

BCO, Inc.

OIL WELL OPERATOR
135 GRANT
SANTA FE, N. M. 87501

AREA CODE 505
983-1228

-CERTIFIED-
RETURN RECEIPT REQUESTED
P-757-735-334

15 September 1992

Mr. Thomas A. Dugan
President
Dugan Production Corp.
P.O. Box 420
Farmington, New Mexico 87499-0420

SAMPLE LETTER
TO OFFSET OPERATORS

Re: Notice of Non-Standard Location
Federal "B" No. 14
1152' FNL x 420' FEL Sec 27 T23N R7W
Lybrook Gallup Pool
Sandoval County, New Mexico

Dear Tom:

Please be advised that BCO, Inc. has made application to drill Federal "B" No. 14 in the non-standard location referenced above due to extensive topographical constraints. The location is unorthodox with respect to our own acreage and your correlative rights should not be adversely affected.

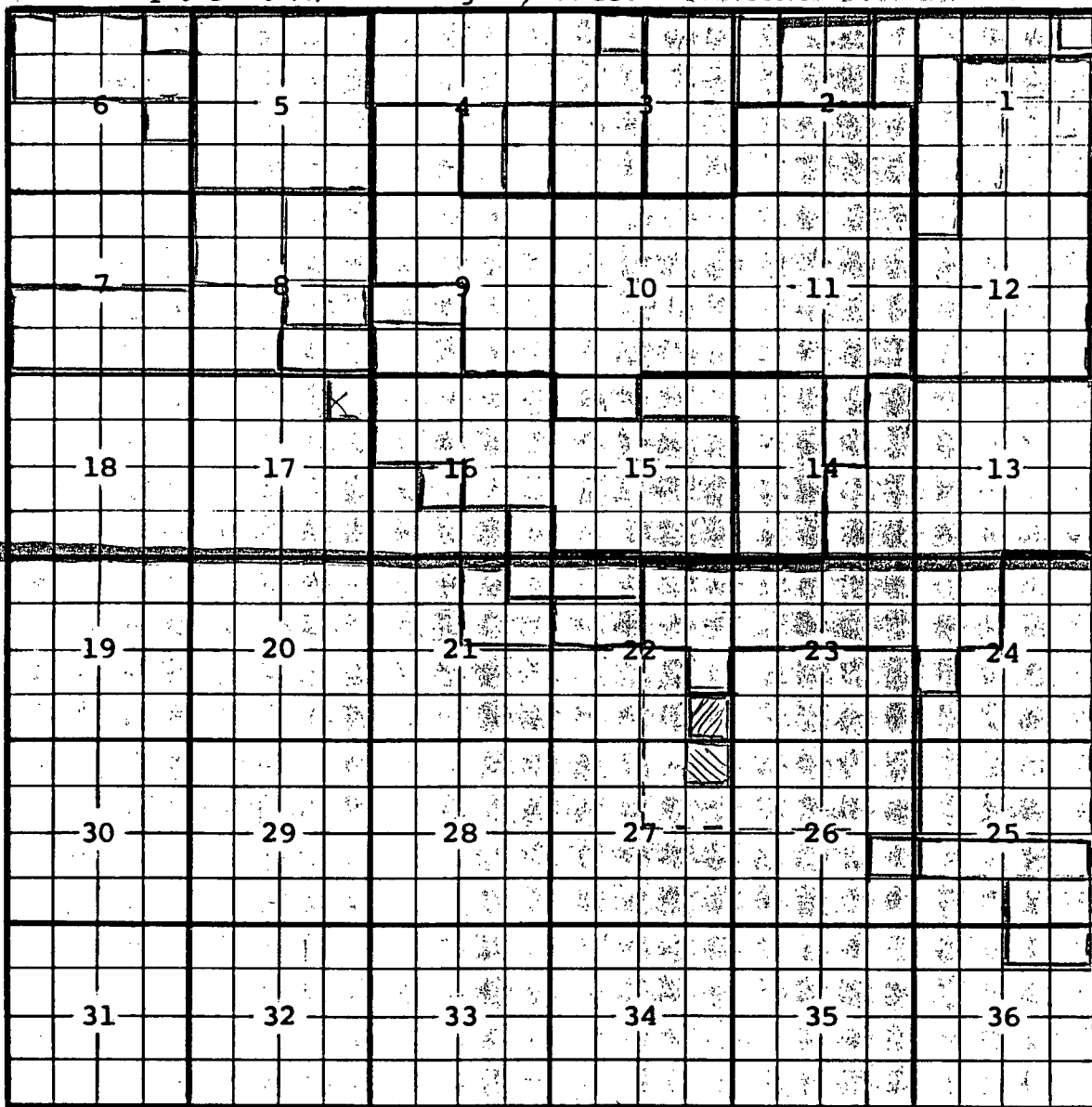
Please call me at (505) 983-1228 if you have any questions. Thank you for your consideration.

Respectfully,



Neel L. Duncan
Petroleum Engineer & Production Manager

County Rio Arriba & Sandoval Pool Lybrook - Gallup Oil
 Township 23 North Range 7 West NMPM



Rio Arriba
Sandoval

Description: $\frac{S}{2}$ Sec. 2; $\frac{SW}{4}$ Sec. 4; $\frac{N}{2}$ & $\frac{SE}{4}$ Sec. 9; All Sec. 10 & 11;
 $\frac{NW}{2}$ $\frac{NE}{4}$ Sec. 14; $\frac{NW}{4}$ Sec. 15 (R-7767, 6-21-67)
 Ext: $\frac{W}{2}$ $\frac{SE}{4}$ Sec. 4 (R-3281, 8-1-67) - $\frac{SW}{4}$ Sec. 3; $\frac{E}{2}$ $\frac{SE}{4}$ Sec. 4; All Secs. 5 & 13;
 $\frac{SE}{4}$ & $\frac{E}{2}$ $\frac{NE}{4}$ Sec. 14; $\frac{NE}{4}$ & $\frac{NE}{4}$ $\frac{SE}{4}$ Sec. 22; $\frac{N}{2}$ Sec. 23; $\frac{NW}{4}$ & $\frac{NW}{4}$ $\frac{SW}{4}$ Sec. 24 (R-4260, 3-1-72)
 Ext: $\frac{NW}{4}$ Sec. 8 (R-5779, 8-1-78) Ext: $\frac{NE}{4}$ $\frac{NE}{4}$ Sec. 6 (R-6421, 8-1-80)
 Ext: $\frac{W}{2}$ $\frac{SW}{4}$ & $\frac{SW}{4}$ $\frac{NW}{4}$ sec 1, $\frac{NW}{4}$, $\frac{W}{2}$ $\frac{NE}{4}$ & $\frac{SE}{4}$ $\frac{NE}{4}$ sec. 6,
 $\frac{NE}{4}$ & $\frac{N}{2}$ $\frac{SE}{4}$ sec. 8, $\frac{NW}{4}$ $\frac{NW}{4}$ sec 12, $\frac{W}{2}$ sec 14, $\frac{N}{2}$ $\frac{NE}{4}$ sec. 15,
 (R-6886, 1-22-82) Ext: $\frac{W}{2}$ $\frac{NW}{4}$ sec. 2, $\frac{NE}{4}$ $\frac{SE}{4}$ sec. 6, $\frac{N}{2}$ $\frac{SW}{4}$ sec. 9 (R-7046, 8-6-82)
 Ext: $\frac{E}{2}$ Sec. 3 (R-7185, 1-13-83) Ext: $\frac{S}{2}$ Sec. 7, $\frac{SW}{4}$ Sec. 8 (R-7277, 5-5-83)
 Ext: $\frac{NE}{4}$ $\frac{NW}{4}$ Sec. 3 (R-7495, 4-5-84) Ext: $\frac{N}{2}$ $\frac{S}{2}$ Sec. 25 (R-7764, 1-8-85)
 Ext: $\frac{NE}{4}$ $\frac{SE}{4}$ Sec. 26 (R-7957, 6-12-85) Ext: $\frac{NE}{4}$ $\frac{NE}{4}$ Sec. 1, $\frac{E}{2}$, $\frac{S}{2}$ $\frac{SW}{4}$, and
 $\frac{NE}{4}$ $\frac{SW}{4}$ Sec. 24, $\frac{N}{2}$ Sec. 25 (R-8273, 8-6-86) Ext: $\frac{S}{2}$ $\frac{NE}{4}$, $\frac{SE}{4}$ $\frac{NW}{4}$, $\frac{E}{2}$ $\frac{SW}{4}$, and
 $\frac{SE}{4}$ Sec. 1, $\frac{S}{2}$, $\frac{NE}{4}$, $\frac{E}{2}$ $\frac{NW}{4}$, and $\frac{SW}{4}$ $\frac{NW}{4}$ Sec. 12, $\frac{S}{2}$ $\frac{SE}{4}$ Sec. 25, $\frac{N}{2}$ $\frac{NE}{4}$ Sec. 36,
 (R-8417, 3-24-87) Ext: $\frac{NW}{4}$ $\frac{NE}{4}$ + $\frac{N}{2}$ $\frac{NW}{4}$ SEC 1, $\frac{E}{2}$ $\frac{NE}{4}$ SEC 2 (R-8585, 11-1-88)
 Ext: $\frac{W}{2}$ $\frac{NE}{4}$ + $\frac{E}{2}$ $\frac{NW}{4}$ SEC 2 (R-8640, 4-8-88) Ext: $\frac{S}{2}$ $\frac{SW}{4}$ sec 9 (R-8828, 12-22-88)
 (SEE PAGE #7)



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
RECEIVED

REY CARPENTERS
GOVERNOR

'92 SEP 23 PM 9 19

1100 THE HAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-0178

Date: 9-18-92

Attn: Mike Fogner

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

Re: Proposed HC _____
Proposed DHC _____
Proposed NSL X _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated 9-17-92
for the B.C.O. Inc. Federal B #19
Operator Lease & Well No.

A-27-23N-2W and my recommendations are as follows:
Unit, S-T-R

Approve

Yours truly,

Eugene Bush