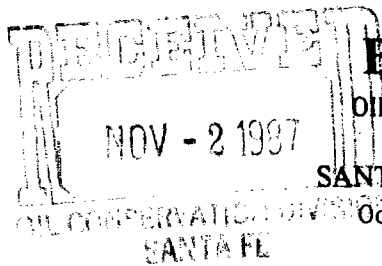


AREA CODE 505
983-1228



BCO, Inc.

OIL WELL OPERATOR
135 GRANT

SANTA FE, N. M. 87501

October 28, 1987

State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, N.M. 87504-1148

ATTENTION: Floyd O. Prando, Director
Oil and Gas Division

RE: Application for Off-Lease Storage
Lease V-2258 State J-1
Section 16 T23N R7W NMPM

Gentlemen:

We hereby request permission to store production from the State J-1 on SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 10 T23N R7W NMPM. We own the surface of this acreage. We request off-lease storage so that oil is stored at a greater distance from Highway 44 for increased safety and security.

The State J-1 will be produced through its own separator into its own oil production tank. The gas will pass through a separate meter before the gas enters the BCO gas gathering system near the Dunn 2E. Production from the State J-1 will not be mingled with production from any well on any lease before measurement.

I have submitted a similar application to the OCD in Aztec. Frank Chavez has forwarded the application to Santa Fe, with the recommendation that the application be approved.

Enclosed is our check for \$30.00.

Please contact me if I can provide additional information.

Very truly yours,

Elizabeth B. Keeshan
Vice President

EBK:jw
Enclosure