houston, Texas 77057
Telephone: (713) 780-5000
Fax (713) 780-5273
Telex 9108813603

OIL CONSERVATION DIVISION
RECEIVED

'90 SEP 10 AM 9 40

September 5, 1990



State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Unorthodox Location, Administrative Approval Request
Gallegos Canyon Unit #501
NW 1/4 SE 1/4 Sec. 13 T29N R13W
San Juan County, New Mexico

9/11/90

Attn
Copy sent to
E. Busch

Gentlemen:

BHP Petroleum respectfully requests that a non standard location be administratively approved to allow the GCU #501 well to be drilled 1655' FSL and 2315' FEL to be completed in the Pictured Cliffs formation.

The non standard location is requested due to topographical reasons. A standard location is not possible due to steep terrain and an existing gravel mining operation.

The subject location is immediately adjacent to the existing Amoco well location #108 producing from the Dakota formation.

BHP Petroleum is the operator of all offsetting proration units.

Ernie Busch visited the subject location with J. C. Harris and myself on August 10, 1990 and concurred that the subject location was the most feasible.

For both economic and mechanical reasons BHP doesn't think that directionally drilling the proposed well to a standard location is feasible. Economically it is not feasible based on the extra expense of drilling a directional hole compared to the anticipated production. Our experience has shown that a rod pump will have to be installed to remove excess water from the well bore and a directionally drilled hole would greatly hinder or prohibit that.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Chuck Williams

by *(Signature)*
Chuck Williams
Field Services Administrator

Chuck Williams

Submit to Appropriate District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

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

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

API NO. (assigned by OCD on New Wells) <i>7-145-28052</i>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK					
1a. Type of Work: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>	7. Lease Name or Unit Agreement Name Gallegos Canyon Unit				
b. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>					
2. Name of Operator BHP Petroleum (Americas) Inc.	8. Well No. 501				
3. Address of Operator 5847 San Felipe Ste 3600 Houston Tx 77057-3005	9. Pool name or Wildcat W. Kutz Pictured Cliffs				
4. Well Location Unit Letter J : 1655 Feet From The South Line and 2315 Feet From The East Line Section 13 Township 29N Range 13W NMPM San Juan County					
10. Proposed Depth 1444'					
11. Formation Pictured Cliffs					
12. Rotary or C.T. Rotary					
13. Elevations (Show whether DF, RT, GR, etc.) 5422' GR	14. Kind & Status Plug. Bond Blanket				
15. Drilling Contractor Unknown					
16. Approx. Date Work will start Fall 1990					
17. PROPOSED CASING AND CEMENT PROGRAM					
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
8 3/4"	7"	20#	± 130'	50 sx (57.5 cu.ft.)	surface
6 1/4"	4 1/2"	10.5#	±1444	183 sx (225 cu.ft.)	surface

It is proposed to drill the subject well to 1444' with primary production anticipated in the Pictured Cliffs.

The proposed well is within one mile of the city limits of Farmington, N.M. In a spirit of cooperation, BHP intends to comply with the City's request that we obtain the same city permits required to drill within the city limits.

Estimated Formation Tops:

Ojo Alamo	79'
Kirtland	144'
Fruitland	966'
Basal Fruitland Coal	1264'
Pictured Cliffs	1294'
T.D.	1444'

RECEIVED

AUG 1 1990

OIL CON. DIV.
DIST. 3

APPROVAL EXPIRES 2-2-91
UNLESS DRILLING IS COMMENCED.
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

BOPE will consist of 2000# Reagen Bladder type BOP, pipe rams & blind ram B.O.P.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE *Chuck Williams* TITLE Field Services Administrator DATE 7/26/90

TYPE OR PRINT NAME (713) 780-5448 TELEPHONE NO.

(This space for State Use)

APPROVED BY *[Signature]* TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE AUG 02 1990

CONDITIONS OF APPROVAL, IF ANY:

Hold 2-104 FOR USE & City Dept. must

OIL CONSERVATION DIVISION

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

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

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

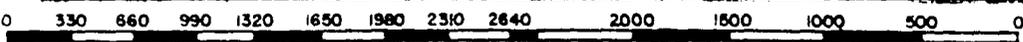
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

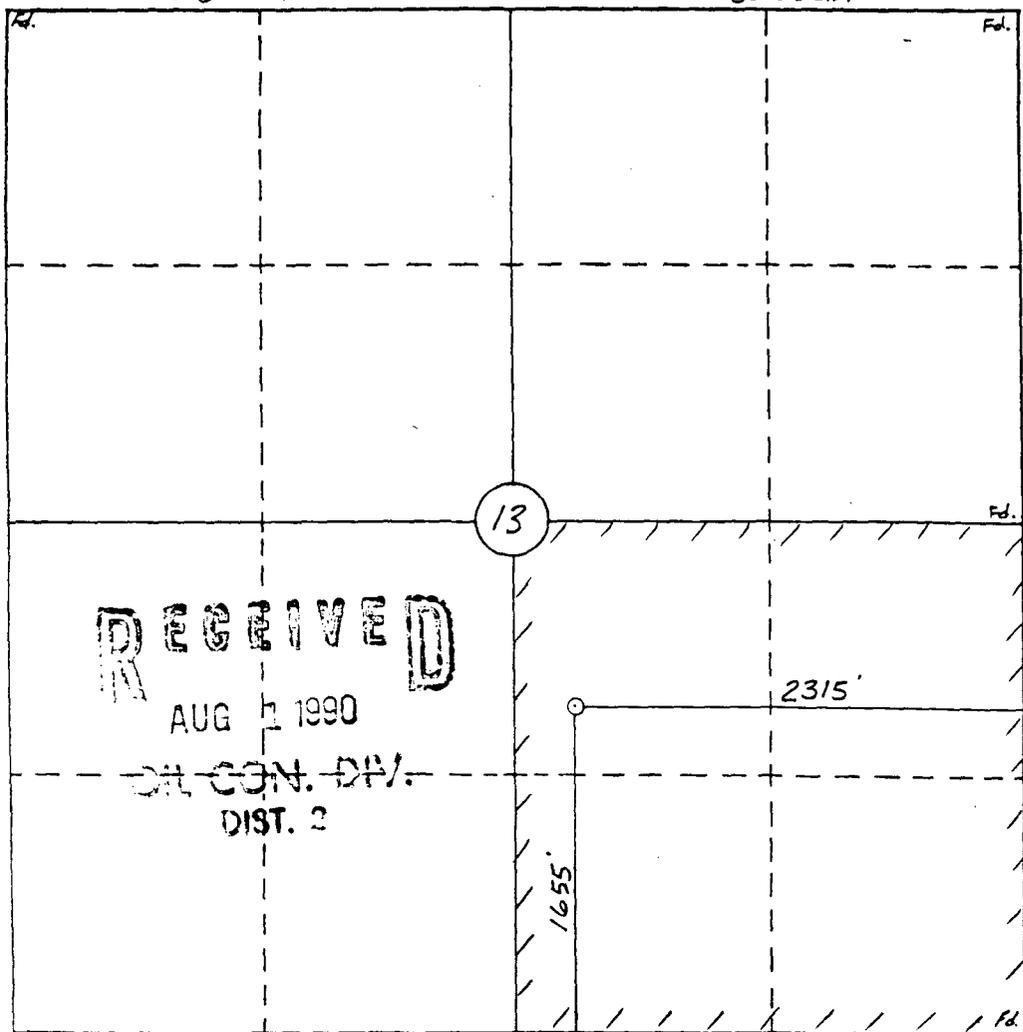
Operator BHP PETROLEUM (AMERICAS) INC.		Lease GALLEGOS CANYON UNIT		Well No. 501
Unit Letter J	Section 13	Township 29 N	Range 13 W	County San Juan
Actual Footage Location of Well: 1655 feet from the South line and 2315 feet from the East line				
Ground level Elev. 5422	Producing Formation	Pool	Dedicated Acreage: 1.00 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure 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.



S89°57'W

80.05 ch.



OPERATOR CERTIFICATION

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

Signature: *Chuck Williams*
 Printed Name: **Chuck Williams**
 Position: **Field Services Administrator**
 Company: **BHP Petroleum (Americas)**
 Date: **July 30, 1990**

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. **6-27-90**

Date Surveyed: **William E. Mahnke II**

Signature & Seal of Professional Surveyor



Certificate No. **PROFESIONAL LAND SURVEYOR**

RECEIVED
AUG 2 1990
OIL CON. DIV.
DIST. 2

BHP PETROLEUM (AMERICAS) INC.
GALLEGOS CANYON UNIT NO. 501
 1655' FSL & 2315' FEL SECTION 13 T29N-R13W
 SAN JUAN COUNTY, NEW MEXICO
TEN POINT PROGRAM

1. Surface Formation: Nacimiento or valley fill

2 &

3. Estimated Formation Tops:

<u>Formation</u>	<u>Top</u>	<u>Expected Production</u>
Ojo Alamo	79	
Kirtland	144	
Fruitland	966	
Basal Fruitland Coal	1264	Gas
Pictured Cliffs	1294	Gas
Total Depth	1444	

4. Casing and Cementing Program: A string of 7" 20# K-55 casing with ST&C couplings is to be set at ±130' in an 8 3/4" hole and cemented to the surface in a single stage with 50 sx Class 'H' cement (yield = 1.15 ft³/sx) containing 3 % CaCl₂ and ¼ #/sx celloflake. Slurry volume assumes a 100 percent excess over calculated hole volume. Centralizers will be run on the bottom two joints as long as boulders are not encountered while drilling the surface hole. If boulders are encountered while drilling the surface hole, no centralizers will be run as it has been BHP P(A)'s experience centralizers have a tendency to knock off boulders and hang up the casing while running in the hole. Minimum clearance between collars and hole is 1.094". Prior to drilling out shoe, casing and BOPE will be tested to a minimum of 2000 psi. Safety factors utilized in the design of this casing string were: Burst = 1.1, Collapse = 1.125, and Tension = 1.8 or 100,000# overpull whichever was greater.

A production string of 4½" 10.5# K-55 casing with ST&C couplings will be run from the surface to total depth in a 6¼" hole. This string will be cemented to the surface with a minimum of 133 sx of 50-50 pozmix containing 2 % gel, 0.5 % fluid loss additive and ¼ #/sx celloflake (yield = 1.26 ft³/sx) followed by 50 sx of Class 'G' cement containing low fluid loss additives (yield = 1.15 ft³/sx). Slurry volume assumes a 50 percent excess over calculated hole volume. Cement volume is subject to change after review and recalculation of

hole volume from the open hole calipers. Centralizers will be spaced such that a minimum of two are located above and two are located below the Basal Fruitland Coal; and, if any Ojo Alamo is present in the open hole section at the top of the hole, a minimum of one centralizer will be run just below the base and another into the base of Ojo Alamo. Minimum clearance between collars and hole is 1.25". Prior to perforating the casing for any attempted completion, the casing will be tested to a minimum of 2500 psi. Safety factors utilized in the design of this casing string were: Burst = 1.1, Collapse = 1.125, and Tension = 1.8 or 100,000# overpull whichever was greater.

A chronological log following the completion of the cementing operations detailing the pump rate, pump pressure, slurry density, and slurry volume for each job will be submitted in a Sundry Notice.

5. **Pressure Control Equipment:** (See attached schematic diagrams) A minimum of a 2M BOPE well control system will be utilized. BOP's and choke manifold will be installed and pressure tested before drilling out under surface casing and then will be checked daily as to mechanical operation condition. Ram type preventors will be tested to 70 percent of the internal yield pressure of the casing. The annular preventor will be tested to 50 percent of its working pressure.

A full opening internal blowout preventor or drill pipe safety valve will be on the drilling floor at all times and will be capable of fitting all connections.

6. **Mud Program:** A fresh water Low Solids, Non-Dispersed mud system will be used to drill this well. Sufficient materials will be on location at all times to maintain mud properties and to control any unforeseen lost circulation problems or abnormal pressures in the Farmington Sands of the Kirtland Formation. All drilling fluids will be contained in a steel pit. At the completion of drilling, the drilling fluid will be hauled off to be used for another well. The remaining accumulation of solids in the pit will be dumped into a small earthen pit beside the steel pit. As soon as this pit dries up, it will be covered up.

Mud program summary is as follows:

<u>Interval</u> <u>(feet)</u>	<u>Mud Weight</u> <u>(#/gal)</u>	<u>Viscosity</u> <u>(sec/qt)</u>
0 - 1000	8.4 or less	30 - 38
1000 - TD	9.3 or less	40 - 55

7. **Auxiliary Equipment:** An upper Kelly Cock will be utilized. At a minimum, a flow sensor will be installed in the system and the mud volume constantly be visually monitored.

8. **Logging Program:** SP-DIL and GR-FDC-CNL logs will be run from TD to surface casing shoe.

Coring Program: No cores are planned.

Testing Program: No tests are planned.

Stimulation Program: Perf the Basal Fruitland Coal with 2 JSPF and frac with 50,000 gals of either a 70 quality nitrogen foam or a crosslinked-gelled water containing a minimum of 50,000 lbs of 20-40 mesh sand.

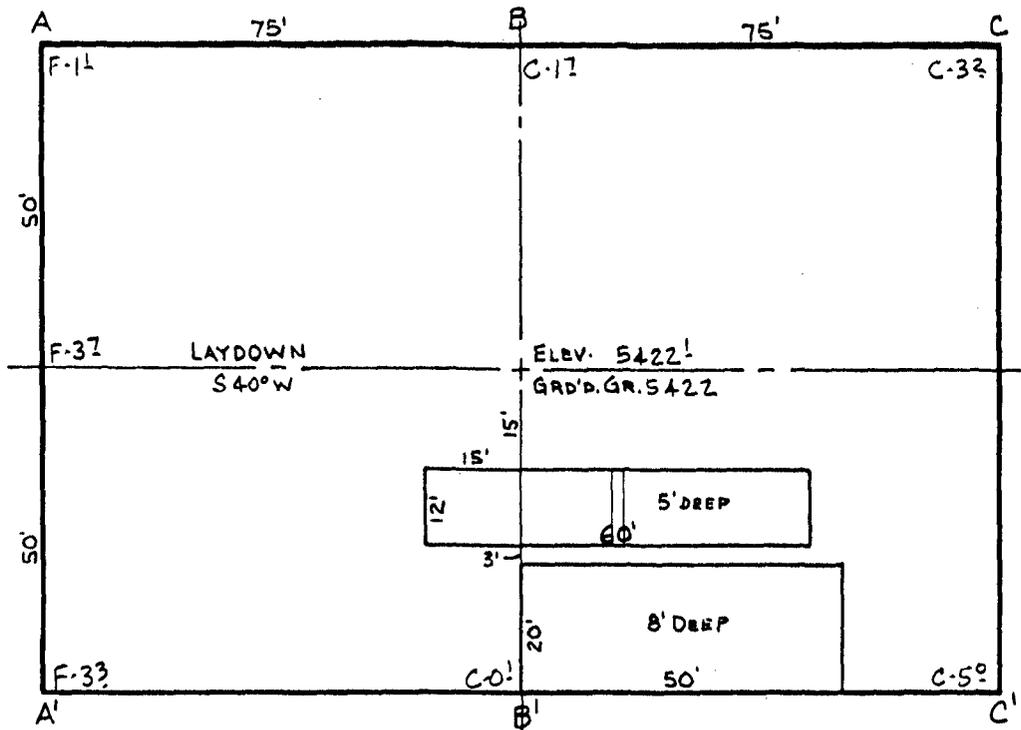
9. **Abnormal Pressure:** Although not expected, abnormal pressures are possible in the Farmington Sands of the Kirtland Formation.

Estimated Bottom Hole Pressure: 400 psi.

10. **Anticipated Starting Date:** As soon as all required approvals are received.

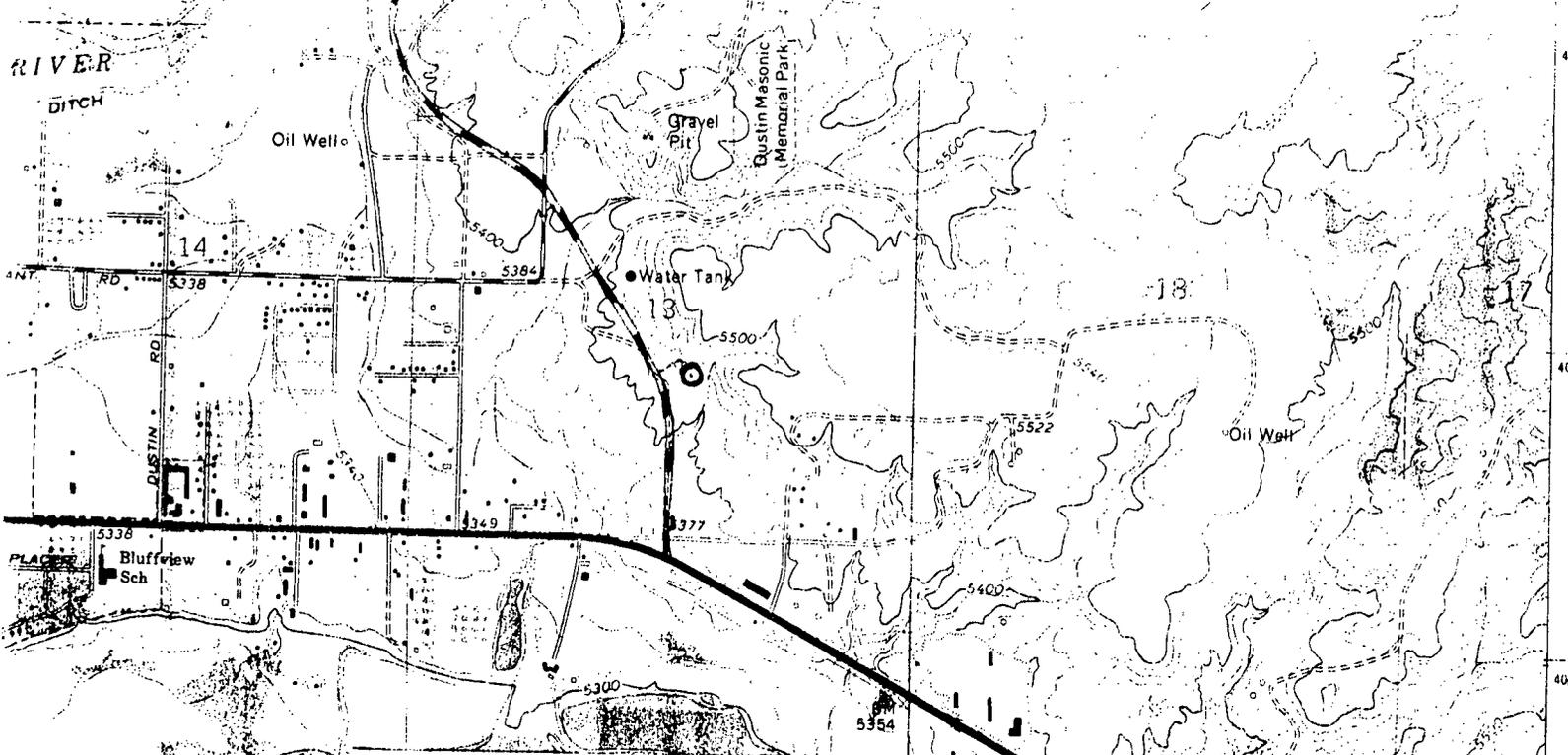
Duration of Operation: It is anticipated a total of 4 days will be required for drilling operations and 5 days for completion operations.

BHP PETROLEUM (AMERICAS) INC.
 GALLEGOS CANYON UNIT #501
 1655'FSL & 2315'FEL
 Sec.13, T29N, R13W
 San Juan Co., N.M.

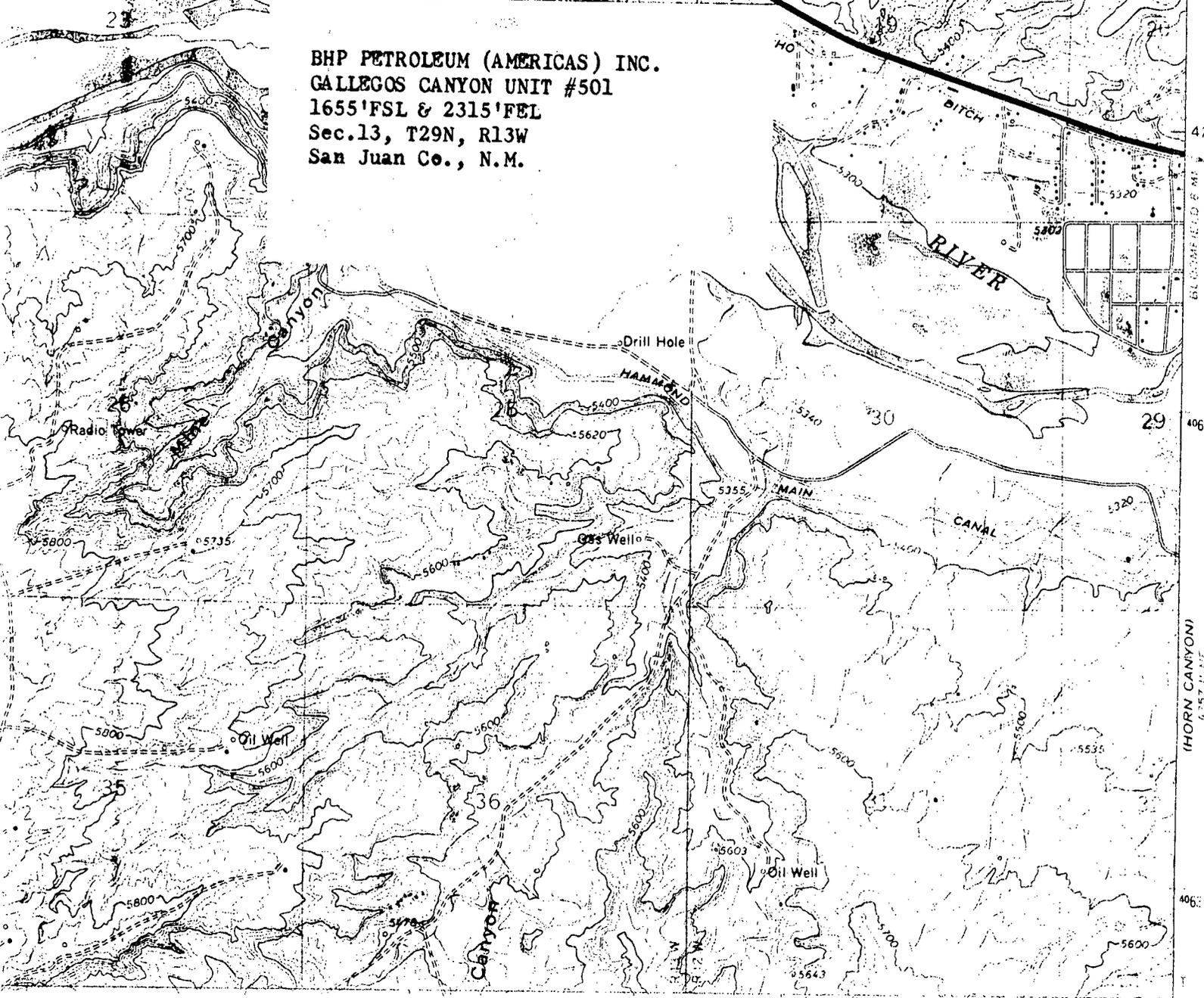


SCALE: 1" = 30'

A-A'	Vert.: 1" = 30'	Horiz.: 1" = 50'	C/L
5430	-----	-----	-----
5420	-----	-----	-----
	-----	-----	-----
B-B'			
5430	-----	-----	-----
5420	-----	-----	-----
	-----	-----	-----
C-C'			
5430	-----	-----	-----
5420	-----	-----	-----
	-----	-----	-----



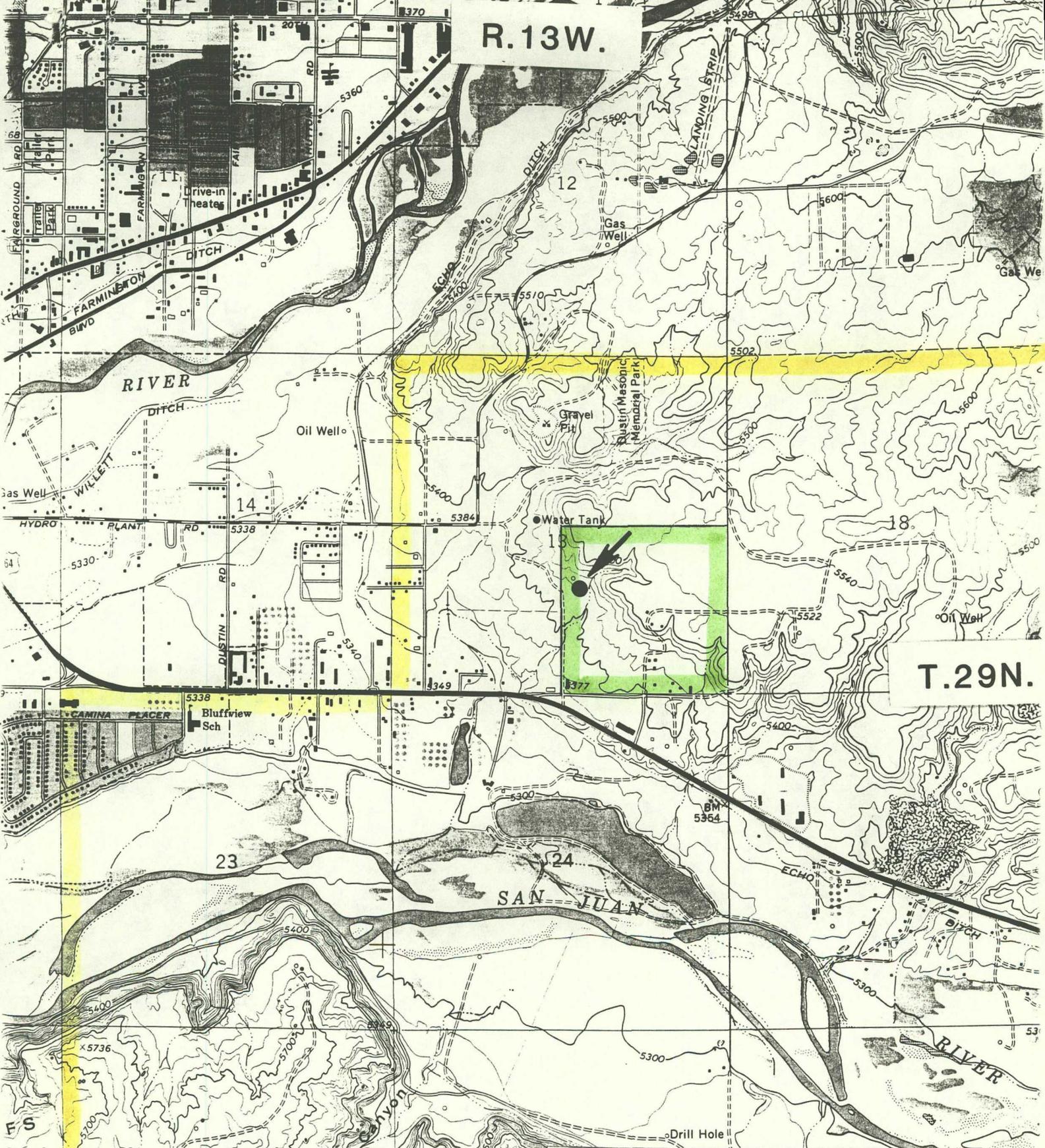
BHP PETROLEUM (AMERICAS) INC.
GALLEGOS CANYON UNIT #501
1655'FSL & 2315'FEL
Sec.13, T29N, R13W
San Juan Co., N.M.



(HORN CANYON)
 6-57-11-27

R. 13W.

T. 29N.

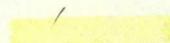


Legend

Proposed Location



Unit Boundary



Proration Unit

