

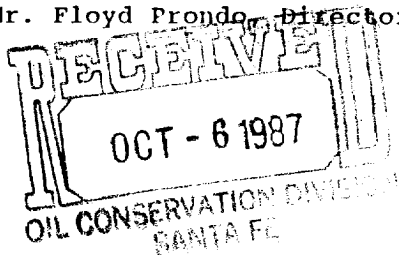
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September 30, 1987

OIL CONSERVATION COMMISSION
State Land Office Bldg.
310 Old Santa Fe Trail
Santa Fe, NM 87504

Ray

Attention: Mr. Floyd Pronde, Director of O&G Division



Re: Operations Summary and Proposal
O'Connell Ranch Unit
T-4 Enhanced Recovery Unit
Guadalupe County, NM

Gentlemen:

In response to your recent request, DCR Petroleum Corporation would like to submit to you, copies of approved C-104 Forms and copies of C-115 Forms for the period of their operations from March, 1985, thru the present. Also, there is an attached chronological summary of operations carried out by DCR Petroleum from initial acquisition of these properties thru the present.

DCR Petroleum Corporation plans to initiate a pilot EOR steamflood project for both the O'Connell Ranch and T-4 Ranch Units approximately late in 1988 or early, 1989. This is a delay from previous plans due to the large change in oil production economics during the past two years since DCR Petroleum acquired these properties. With industry economics continuing to fluctuate, it is difficult to establish and budget for an exact initiation date for a pilot EOR project to begin. To improve this situation, it is being considered to install a cogeneration facility in conjunction with the EOR project which may sufficiently enhance economics and justify capital investments at today's oil price. Discussions are under way with potential industry partners to assess the viability of this approach for project development.

Very truly yours,

Ray Elias, Jr.
Ray Elias, Jr.
V.P. Engineering and Operations

RE/kjs

Attachments

bcc: DCR
WJM
DB
Reading File
Gen. Lease Files

*Info sent to
Mr. Pronde*

SUMMARY OF OPERATIONS
MARCH, 1985 thru PRESENT

O'CONNELL RANCH UNIT
GUADALUPE COUNTY, NM

<u>DATE</u>	<u>WORK PERFORMED</u>
05/85	Repair and replace pumps on well nos. 11, 7, and 6.
10/85	Grade and repair lease roads. Well #9: Pulled rods and pump. Clean out fill and run and install new pump. Put well back on production. Well #6: Pulled rods and pump. Clean out fill and run and install new pump. Put well back on production. Well #11: Pulled rods and pump. Replace pump. Put well on production. Pull well again and fill with water. Run new pump and put well back on production. Well #7: Pull rods and pump. Replace pump and put well back on production. Well #10: Change out pump.
11/85	Purchase and install lease and well signs per OCD regulations.
02/86	Repair pipe connections on lease.
04/86	Pull rods and pump on well #11 and install new pump.
04/87	Grade and repair lease roads.
05/87	Pull well #11 and replace pump. Repair water pump on steam generator. Repair water lines from water well to storage tank. Repair pipeline from storage tanks to generator. Replace water pump motor.
09/87	Repair generator to heat oil for sales. Repair and replace electric lines and continuing to heat and roll oil for sales. Work on pump on well #7. Repair coils on generator and continue heating oil for sales.

T-4 ENHANCED RECOVERY UNIT
GUADALUPE COUNTY, NM

<u>DATE</u>	<u>WORK PERFORMED</u>
10/85	Grade and repair lease roads.
11/85	Purchase and install lease and well signs per OCD regulations.
04/86	Pull rods and pump on well #2. Install new pump and put well back on production.