



P.O. Box 2810
Farmington, New Mexico
87499

505
326-3325

OIL CONSERVATION DIVISION
RECEIVED

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June 29, 1995

Mr. William J. LeMay
Division Director
State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Subject: South Bisti 32G Well No. 1
2310' FNL, 2310' FEL
Sec. 32, T26N, R13W
San Juan County, New Mexico

Dear Mr. LeMay,

Giant Exploration & Production Company requests administrative approval from the New Mexico Oil Conservation Division for an unorthodox location for the subject well. This well is currently shut in due to uneconomic producing rates from the First South Bisti Sand of the Bisti Lower Gallup field. Giant Exploration & Production intends to recomplete this well in the Fruitland Coal formation. The proposed proration dedication for this well would be the 320 acres of the East Half (E/2). However, due to the location of the existing wellbore, this well would fall in an unorthodox location for a Fruitland Coal gas well.

The option of recompleting this well in the Fruitland Coal formation would be the most economical. Log analysis of the coal in this area indicates that decent potential exists for commercial gas rates from the Fruitland. Recompletion of the existing wellbore would be in the best interest of conservation.

Giant Exploration & Production Company is the lessee for all of Section 32. All offset leases are Federal and would carry the same royalty rate. Therefore, correlative rights would be protected. Notification was given to the Bureau of Land Management for informational purposes and no objection was received for the subject well and proposed action.

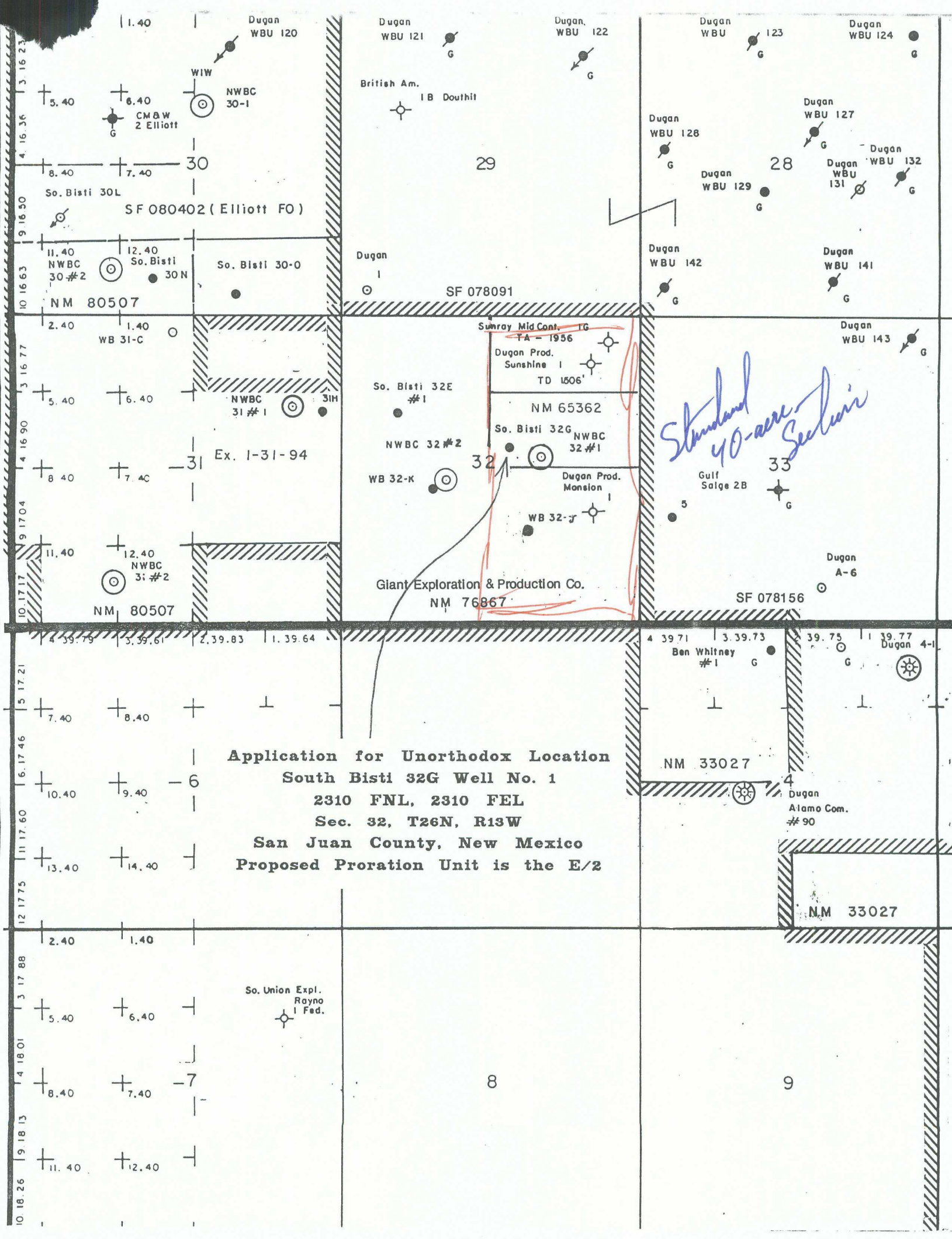
If you have any further questions or need any more information, please do not hesitate to call me at (505) 326-3325.

Sincerely,

Paul R. Williams
Area Engineer

Enclosure

cc: NMOCD, Aztec



Application for Unorthodox Location
South Bisti 32G Well No. 1
2310 FNL, 2310 FEL
Sec. 32, T26N, R13W
San Juan County, New Mexico
Proposed Proration Unit is the E/2

Standard
40-acre
Section

Mike Stogner

From: Ernie Busch
To: Mike Stogner
Subject: FW: GIANT SOUTH BISTI 32G #1 (NSL)
Date: Tuesday, July 25, 1995 11:07AM
Priority: High

From: Ernie Busch
To: Mike Stogner
Subject: GIANT SOUTH BISTI 32G #1 (NSL)
Date: Tuesday, July 25, 1995 10:49AM
Priority: High

SOUTH BISTI 32G #1
2310' FNL; 2310' FEL
G-32-26N-13W
RECOMMEND: APPROVAL

OIL CONSERVATION DIVISION
RECEIVED

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GIANT
EXPLORATION &
PRODUCTION COMPANY

P.O. Box 2810
Farmington, New Mexico
87499

505
326-3325

July 28, 1995

New Mexico Oil Conservation Division
State Land Office Building
P.O. Box 2088
Santa Fe, New Mexico 87504

NSL-3548

Subject: South Bisti 32G Well No. 1
2310' FNL, 2310' FEL
Sec. 32, T26N, R13W
San Juan County, New Mexico

Gentlemen:

Enclosed please find the Affidavit of Notice Served on the above referenced well. Also enclosed please find a copy of the letter and Receipt for Certified Mail to the offset lessee for the subject well.

If you have any questions regarding this information, please contact me at the letterhead address or call (505) 326-3325.

Sincerely,

Diane G. Jaramillo

Diane G. Jaramillo
Production Regulatory Manager

DGJ/

Enclosure

AFFIDAVIT OF NOTICE SERVED

RE: Application for : Unorthodox Location

Well Name: South Bisti 32G Well No. 1

The undersigned hereby certifies that he/she is a duly authorized agent for the applicant, and that on the 28 day of July, 1995, a true and correct copy of the application referenced above was delivered or mailed to the following parties:

Mr. John Alexander
Operation Manager
Dugan Production Corporation
P.O. Box 420
Farmington, New Mexico 87499

Signed this 28 day of July, 1995

Diane D. Darnillo

Applicant or Duly Authorized Agent

Subscribed and sworn to before me this 28 day of July, 1995

Virginia L. Clarence

Notary Public

My Commission Expires: April 29, 1997