



RAY B. POWELL
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

8941

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

October 5, 1993

Ernest L. Padilla
P. O. Box 2523
Santa Fe, New Mexico 87504

Re: Voluntary Termination
Alamito Unit
Sandoval County, New Mexico

Dear Mr. Padilla:

This office is in receipt of a Release and Termination for the Alamito Unit Agreement which has been ratified by 100% of the working interest owners in said unit agreement.

In view of the above, please be advised that the Alamito Unit Agreement has been terminated effective July 1, 1991, pursuant to Article 17 of said agreement.

Please notify all interested parties of this action.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY B. POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

Floyd O. Prando
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744

RBP/FOP/pm

cc: Reader File

BCO, Inc. Attn: Ms. Elizabeth B. Keesham

OCD

TRD

Unit Name Alamito Unit
 Operator BCO Inc.
 County Sandoval

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	8941 OCC. ORDER NO. R-8270							
CPL: 08-08-86		August 8, 1986	640.00	640.00	-0-	-0-	STRICT	5 years & so long as
OCD: 08-06-86								

UNIT AREA
TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM
Section 32-5-ALL

TERMINATED
 EFFECTIVE DATE 7/1/91
 APPROVAL DATE 1/93

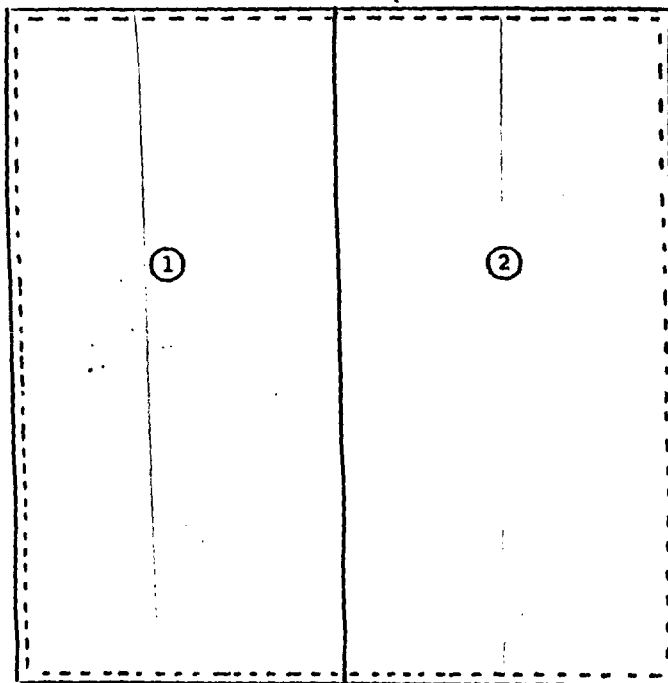
HCO, INC.
EXHIBIT 4 TO
1993 ALAMITO UNIT PLAN OF DEVELOPMENT





EXHIBIT A

Alamito Unit
Sandoval County, New Mexico

T 23 N, R 7 W

Section 32



 Federal Lands
 State Lands
 Fee Lands
 Tract No.
----- Unit Outline

TERMINATED
EFFECTIVE DATE 7/1/91
APPROVAL DATE 12/3/93

BOC, INC.
EXHIBIT 5 to 1993 .
Alamito Unit Plan of Development

EXHIBIT "B"
Schedule Showing All Lands and Leases
Within the ALAMITO UNIT
Sandoval County, New Mexico

TERMINATED
EFFECTIVE DATE 7/1/91
APPROVAL DATE 6/13/93

TRA NUMBER	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	BASIC ROYALTY AND PER- CENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
1	W/2, Section 32, Township 23 North, Range 7 West (50% of Unit)	320	V-1697 01/01/91	1/6	Harry L. Bigbee	-0-	Harry L. Bigbee 100%
2	E/2, Section 32, Township 23 North, Range 7 West (50% of Unit)	320	LG-3924 12/01/86	1/8	Harry L. Bigbee	Dugan Produc- tion Corp. .0200000	Harry L. Bigbee 100%

Jan-son Oil
.0200000 .



RAY B. POWELL
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

REGISTERED MAIL - RETURN RECEIPT REQUESTED

September 27, 1993

BCO, Inc.
135 Grant Street
Santa Fe, New Mexico 87501

Attn: Ms. Elizabeth Keeshan

Re: Automatic Elimination
Alamito Unit
Sandoval County, New Mexico

Dear Ms. Keeshan:

This office is in the process of reviewing all unit agreements for possible automatic elimination pursuant to the unit agreement terms. The Alamito Unit Agreement, which you are currently operating, has been identified as a candidate for contraction. Please be advised that, pursuant to Article 9 of the Alamito Unit Agreement, the automatic elimination of lands from this agreement as to all undeveloped regular well spacing or proration units occurred effective August 8, 1991.

A brief review of the Alamito Unit records reflects the following:

- A. The effective date of the unit agreement was August 8, 1986.
- B. Four unit wells have been drilled since the Unit's effective date.
 1. The Alamito Unit Well No. 1-0, Sec. 32-23N-7W, was completed on September 16, 1986, in the Chacra formation. By our letter of January 2, 1987, we concurred with your determination that the unit well No. 1 was a commercial well in the Chacra formation. Current NMOCD well reports reflect that this well is currently a shut-in Fruitland Coal gas well dedicated to a 320.00 acre proration unit consisting of the S/2 of Sec. 32-23N-7W.
 2. The Alamito Unit Well No. 2-N, Sec. 32-23N-7W, was completed on September 8, 1987, in the Gallup formation. Current NMOCD well reports reflect that this oil well is dedicated to a 40.00 acre proration unit consisting of the SE/4SW/4 of Sec. 32-23N-7W.

BCO, Inc.
Alamito Unit
September 27, 1993
Page 2

3. The Alamito Unit Well No. 3-E, Sec. 32-23N-7W, was completed on September 25, 1987, in the Gallup formation. Current NMOCD well reports reflect that this oil well is dedicated to a 40.00 acre proration unit consisting of the SW/4NW/4 of Sec. 32-23N-7W.
 4. The Alamito Unit Well No. 4-G, Sec. 32-23N-7W, was completed on October 6, 1987, in the Gallup formation. Current NMOCD well reports reflect that this oil well is dedicated to a 40.00 acre proration unit consisting of the SW/4NE/4 of Sec. 32-23N-7W.
- C. The automatic elimination effective date is August 8, 1991. The last paragraph of Article 9 in the Alamito Unit Agreement is commonly referred to as the "automatic elimination clause" and provides for the following:

Notwithstanding any of the provisions of this Agreement to the contrary, all undeveloped regular well spacing or proration unit tracts within the unit boundaries embracing lands of the State of New Mexico shall be automatically eliminated from this Agreement and shall no longer be a part of the unit or be further subject to the terms of this Agreement unless at the expiration of five years (5) after the first day of the month following the effective date of this Agreement diligent drilling operations are in progress on said tracts.

- D. In addition, the last paragraph of Section 13 has what is commonly referred to as a "strict segregation clause" and provides for the following:

Any lease embracing lands of the State of New Mexico of which only a portion is committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as two separate leases as to such segregated portions, commencing as of the

BCO, Inc.
Alamito Unit
September 27, 1993
Page 3

effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced within the unitized area and committed to this agreement, in accordance with the terms of this agreement. If oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease which part is committed to this agreement at the expiration of the secondary term of such lease, such production shall not be considered as production from lands embraced in such lease which are not within the unitized area, and which are not committed thereto, and drilling or reworking operations upon some part of the lands embraced within the unitized area and committed to this agreement shall be considered as drilling and reworking operations only as to lands embraced within the unit agreement and not as to lands embraced within the lease and not committed to this unit agreement; provided, however, as to any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto upon which oil and gas, or either of them, has been discovered is discovered upon that portion of such lands not committed to this agreement, and are being produced in paying quantities prior to the expiration of the primary term of such lease, such production in paying quantities shall serve to continue such lease in full force and effect in accordance with its terms as to all of the lands embraced in said lease.

- E. Because of the strict segregation clause in the Alamito Unit the following lands which are no longer committed to the Unit Agreement expired by their own terms effective August 8, 1991:

<u>Lease No.</u>	<u>Description</u>	<u>Acreage</u>
V-1697	N $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$	120.00 Acres
LG-3924-3	N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$	120.00 Acres

BCO, Inc.
Alamito Unit
September 27, 1993
Page 4

In view of the above, please be advised that because of the automatic elimination and the strict segregation clause only the SW/4NE/4, SW/4NW/4, S/2, Section 32, Township 23 North, Range 7 West containing 400.00 acres remains committed to the Alamito Unit.

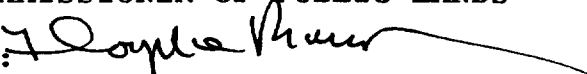
Pursuant to Article 1. Unit Area, of the Alamito Unit Agreement, please submit, within thirty (30) days, revised exhibits "A" and "B" describing the unit area following the contraction effective August 8, 1991.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY B. POWELL, M.S., D.V.M
COMMISSIONER OF PUBLIC LANDS

BY:


FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
RBP/FOP/pm
cc: Reader File

Unit Name Alamito Unit
Operator BCO Inc.
County Sandoval

ELIMINATED
EFFECTIVE DATE 8/8/91

DATE	OCC CASE NO.	8941	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-8270							
CPL: 08-08-86			August 8, 1986	640.00	640.00	-0-	-0-	STRICT	5 years & so long as
OCD: 08-06-86				400.00	400.00				

UNIT AREA
TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM
N1/4, S2/4 NE1/4, S2/4 NW1/4
ELIMINATED
EFFECTIVE DATE 8/8/91

Section 32: All
ELIMINATED
EFFECTIVE DATE 8/8/91

LANDS REMAINING

S2/4 NE1/4, S2/4 NW1/4, S1/2

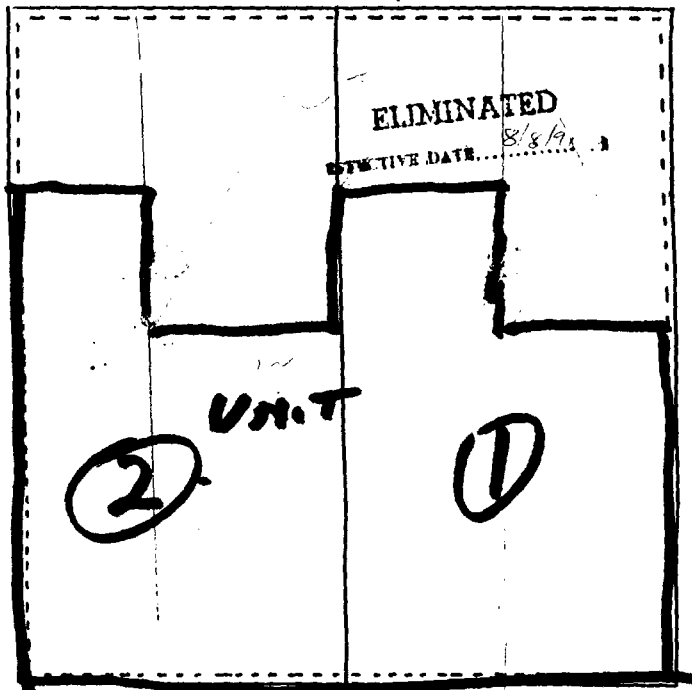
BCO, INC.
EXHIBIT 4 TO
1993 ALAMITO UNIT PLAN OF DEVELOPMENT






EXHIBIT A

Alamito Unit
Sandoval County, New Mexico

T 23 N, R 7 W

Section 32



-  Federal Lands
-  State Lands
-  Fee Lands
-  Tract No.
-  Unit Outline

Unit Name
Operator
County

Alamito Unit
BCO Inc.
Sandoval

ELIMINATED
EFFECTIVE DATE 8/8/91

STATE TRACT NO.	LEASE NO.	INSTITUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	RATIFIED ACRES	ACREAGE NOT RATIFIED	LESSEE
1	V-1697	C.S.	32	23N	7W	14 Sec 14 NW 1/4, Sec 14	06-25-86	220.00		Harry L. Bigbee
2	LG-3924	C.S.	32	23N	7W	14 Sec 14, Sec 14 NE 1/4	06-25-86	220.00		Harry L. Bigbee

2-18 73

BCO, Inc.

OIL WELL OPERATOR
135 GRANT

SANTA FE, N. M. 87501

AREA CODE 505
983-1228

RECEIVED DIVISION

NOV 9 12

January 26, 1993

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87503

Oil Conservation Division
Energy & Minerals Dept.
P.O. Box 2088
Santa Fe, NM 87504

RE: 1993 Plan of Development
Alamito Unit
Sandoval County, New Mexico

*D - Unit letter
true RY*

Gentlemen:

Pursuant to Paragraph 9 of the Alamito Unit Agreement, after approval by all working interest owners, BCO, Inc., as operator, hereby submits the plan of development for the Unit during 1993.

No development is planned in 1993.

As requested the following documents are attached.

Exhibit 1 to 1993 Alamito Unit Plan of Development:
List of wells in Unit and current status.

Exhibit 2 to 1993 Alamito Unit Plan of Development:
Monthly Oil production of each well in unit for
1991 and 1992.

Exhibit 3 to 1993 Alamito Unit Plan of Development:
Monthly Gas production of each well in unit for
1991 and 1992.

Exhibit 4 to 1993 Alamito Unit Plan of Development:
Current copy of Exhibit A to the Unit Agreement.

Exhibit 5 to 1993 Alamito Unit Plan of Development:
Current copy of Exhibit B to the Unit Agreement.

Exhibit 6 to 1993 Alamito Unit Plan of Development:
Current map of existing participating areas.

Should the foregoing be acceptable to you, please signify your approval on the approval form attached hereto.

Very truly yours,

Elizabeth B. Keeshan
Elizabeth B. Keeshan
President

EBK:dyl
Attachments

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

AREA CODE 505
983-1228

A P P R O V A L F O R M

1993 Plan of Development, Alamito Unit, Sandoval County, New Mexico
dated January 26, 1993.

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87503

By: _____

Date: _____

Oil Conservation Division
Energy and Minerals Department
P.O. Box 2088
Santa Fe, NM 87504

By: _____

Date: _____

BCO, INC.

EXHIBIT 1 To 1993 Alamito Unit Plan of Development

Status of Wells

Well No.	Section & 1/4 to 1/4	TWP	RNG	Well Status	Formation	Pool
1	SWSE 32	23N	7W	Shut In	Fruitland Coal	Basin Fruitland Coal
2	SESW 32	23N	7W	POW	Gallup	Alamito Gallup
3	SWNW 32	23N	7W	POW	Gallup	Alamito Gallup
4	SWNE 32	23N	7W	POW	Gallup	Alamito Gallup

1993 ALAMITO PLAN OF DEVELOPMENT:

MONTHLY OIL PRODUCTION OF EACH WELL IN UNIT FOR 1991 & 1992.

Well	1/91	2/91	3/91	4/91	5/91	6/91	7/91	8/91	9/91	10/91	11/91	12/91	1/92	2/92	3/92	4/92	5/92	6/92	7/92	8/92	9/92	10/92	11/92	12/92
1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	125	112	123	124	116	116	110	106	111	111	106	107	115	103	109	98	89	98	71	76	71	79	75	73
3	110	99	108	110	102	102	96	93	98	98	93	94	141	91	96	87	78	86	100	106	100	110	105	102
4	118	106	115	117	110	102	103	99	105	104	99	97	51	97	103	92	83	91	94	99	95	104	101	97

BCO, INC.
EXHIBIT 3 TO

1993 ALAMITO UNIT PLAN OF DEVELOPMENT
MONTHLY GAS PRODUCTION OF EACH WELL IN UNIT FOR 1991 & 1992

[illegible]

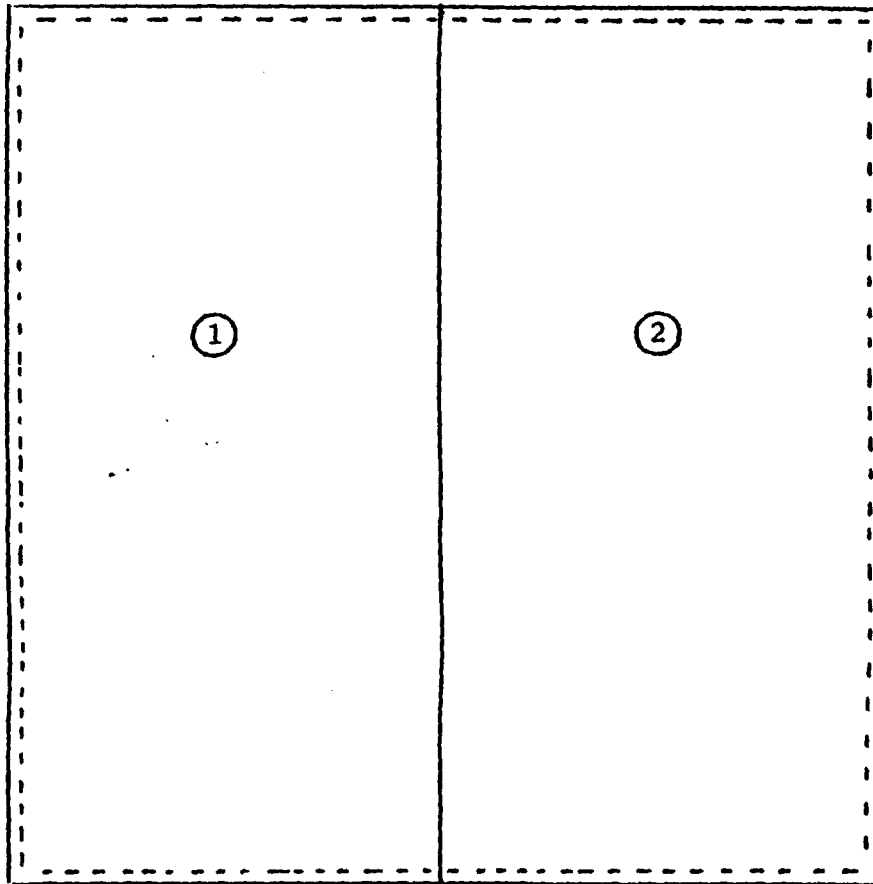
BCO, INC.
EXHIBIT 4 TO
1993 ALAMITO UNIT PLAN OF DEVELOPMENT

EXHIBIT A

Alamito Unit
Sandoval County, New Mexico

T 23 N, R 7 W

Section 32



Federal Lands

State Lands

Fee Lands



Tract No.



Unit Outline

BCO, INC.
EXHIBIT 5 to 1993 .
Alamito Unit Plan of Development

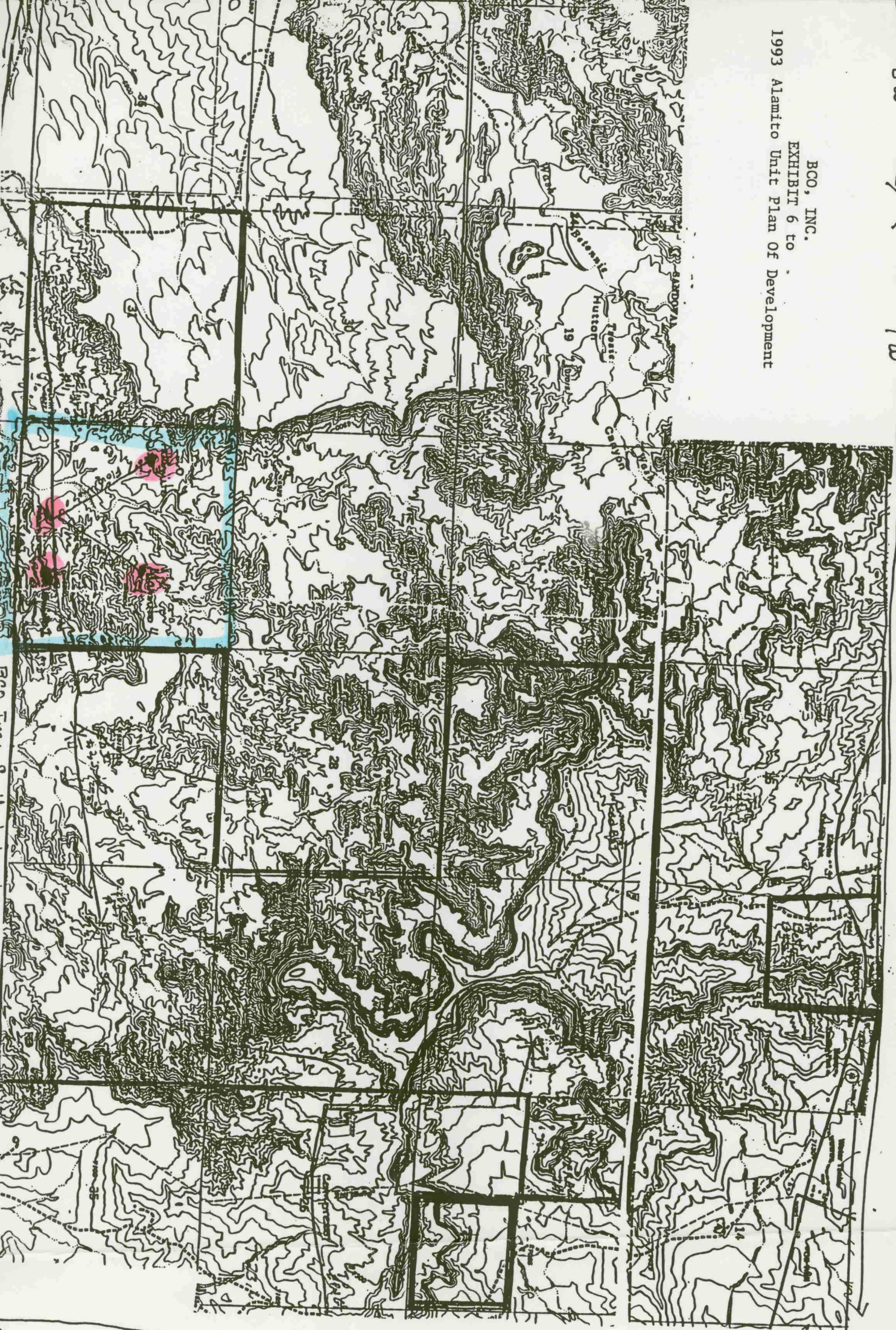
EXHIBIT "B"
Schedule Showing All Lands and Leases
Within the ALAMITO UNIT
Sandoval County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	BASIC ROYALTY AND PER- CENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST PERCENT
1	W/2, Section 32, Township 23 North, Range 7 West (50% of Unit)	320	V-1697 01/01/91	1/6	Harry L. Bigbee	-0-	Harry L. Bigbee
2	E/2, Section 32, Township 23 North, Range 7 West (50% of Unit)	320	LG-3924 12/01/86	1/8	Harry L. Bigbee	Dugan Produc- tion Corp. .0200000	Harry L. Bigbee

Jen-son 041
.0200000 .

8W —→ ← 7W

BCO, INC.
EXHIBIT 6 to
1993 Alamito Unit Plan Of Development



outline of
unit area
location
of unit
wells

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE

ALAMITO

UNIT AREA

SANDOVAL

COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the 25th day of June, 1986 by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto";

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty, or other oil or gas interests in the unit area subject to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec 3, Chap. 88, Laws 1943) as amended by Dec. 1 of Chapter 162, Laws of 1951, (Chap. 19, Art. 10, Sec. 45, N. M. Statutes 1978 Annot.), to consent to and approve the development or operation of State Lands under agreements made by lessees of State Land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 162), (Laws of 1951, Chap. 19, Art. 10, Sec. 47, N.M. Statutes 1978 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State Lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field, or area; and

WHEREAS, the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico (hereinafter referred to as the "Division"), is authorized by an Act of the Legislature (Chap. 72, Laws 1935, as amended, being Section 70-2-1 et seq. New Mexico Statutes Annotated, 1978 Compilation) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Alamito Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below defined unit area, and agree severally among themselves as follows:

1. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area:

Township 23 North, Range 7 West N.M.P.M.

Sections: 32: all

Containing 640 acres, more or less,

Sandoval County, New Mexico

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner" or the Oil Conservation Division, hereinafter referred to as the "Division".

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement".

2. UNITIZED SUBSTANCES: All oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR: BCO, Inc., whose address is 135 Grant Avenue, Santa Fe, NM, 87501 Is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit "B", and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an

owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new unit operator. Such removal shall be effective upon notice thereof to the Commissioner and the Division.

The resignation or removal of the unit operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of unit operator becoming effective, such unit operator shall deliver possession of all equipment, materials, and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of wells.

5. SUCCESSOR UNIT OPERATOR: Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five percent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (75%) of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election, with notice to the Division, may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS: The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned, among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section whether one or more, are herein referred to as the "Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the unitized substances are hereby delegated to and shall be exercised by the unit operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said unit operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of unit operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the unit operator, in its capacity as unit operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

8. DRILLING TO DISCOVERY: The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to ~~XXXXXX XXXXXX~~ test the Chacra formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 2,600 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances

in paying quantities is completed to the satisfaction of the Commissioner or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES:

Should unitized substances in paying quantities be discovered upon the unit area, the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter, file a report with the Commissioner and Division of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units, but in such event, the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by (Sec. 19-10-20 N.M. Statutes 1978 Annotated,) of intention to cancel on account of any alleged breach of said covenant for reasonable development and any

decision entered thereunder shall be subject to appeal in the manner prescribed by (Sec. 19-10-23 N.M. Statutes 1978 Annotated), and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

9.5 Notwithstanding any of the provisions of this Agreement to the contrary, all undeveloped regular well spacing or proration unit tracts within the unit boundaries embracing lands of the State of New Mexico shall be automatically eliminated from this Agreement and shall no longer be a part of the unit or be further subject to the terms of this Agreement unless at the expiration of five years (5) after the first day of the month following the effective date of this Agreement diligent drilling operations are in progress on said tracts.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to

the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tracts of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES:

All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due to the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Division as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INsofar AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA:

The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same

conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the terms of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offset to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico of which only a portion is committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as two separate leases as to such segregated portions, commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced within the unitized area and committed to this agreement, in accordance with the terms of this agreement. If oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease which part is committed to this agreement at the expiration of the secondary term of such lease, such production shall not be considered as production from lands embraced in such lease which are not within the unitized area, and which are not committed thereto, and drilling or reworking operations upon some part of the lands embraced within the unitized area and committed to this agreement shall be considered as drilling and reworking operations only as to lands embraced within the unit agreement and not as to lands embraced within the lease and not committed to this unit agreement; provided, however, as to any lease embracing lands of the State of New Mexico having only a portion of its lands

committed hereto upon which oil and gas, or either of them, has been discovered is discovered upon that portion of such lands not committed to this agreement, and are being produced in paying quantities prior to the expiration of the primary term of such lease, such production in paying quantities shall serve to continue such lease in full force and effect in accordance with its terms as to all of the lands embraced in said lease.

14. CONSERVATION: Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

15. DRAINAGE: In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder to the grantee, transferee or other successor in interest. No assignment or transfer or any working, royalty, or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and the Division and shall terminate in five (5) years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced in paying quantities from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered are being produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working interests, signatory hereto, with the approval of the Commissioner and with notice to Division. Likewise, the failure to comply with the

drilling requirements of Section 8 hereof, may subject this agreement to termination as provided in said section.

18. RATE OF PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by the Commission, and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES: Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby, before the Commissioner of Public Lands and the Division, and to appeal from orders issued under the regulations of the Commissioner or Division, or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Division; provided, however, that any other interest party shall also have the right at his own expense to appear and to participate in any such proceeding.

20. NOTICES: All notices, demands, or statements required hereunder to be given or rendered to the parties hereto, shall be deemed fully given, if given in writing and sent by postpaid registered mail, addressed to such party or parties at their respective addresses, set forth in connection with the signatures hereto or to the ratification or consent hereof, or to such other address as any such party may have furnished in writing to party sending the notice, demand, or statement.

21. UNAVOIDABLE DELAY: All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement, shall be suspended while, but only so long as, the unit operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, war, act of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary material in open market, or other matters beyond the reasonable control of the unit operator, whether similar to matters herein enumerated or not.

22. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail, and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement, or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working, or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized

substances involved on account thereof, without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit Operator, as such, is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER: Any oil or gas interest in lands within the unit area not committed hereto, prior to the submission of the agreement for final approval by the Commissioner and the Division, may be committed hereto by the owner or owners of such rights, subscribing or consenting to this agreement, or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development, and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Division of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties, before participating in any benefits hereunder, shall be required to assume and pay to unit operator, their proportionate share of the unit expenses incurred prior to such party's or parties joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment or revenue.

24. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

Unit Operator

BCO, Inc.

Attest:

Elizabeth B. Keeshan

By Harry L. Byler
Title Chairman

Working Interest Owner

Attest:

Elizabeth B. Keeshan

Harry L. Bigbee
HARRY L. BIGBEE

Lessors

COMMISSIONER OF PUBLIC LANDS

By _____

(s e a l)

Title _____

ACKNOWLEDGMENTS

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 25th day of June, 1986 by Harry L. Bigbee, Chairman of BCO, Inc., a New Mexico corporation, on behalf of said corporation.

Carol A. Lujan
Notary Public

My commission expires:

May 19, 1990

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 25th day of June, 1986 by Harry L. Bigbee.

Carol A. Lujan
Notary Public

My commission expires:

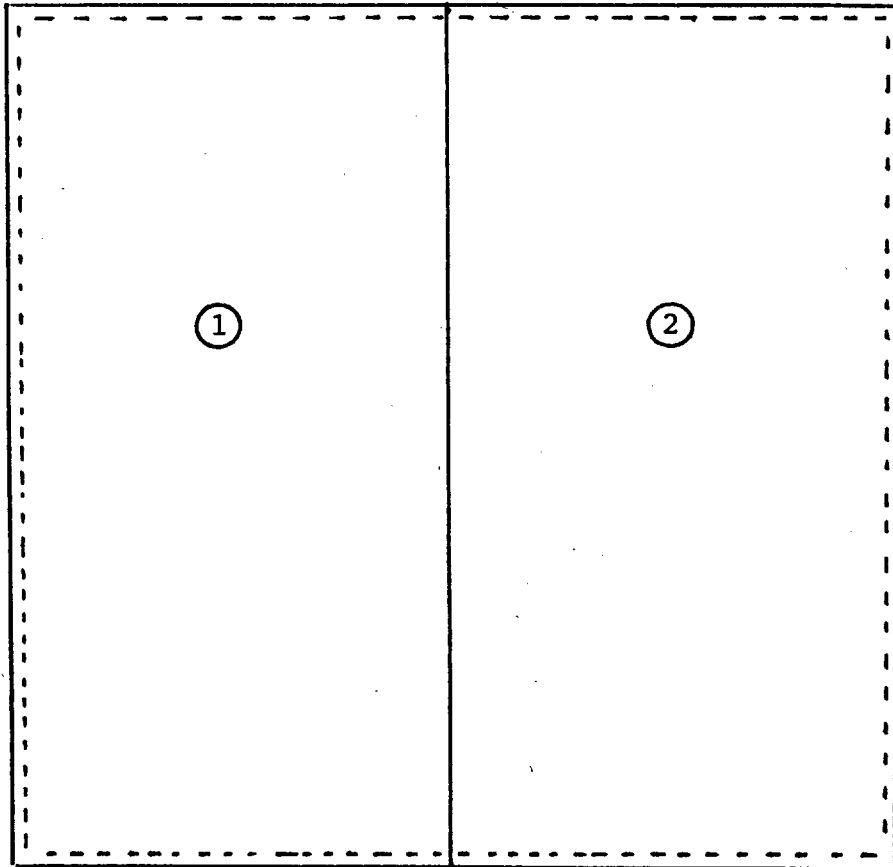
May 19, 1990

EXHIBIT A

Alamito Unit
Sandoval County, New Mexico

T 23 N, R 7 W

Section 32



Federal Lands

State Lands

Fee Lands



Tract No.



Unit Outline

EXHIBIT "B"

Schedule Showing All Lands and Leases
Within the ALAMITO UNIT
Sandoval County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	BASIC ROYALTY AND PER- CENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
1	W/2, Section 32, Township 23 North, Range 7 West (50% of Unit)	320	V-1697 01/01/91	1/6	Harry L. Bigbee	-0-	Harry L. Bigbee 100%
2	E/2, Section 32, Township 23 North, Range 7 West (50% of Unit)	320	LG-3924 12/01/86	1/8	Harry L. Bigbee	Dugan Produc- tion Corp. .0200000 VADIS Investments, Inc. .0120000 Dabros Properties, Inc. .0080000	Harry L. Bigbee 100%

Case No. 8941

PADILLA & SNYDER

ATTORNEYS AT LAW
200 W. MARCY, SUITE 212
P.O. BOX 2523
SANTA FE, NEW MEXICO 87504-2523
(505) 988-7577

RECEIVED

JUN 1 1986

OIL CONSERVATION DIVISION

June 17, 1986

Case 8941

HAND DELIVERED

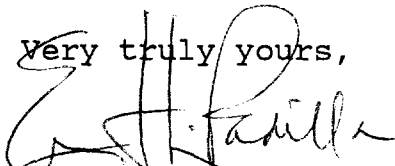
Mr. Richard L. Stamets
Division Director
Oil Conservation Division
Santa Fe, New Mexico

Dear Mr. Stamets:

Enclosed please find the Application of BCO, Inc. for approval of the Alamito Agreement, Sandoval County, New Mexico.

Thank you for your assistance.

Very truly yours,


Ernest L. Padilla

ELP:jmo
Enclosures in Triplicate

Copy: Mr. Harry L. Bigbee (w/ enclosure)



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

August 6, 1986

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Ernest L. Padilla
Padilla & Snyder
Attorneys at Law
P. O. Box 2523
Santa Fe, New Mexico 87504

Re: CASE NO. 8941
ORDER NO. R-8270

Applicant:

ECO, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

B. L. Lamb

R. L. STAMETS
Director

RLS / fd

Copy of order also sent to:

Hobbs OCD _____ **x**
 Artesia OCD _____ **x**
 Aztec OCD _____

Other _____

Unit Name

Alamito Unit

Operator

BCO Inc.

County

Sandoval

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	8941 OCC ORDER NO. R-8270							
CPL: 08-08-86		August 8, 1986	640.00	640.00	-0-	-0-	STRICT	5 years & so long as
OCD: 08-06-86								

UNIT AREA

TOWNSHIP 23 NORTH, RANGE 7 WEST, NPM

Section 32: ALL

Unit Name
Operator
County

Alamito Unit
BCO Inc.
Sandoval

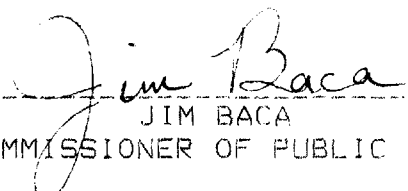
STATE TRACT NO.	LEASE NO.	INSTI- TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED		ACRES	ACREAGE		LESSEE
							DATE	ACRES		NOT RATIFIED		
1	V-1697	C.S.	32	23N	7W	W2	06-25-86	320.00			Harry L. Bigbee	
2	LG-3924	C.S.	32	23N	7W	D4	06-25-86	320.00			Harry L. Bigbee	

C E R T I F I C A T I O N

I CERTIFY THAT THE ATTACHED INSTRUMENTS ENTITLED JOINDER AND RATIFICATION FOR THE FOLLOWING THREE ENTITIES, ARE TRUE AND EXACT PHOTO-COPIES OF THE ORIGINAL INSTRUMENT, IN MY CUSTODY AND ON FILE IN THE STATE LAND OFFICE.

DABROS PROPERTIES, INC.
VADIS INVESTMENTS, INC.
DUGAN PRODUCTION CORPORATION

NOVEMBER 6, 1886


JIM BACA
COMMISSIONER OF PUBLIC LANDS

JOINDER AND RATIFICATION

IN CONSIDERATION of the execution of the Unit Agreement for the development and operation of the Alamito Unit Area by BCO, Inc. and Harry L. Bigbee dated June 25, 1986 in form approved by the Commissioner of Public Lands of the State of New Mexico, the undersigned owner of lands or interests in lands or royalties or other interests in production covered by said Unit Agreement hereby severally, to the extent of his particular ownership or interest, consents to the inclusion of said lands within the Unit Area therein defined, approves and adopts the terms of said Unit Agreement as applicable to said several lands and interests, agrees that the drilling and development requirements of all leases and other contracts in which its several rights and interests are created or defined shall be deemed fully performed by the continued operation of the well or wells now drilled or drilling within the unit area and by the performance of the provisions of said Unit Agreement, and agrees that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

DABROS PROPERTIES, INC.

By G.K. Nelson
G.K. Nelson
Its Vice President of JN Oil and Gas,
Inc., Attorney-in-Fact for Dabros
Properties, Inc.

Witness

Address

Witness

Address

Date

STATE OF MONTANA)
) ss.
COUNTY OF YELLOWSTONE)

SUBSCRIBED, SWORN TO, AND ACKNOWLEDGED before me this
17th day of October, 1986 by G.K. Nelson, V.P. of JN Oil,
and Gas, Inc., Attorney-in-Fact of for Dabros Properties, Inc.,
a Florida corporation, on behalf of said corporation.

Kristin M. Rydman
Notary Public

My commission expires:

4/9/88

JOINDER AND RATIFICATION

IN CONSIDERATION of the execution of the Unit Agreement for the development and operation of the Alamito Unit Area by BCO, Inc. and Harry L. Bigbee dated June 25, 1986 in form approved by the Commissioner of Public Lands of the State of New Mexico, the undersigned owner of lands or interests in lands or royalties or other interests in production covered by said Unit Agreement hereby severally, to the extent of his particular ownership or interest, consents to the inclusion of said lands within the Unit Area therein defined, approves and adopts the terms of said Unit Agreement as applicable to said several lands and interests, agrees that the drilling and development requirements of all leases and other contracts in which its several rights and interests are created or defined shall be deemed fully performed by the continued operation of the well or wells now drilled or drilling within the unit area and by the performance of the provisions of said Unit Agreement, and agrees that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

VADIS INVESTMENTS, INC.

By G.K. Nelson
G.K. Nelson
Its Attorney-in-Fact

Witness

Address

Witness

Address

Date

STATE OF MONTANA)
COUNTY OF YELLOWSTONE) ss.

SUBSCRIBED, SWORN TO, AND ACKNOWLEDGED before me this
10th day of October, 1986 by G.K. Nelson,
Attorney-in-Fact of Vadis Investments, Inc.,
a Florida corporation, on behalf of said corporation.

Kristin M. Nydam
Notary Public

My commission expires:

4-9/88

JOINDER AND RATIFICATION

IN CONSIDERATION of the execution of the Unit Agreement for the development and operation of the Alamito Unit Area by BCO, Inc. and Harry L. Bigbee dated June 25, 1986 in form approved by the Commissioner of Public Lands of the State of New Mexico, the undersigned owner of lands or interests in lands or royalties or other interests in production covered by said Unit Agreement hereby severally, to the extent of his particular ownership or interest, consents to the inclusion of said lands within the Unit Area therein defined, approves and adopts the terms of said Unit Agreement as applicable to said several lands and interests, agrees that the drilling and development requirements of all leases and other contracts in which its several rights and interests are created or defined shall be deemed fully performed by the continued operation of the well or wells now drilled or drilling within the unit area and by the performance of the provisions of said Unit Agreement, and agrees that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

DUGAN PRODUCTION CORPORATION

BY Thomas A. Duga
Its President

Dorothy J. Winer
Witness Dorothy J. Winer,
Assistant Secretary

Address _____

Witness _____

Address _____

Date _____

STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

SUBSCRIBED, SWORN TO, AND ACKNOWLEDGED before me this
18th day of August, 1986 by Thomas A. Dugan,
President of DUGAN PRODUCTION CORP.,
a New Mexico corporation, on behalf of said corporation.

Judy F. Roderick
Notary Public

My commission expires:

11/13/89

PADILLA & SNYDER
ATTORNEYS AT LAW
200 W. MARCY, SUITE 212
P.O. BOX 2523
SANTA FE, NEW MEXICO 87504-2523
(505) 988-7577

November 12, 1986

RECEIVED

NOV 12 1986

OIL CONSERVATION DIVISION

Hand-Delivered

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

Re: Alamito Unit
OCD Case 8941

Dear Mr. Stamets:

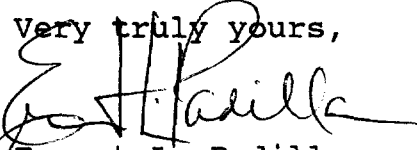
Enclosed for filing are certified copies of Joinder and Ratification of Dabros Properties, Inc., Vadis Investments, Inc. and Dugan Production Corporation.

These ratifications and joinders represent the commitment of all of the overriding royalty interest owners in the Alamito Unit, and hence 100% commitment of all interest owners.

We request that the enclosed documents be filed in the above referenced file.

Thank you for your assistance.

Very truly yours,



Ernest L. Padilla

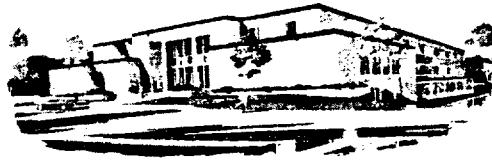
ELP:kkrr

Enclosure

c: BCO, Inc.
Commissioner of Public Lands

State of New Mexico

#8941



JIM BACA
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

July 7, 1986

Padilla & Snyder
ATTN: Mr. Ernest L. Padilla
P. O. Box 2523
Santa Fe, New Mexico 87504-2523

Re: Proposed Alamito Unit
Sandoval County, New Mexico

Gentlemen:

This office has reviewed the unexecuted copy of unit agreement for the proposed Alamito Unit, Sandoval County, New Mexico, which you have submitted on behalf of BCO Inc. This agreement meets the general requirements of the Commissioner of Public Lands and has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases, until final approval and an effective date have been given. Also, any well commenced prior to the effective date of this agreement which penetrates its objective horizon prior to said effective date shall not be construed as the initial test well.

When submitting your agreement for final approval please submit the following:

1. Application for formal approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. All ratifications from the lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
3. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

Padilla & Snyder
July 7, 1986
Page 2

5. Your filing fee in the amount of thirty dollars has been received.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: 

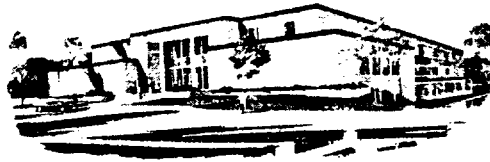
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

JB/FCP/pm
cc: OCD-Santa Fe, New Mexico

State of New Mexico



JIM BACA
COMMISSIONER



Commissioner of Public Lands
August 8, 1986

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Padilla & Snyder
Attn: Mr. Ernest L. Padilla
P. O. Box 2523
Santa Fe, New Mexico 87504-2523

Re: Alamito State Unit
Lea County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date granted you final approval to the Alamito State Unit Agreement, Sandoval County, New Mexico, which you have submitted on behalf of BCO, Inc. as unit operator. The effective date of your agreement is August 8, 1986. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit a copy of your operating agreement together with a copy of all well records pertaining to the drilling of the Alamito State Unit Well No. 1.

Enclosed are Five (5) Certificates of Approval.

Your filing fee in the amount of \$30.00 has been received.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

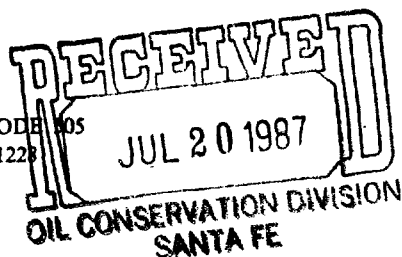
JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

JB/FOP/pm
encls.

cc: OCD-Santa Fe, New Mexico

AREA CODE 805
983-1228



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

July 17, 1987

8941

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, N.M. 87503

Oil Conservation Division
Energy & Minerals Department ✓
P. O. Box 2088
Santa Fe, N.M. 87501

RE: 1987 Plan of Development
Alamito Unit
Sandoval County, New Mexico

Gentlemen:

Pursuant to Paragraph 9 of the Alamito Unit Agreement, after approval by all working interest owners, BCO, Inc., as operator, hereby amends the plan of development for the unit during 1987 which was originally submitted December 17, 1986.

1. BCO, Inc., plans to drill the Alamito Unit #2, Alamito Unit #3, and Alamito Unit #4 in August 1987. The wells will be drilled to the Gallup. If time and conditions permit, they will be completed in 1987. Otherwise, they will be completed in Spring, 1988. Plats of each well location are attached. Applications for Permit to Drill have been filed with the OCD Aztec.
2. When the Gallup wells are completed and placed in production, the Alamito Unit #1 will be connected to the separator and gas line and placed in production.

Should the foregoing be acceptable to you, please signify your approval on the approval form attached hereto.

Very truly yours,

Elizabeth B. Keeshan

Elizabeth B. Keeshan
Vice President

EBK:jw
Attachments

AREA CODE 505
983-1228

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

A P P R O V A L F O R M

1987 Plan of Development, Alamito Unit, Sandoval County, New Mexico,
as amended July 17, 1987:

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, N.M. 87503

By: _____ Date: _____

Oil Conservation Division
Energy and Minerals Department
P. O. Box 2088
Santa Fe, N.M. 87501

By:  _____ Date: 7-27-87

All distances must be from the outer boundaries of the Section.

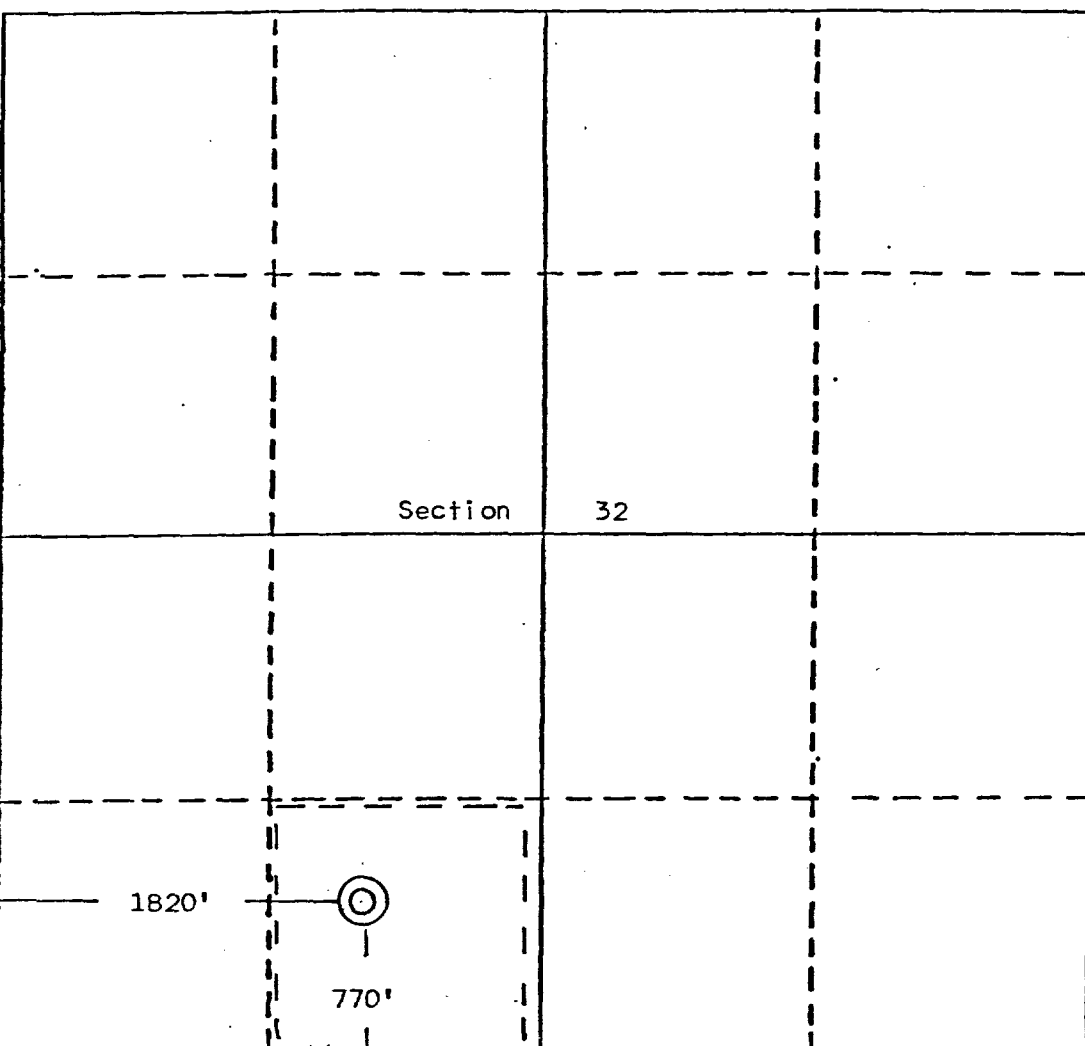
Lessor BCO, Inc.		Lease Alamito Unit			Well No. 2
Well Letter N	Section 32	Township 23 North	Range 7 West	County Sandoval	
Actual Footage Location of Well: 770 feet from the South line and 1820 feet from the West line					
Ground Level Elev. 6820	Producing Formation Gallup	Pool Alamito Gallup		Dedicated Acreage: 40	Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests 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 interests, has been approved by the Division.



CERTIFICATION

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

Elizabeth B. Keeshan
Name

Elizabeth B. Keeshan

Position

Vice President

Company

BCO, Inc.

Date

July 16, 1987

Edgar L. Risenhoover
I hereby certify that the well location shown on this plat is true and correct to the best of my knowledge and belief, and that the same is based on 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.

Date Surveyed

July 9, 1987

Registered Professional Engineer
and/or Land Surveyor

Edgar L. Risenhoover

Certificate No. 5979

Edgar L. Risenhoover, L.S.

All distances must be from the outer boundaries of the Section.

Operator BCO, Inc.		Lease Alamito Unit		Well No. 3
Grid Letter E	Section 32	Township 23 North	Range 7 West	County Sandoval

Actual Footage Location of Well:
1980 feet from the North line and 760 feet from the West line

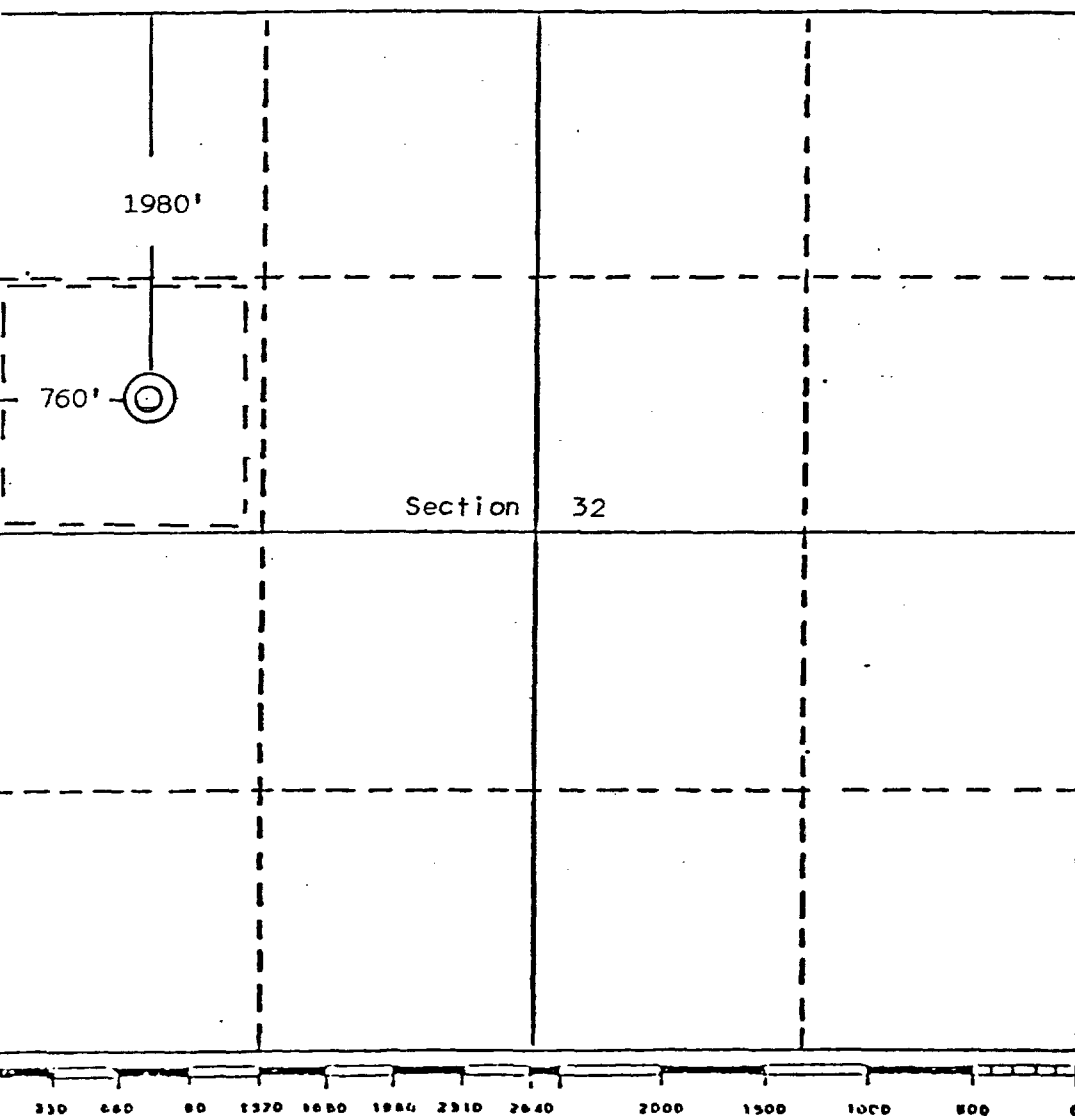
Ground Level Elev. 6850	Producing Formation Gallup	Pool Alamito Gallup	Dedicated Acreage: 40 Acres
----------------------------	-------------------------------	------------------------	--------------------------------

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests 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 interests, has been approved by the Division.



CERTIFICATION

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

Elizabeth B. Keeshan

Name
Elizabeth B. Keeshan

Position
Vice President

Company
BCO, Inc.

Date
July 16, 1987

I have surveyed the location shown on the plat and from field notes or other records made by me or under my supervision, and that the same is correct to the best of my knowledge and belief.

Date Surveyed
July 9, 1987

Registered Professional Engineer
and/or Land Surveyor

Edgar L. Risenhoover

Certificate No. 5979
Edgar L. Risenhoover, L.S.

All distances must be from the outer boundaries of the Section.

Operator BCO, Inc.		Lease Alamito Unit			Well No. 4
Well Letter G	Section 32	Township 23 North	Range 7 West	County Sandoval	

Actual Footage Location of Well:

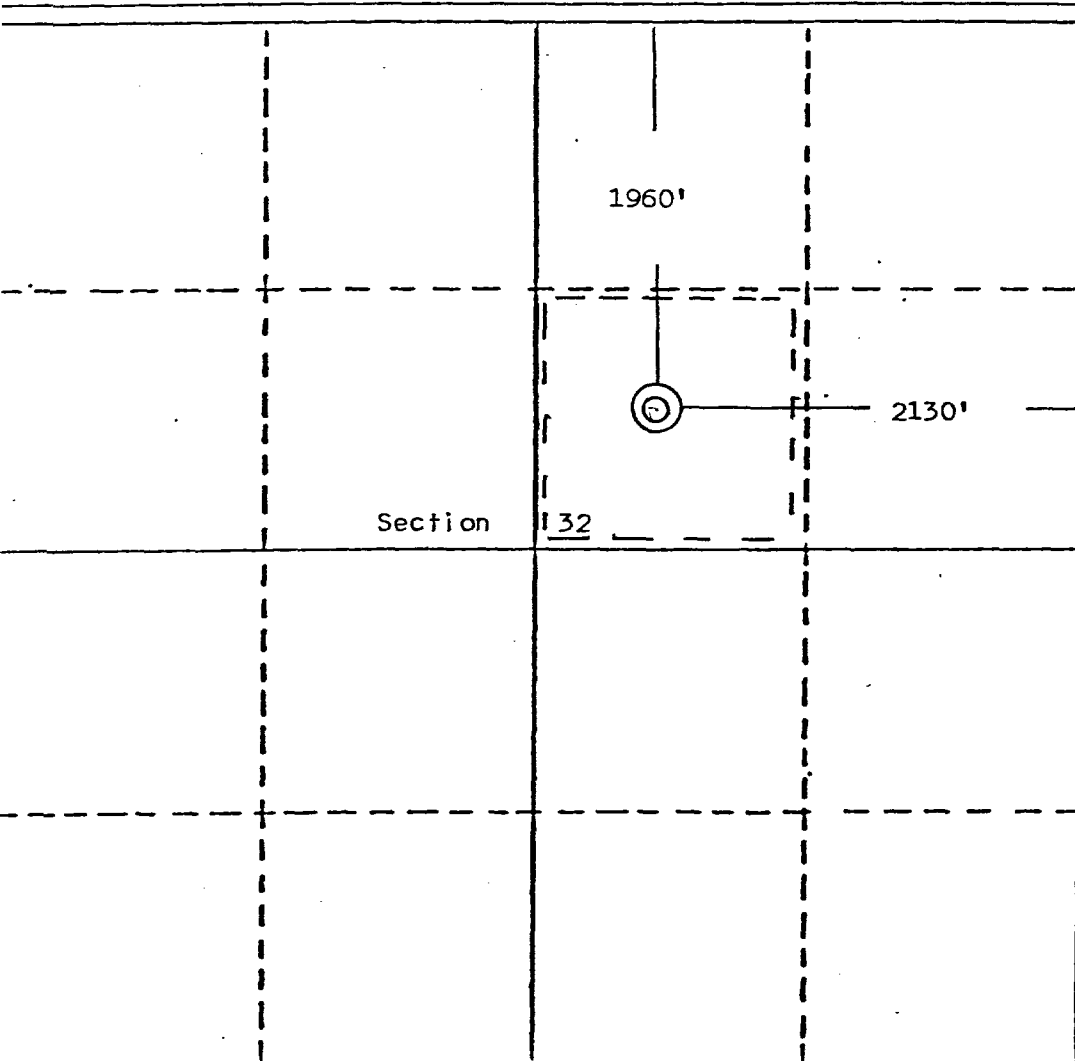
1960	feet from the	North	line and	2130	feet from the	East	line
Round Level Elev. - 6840	Producing Formation Gallup		Pool Alamito Gallup	Dedicated Acreage; 40		Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests 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 interests, has been approved by the Division.



CERTIFICATION

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

Elizabeth B. Keeshan

Name Elizabeth B. Keeshan

Position Vice President

Company BCO, Inc.

Date July 16, 1987



Date Surveyed July 9, 1987

Registered Professional Engineer and/or Land Surveyor

Edgar L. Risenhoover

Certificate No. 5979
Edgar L. Risenhoover, L.S.

AREA CODE 505
983-1228

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

December 17, 1986

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, NM 87503

Oil Conservation Division ✓
Energy and Minerals Department
P. O. Box 2088
Santa Fe, NM 87501

Re: 1987 Plan of Development
Alamito Unit
Sandoval County, New Mexico

Gentlemen:

Pursuant to Paragraph 9 of the Alamito Unit Agreement, after approval by all working interest owners, BCO Inc., as operator, hereby submits the following plan of development for the unit during 1987:

1. BCO Inc., drilled and tested a well (Alamit Unit #1) and determined that it is a commercial well capable of producing gas in paying quantities.
2. When the gas market stabilizes and economic conditions improve, BCO, Inc. will drill additional wells and connect the wells with gathering line to a compressor that will enable the gas to be sold. We are unable to determine at this time if the gas market and economic conditions will improve sufficiently to permit this development in 1987.

Should the foregoing be acceptable to you, please signify your approval on the approval form attached hereto.

Very truly yours,

Elizabeth B. Keeshan

ELIZABETH B. KEESHAN
Comptroller

EBK:cl

Attachment

APPROVAL FORM

1987 Plan of Development, Alamito Unit, Sandoval County, New Mexico

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, NM 87503

By: _____

Date: _____

Oil Conservation Division
Energy and Minerals Department
P. O. Box 2088
Santa Fe, NM 87501

By: 

Date: 12-18-86



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

COMMISSIONER

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

January 2, 1987

BCO, Inc.
ATTENTION: Ms. Elizabeth B. Keeshan
135 Grant
Santa Fe, New Mexico

Re: 1987 Plan of Development
Alamito Unit
Sandoval County, New Mexico

Gentlemen:

This office is in receipt of your letter of December 17, 1986, wherein, as unit operator of the Alamito Unit you have determined that the Unit Well No. 1 is a commercial well capable of being produced in paying quantities as required by the Unit Agreement. According to the data submitted, the Commissioner of Public Lands concurs with your determination.

Also, please be advised that the Commissioner of Public Lands has also this date approved your 1987 Plan of Development for the Alamito Unit Area, Sandoval County, New Mexico. Such plan advises that when the gas market stabilizes and economic conditions improve, BCO, Inc. will drill additional wells and connect the wells with gathering line to a compressor that will enable the gas to be sold but are unable to determine at this time if the gas market and economic conditions will improve sufficiently to permit this development in 1987.

Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

BH/FOP/pm
encls.

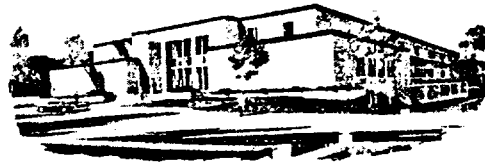
cc: OCD-Santa Fe, New Mexico

8941

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

SLO REF NO OG-736

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

March 24, 1988

BCO, Inc.
Attn: Ms. Elizabeth Keeshan
135 Grant
Santa Fe, New Mexico 87501

Re: 1988 Plan of Development
Alamito Unit
Sandoval County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved your 1988 Plan of Development for the above captioned unit area.

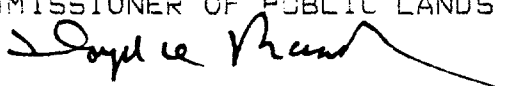
Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

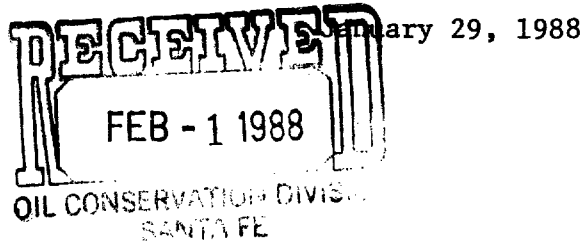
W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.
cc: OCD
BLM

AREA CODE 505
983-1228

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



Commissioner of Public Lands
P. O. Box 1148
Santa Fe, N.M. 87503

Oil Conservation Division
Energy & Minerals Department
P. O. Box 2088
Santa Fe, N.M. 87501

RE: 1988 Plan of Development
Alamito Unit
Sandoval County, New Mexico

Gentlemen:

Pursuant to Paragraph 9 of the Alamito Unit Agreement, after approval by all working interest owners, BCO, Inc., as operator, hereby submits the plan of development for the unit during 1988.

1. The Alamito Units #2, 3 and 4 were drilled to the Gallup and completed in 1987. We are currently stabilizing the operation of the wells.
2. When the weather improves, we will connect the Alamito Unit #1 to the separator and sell the gas.

Should the foregoing be acceptable to you, please signify your approval on the approval form attached hereto.

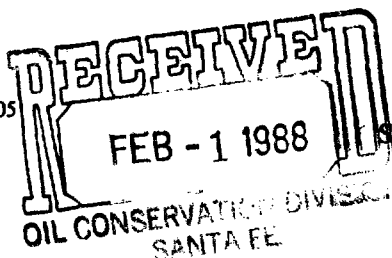
Very truly yours,

Elizabeth B. Keeshan

Elizabeth B. Keeshan
Vice President

EBK:jw
Attachment

AREA CODE 505
983-1228



BCO, Inc.

OIL WELL OPERATOR

135 GRANT

SANTA FE, N. M. 87501

A P P R O V A L F O R M

1988 Plan of Development, Alamito Unit, Sandoval County, New Mexico,
dated January 29, 1988:

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, N.M. 87503

By: _____

Date: _____

Oil Conservation Division
Energy and Minerals Department
P. O. Box 2088
Santa Fe, N.M. 87501

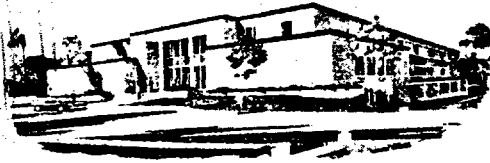
By:  _____

Date: 2-2-88

State of New Mexico



SEP 11 1987



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

SLO REF. NO. OG-438

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

September 9, 1987

BCO, Inc..
Attention: Elizabeth Keeshan
135 Grant
Santa Fe, New Mexico 87501

Re: Alamito Unit
1987 Plan of Development
Sandoval County, New Mexico

Gentlemen:

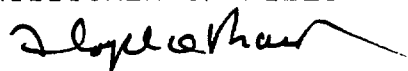
The Commissioner of Public Lands has this date approved the above captioned Plan of Development. Our approval is subject to like approval by all appropriate agencies.

If we may be of further help, please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:


FLOYD O. PRANDO, Director
Oil & Gas Division
(505) 827-5744

WRH/FOP/ams
enclosure
cc: Bureau of Land Management
Oil Conservation Division

State of New Mexico

#8941



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

SLO REF NO. OG-1018

February 7, 1989

BCO, Inc.
Attn: Ms. Elizabeth B. Keeshan
135 Grant
Santa Fe, New Mexico 87501

Re: 1989 Plan of Development
Alamito Unit
Sandoval County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development.

Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*

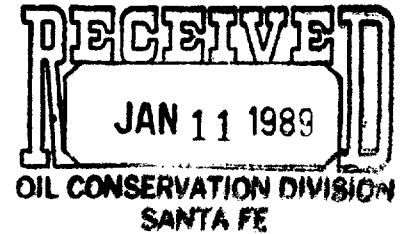
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

cc: OCD
BLM

AREA CODE 505
983-1228

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

January 10, 1989



Commissioner of Public Lands
P. O. Box 1148
Santa Fe, NM 87503

Oil Conservation Division
Energy & Minerals Department
P. O. Box 2088
Santa Fe, NM 87501

RE: 1989 Plan of Development
Alamito Unit
Sandoval County, New Mexico

Gentlemen:

Pursuant to Paragraph 9 of the Alamito Unit Agreement, after approval by all working interest owners, BCO, Inc., as operator, hereby submits the plan of development for the Unit during 1989.

The Alamito Unit #1 (completed in the Chacra) is being operated every other day by hand with the gas being sold. More frequent operation results in the production of water.

The Alamito Unit #2, #3, and #4 (completed in the Gallup) are being operated efficiently.

With the current reduced price for oil and gas, no additional development is planned for the Alamito Unit in 1989.

Should the foregoing be acceptable to you, please signify your approval on the approval form attached hereto.

Very truly yours,

Elizabeth B. Keeshan

Elizabeth B. Keeshan
Vice President

EBK:nk
Attachment

AREA CODE 505
983-1228

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

A P P R O V A L F O R M

1989 Plan of Development, Alamito Unit, Sandoval County, New Mexico,
dated January 10, 1989:

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, NM 87503

By: _____

Date: _____

Oil Conservation Division
Energy and Minerals Department
P. O. Box 2088
Santa Fe, NM 87501

By:  _____

Date: 1-11-89

#8941

BCO, Inc.

OIL WELL OPERATOR
135 GRANT

SANTA FE, N. M. 87501

AREA CODE 505
983-1228

10 18
10 18

January 23, 1992

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87503

Oil Conservation Division
Energy & Minerals Department
P.O. Box 2088
Santa Fe, NM 87504

RE: 1992 Plan of Development
Alamito Unit
Sandoval County, New Mexico

Gentlemen:

Pursuant to Paragraph 9 of the Alamito Unit Agreement, after approval by all working interest owners, BCO, Inc., as operator, hereby submits the plan of development for the Unit during 1992.

In 1989 BCO temporarily abandoned the Chacra in the Alamito 1 in order to test the Basin Fruitland Coal formation. Have 8 perforations in Basin Fruitland Coal. Have had no show of gas. Have swabbed well when had unit in area. In June 1990 hooked up small compressor and used gas from Alamito #2 to try to dewater coal. Unloaded water regularly for two weeks without a show of gas. Well is shut in.

No development is planned in 1992.

As requested the following documents are attached.

Exhibit 1 to 1992 Alamito Unit Plan of Development:
List of wells in Unit and current status.

Exhibit 2 to 1992 Alamito Unit Plan of Development:
Monthly Oil production of each well in unit for
1990 and 1991.

Exhibit 3 to 1992 Alamito Unit Plan of Development:
Monthly Gas production of each well in unit for
1990 and 1991.

Exhibit 4 to 1992 Alamito Unit Plan of Development:
Current copy of Exhibit A to the Unit Agreement.

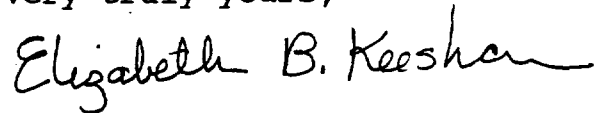
January 23, 1992
Page Two

Exhibit 5 to 1992 Alamito Unit Plan of Development:
Current copy of Exhibit B to the Unit Agreement.

Exhibit 6 to 1992 Alamito Unit Plan of Development:
Current map of existing participating areas.

Should the foregoing be acceptable to you, please signify
your approval on the approval form attached hereto.

Very truly yours,

A handwritten signature in cursive script that reads "Elizabeth B. Keeshan". The signature is fluid and extends to the right.

Elizabeth B. Keeshan
President

EBK:dyl

Attachments

BCO, Inc.

OIL WELL OPERATOR

135 GRANT

SANTA FE, N. M. 87501

AREA CODE 505

983-1228

A P P R O V A L F O R M

1992 Plan of Development, Alamito Unit, Sandoval County, New
Mexico, dated January 23, 1992.

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87503

By: _____ Date: _____

Oil Conservation Division
Energy and Minerals Department
P.O. Box 2088
Santa Fe, NM 87504

By:  _____ Date: 2-6-92

BCO, INC.

EXHIBIT 1 To 1992 Alamito Unit Plan of Development

Status of Wells

Well No.	Section & 1/4 to 1/4	TWP	RNG	Well Status	Formation	Pool
1	SWSE 32	23N	7W	Shut In	Fruitland Coal	Basin Fruitland Coal
2	SESW 32	23N	7W	POW	Gallup	Alamito Gallup
3	SWNW 32	23N	7W	POW	Gallup	Alamito Gallup
4	SWNE 32	23N	7W	POW	Gallup	Alamito Gallup

BCO, INC.

1992 ALAMITO PLAN OF DEVELOPMENT:

MONTHLY OIL PRODUCTION OF EACH WELL IN UNIT FOR 1990 & 1991

Well	1/90	2/90	3/90	4/90	5/90	6/90	7/90	8/90	9/90	10/90	11/90	12/90	1/91	2/91	3/91	4/91	5/91	6/91	7/91	8/91	9/91	10/91	11/91	12/91
1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	87	74.	77.	72.	47.	70.	69.	73.	67.	77.	72.	75	125	112	123	124.	116.	116.	110.	106.	111.	111.	106	107.
3	168	153.	154.	144.	145.	136.	138.	146.	134.	154.	140.	150	110.	99.	108.	110.	102.	102	96.	93.	98.	98.	93.	94.
4	173.	152.	154.	143.	155.	140.	137.	145.	135.	154.	144.	144	118.	106.	115.	117.	110.	102.	103.	99.	105.	104.	99.	97.

BCO, INC.

1992 ALAMITO UNIT PLAN OF DEVELOPMENT

MONTHLY GAS PRODUCTION OF EACH WELL IN UNIT FOR 1990 & 1991

Well	1/90	2/90	3/90	4/90	5/90	6/90	7/90	8/90	9/90	10/90	11/90	12/90	1/91	2/91	3/91	4/91	5/91	6/91	7/91	8/91	9/91	10/91	11/91	12/91
1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	971.	790.	796.	750.	723.	627.	661.	666.	565.	792.	677.	781	903	825.	872.	937.	819.	891.	895.	719.	763.	743.	644.	911.
3	562.	516.	502.	456.	525.	440.	478.	542.	602.	580.	519.	612	398	365.	383.	401.	348.	378.	377.	340.	363.	403.	376.	450.
4	626.	637	667.	633.	616.	523.	436.	494.	492.	504.	465.	469	370.	358.	379.	395.	378.	379.	403.	382.	387.	375.	350.	362.

BCO, INC.
EXHIBIT 4 to
1992 Alamito Unit Plan Of Development

EXHIBIT A

Alamito Unit
Sandoval County, New Mexico

T 23 N, R 7 W

Section 32

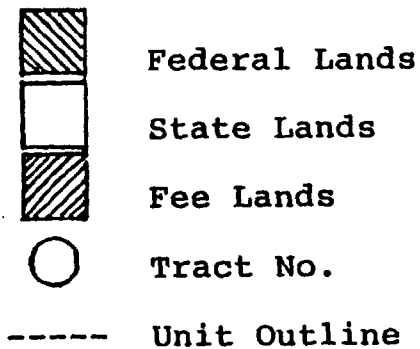
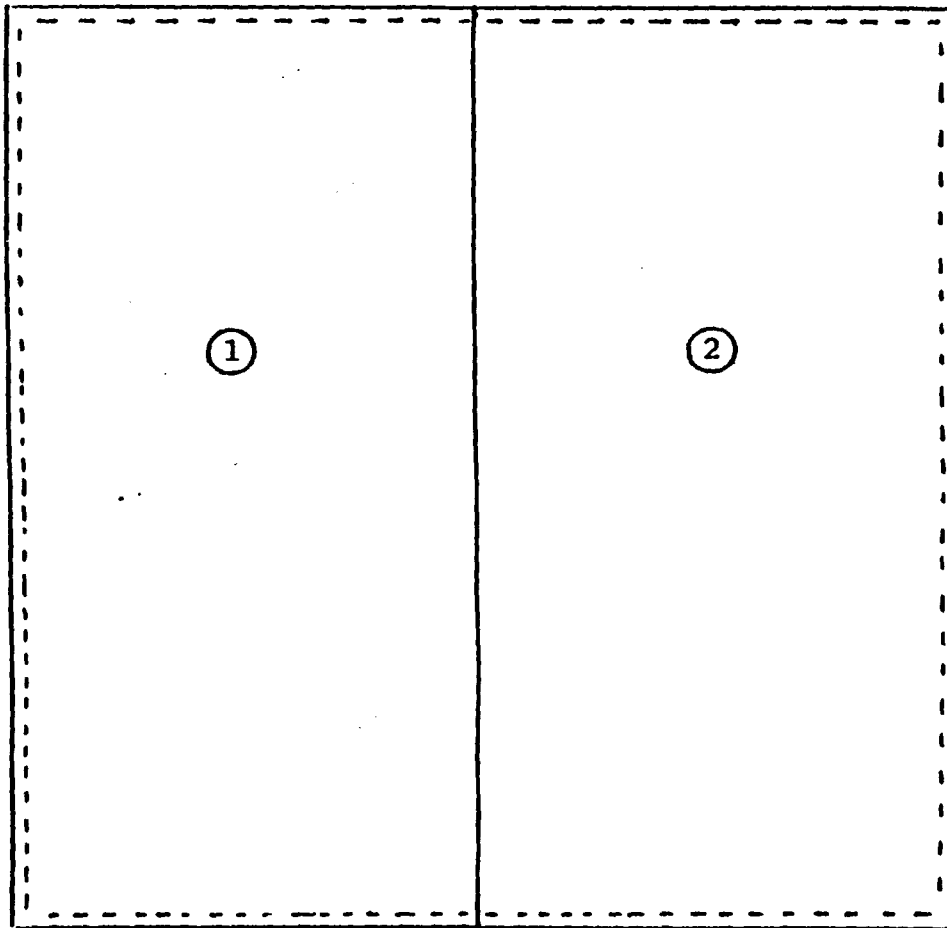


EXHIBIT "B"

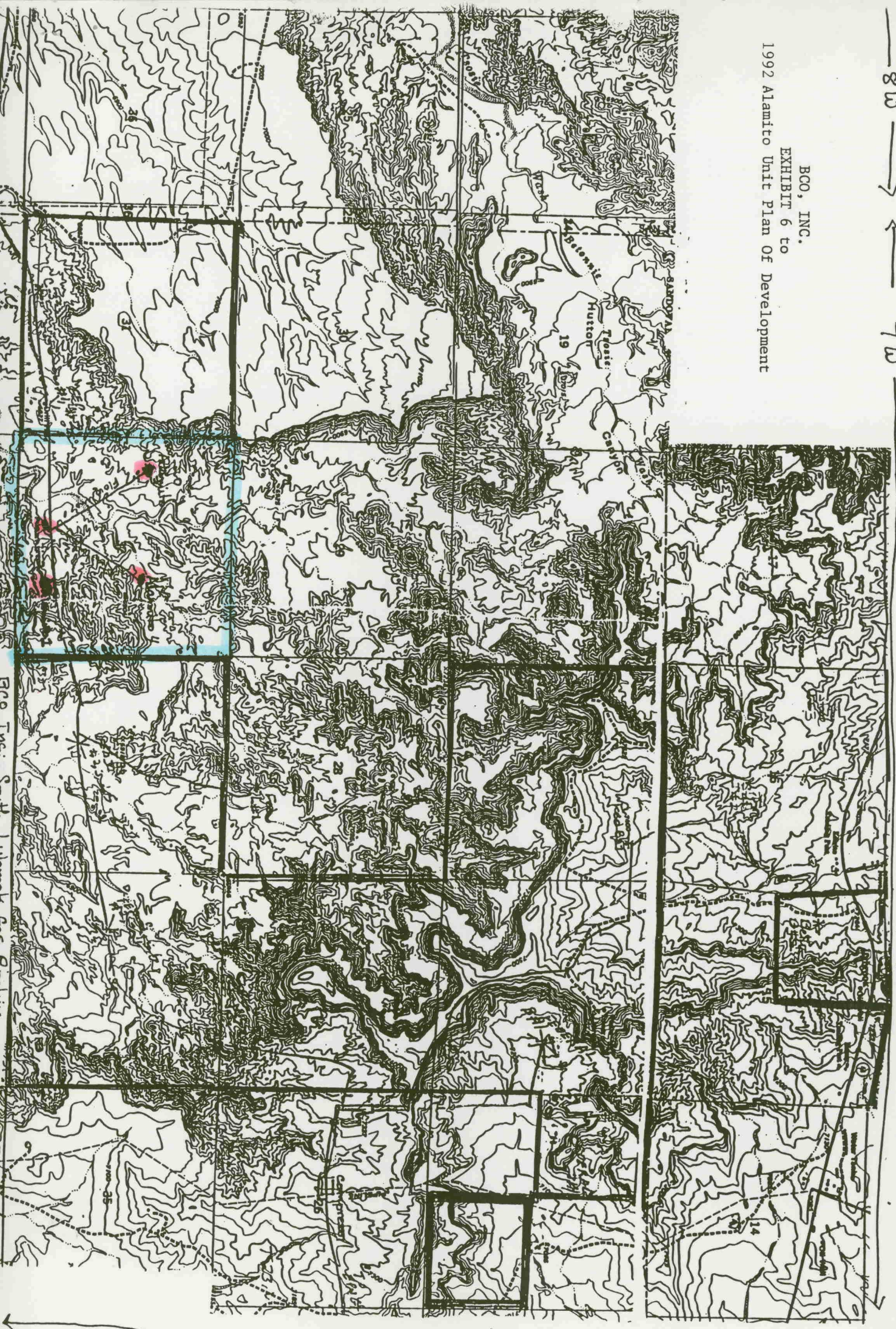
Schedule Showing All Lands and Leases
Within the ALAMITO UNIT
Sandoval County, New Mexico

TRACT NUMBER	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	BASIC ROYALTY AND PER- CENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
1	W/2, Section 32, Township 23 North, Range 7 West (50% of Unit)	320	V-1697 01/01/91	1/6	Harry L. Bigbee	-0-	Harry L. Bigbee 100%
2	E/2, Section 32, Township 23 North, Range 7 West (50% of Unit)	320	LG-3924 12/01/86	1/8	Harry L. Bigbee	Dugan Produc- tion Corp. .0200000	Harry L. Bigbee 100%

Jen-son Oil
.0200000 .

8W → ← 7W

BCO, INC.
EXHIBIT 6 to
1992 Alamito Unit Plan Of Development



23N.
outline of unit area
location of unit wells

State of New Mexico

8941



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

October 2, 1990

Ms. Elizabeth B. Keeshaw, VP
BCO. Inc.,
135 Grant
Santa Fe, New Mexico 87501

Re: Alamito Unit
Sandoval County, New Mexico
1990 Plan of Development

Dear Ms. Keeshaw:

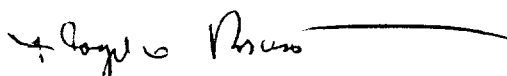
The Commissioner of Public Lands this date approved the 1990 Plan of Development for the Runyan State Unit. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the Unit Area and the need for further development may exist. You will be contacted at a later date regarding these possibilities.

If we may be of further help, please do not hesitate to contact Clyde Langdale at (505) 827-5791.

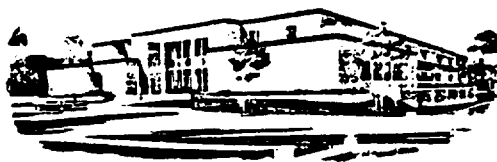
Sincerely,

W. R. HUMPHRIES

BY: 
Floyd O. Prando, Director
Oil, Gas & Minerals Division

cc: OCD
Unit Corresp.
Unit POD

State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

January 15, 1991

BCO, Inc.,
Oil Well Operator
135 Grant
Santa Fe, NM 87501

Attn: Elizabeth B. Keeshan

Re: Alamito Unit
Sandoval County, New Mexico
1991 Plan of Development

Dear Ms. Keeshan:

The Commissioner of Public Lands has this date approved the 1991 Plan of Development for the Alamito Unit. Our approval is subject to like approval by all other appropriate agencies.

There is a possibility of drainage by wells outside the Unit Area and the need for further development may exist.

If we may be of further assistance please contact Clyde Langdale at (505) 827-5791.

Sincerely,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

Floyd O. Prando by BS

By:
Floyd O. Prando, Director
Oil, Gas & Minerals Division

JB/FOP/CL/dm

cc: OCD
Unit POD File
Unit Correspondence File

ok'd - 1-22-91

BCO, Inc.

OIL WELL OPERATOR
135 GRANT

SANTA FE, N. M. 87501

AREA CODE 505
983-1228

DIVISION

RECEIVED JAN 21 9 43

January 11, 1991

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87503

Oil Conservation Division
Energy & Minerals Department
P.O. Box 2088
Santa Fe, NM 87504

RE: 1991 Plan of Development
Alamito Unit
Sandoval County, New Mexico

Gentlemen:

Pursuant to Paragraph 9 of the Alamito Unit Agreement, after approval by all working interest owners, BCO, Inc., as operator, hereby submits the plan of development for the Unit during 1991.

In 1989 BCO temporarily abandoned the Chacra in the Alamito 1 in order to test the Basin Fruitland Coal formation. Have 8 perforations in Basin Fruitland Coal. Have had no show of gas. Have swabbed well when had unit in area. In June 1990 hooked up small compressor and used gas from Alamito #2 to try to dewater coal. Unloaded water regularly for two weeks without a show of gas. Well is shut in.

No development is planned in 1991.

As requested the following documents are attached.

Exhibit 1 to 1991 Alamito Unit Plan of Development:
List of wells in Unit and current status.

Exhibit 2 to 1991 Alamito Unit Plan of Development:
Monthly Oil production of each well in unit for 1989 and 1990.

Exhibit 3 to 1991 Alamito Unit Plan of Development:
Monthly Gas production of each well in unit for 1989 and 1990.

Exhibit 4 to 1991 Alamito Unit Plan of Development:
Current copy of Exhibit A to the Unit Agreement.

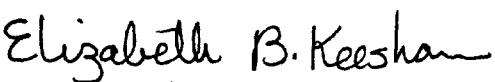
January 11, 1991
Page Two

Exhibit 5 to 1991 Alamito Unit Plan of Development:
Current copy of Exhibit B to the Unit Agreement.

Exhibit 6 to 1991 Alamito Unit Plan of Development:
Current map of existing participating areas.

Should the foregoing be acceptable to you, please signify
your approval on the approval form attached hereto.

Very truly yours,


Elizabeth B. Keeshan
President

EBK:dyl

Attachments

BCO, Inc.

OIL WELL OPERATOR
135 GRANT

SANTA FE, N. M. 87501

AREA CODE 505
983-1228

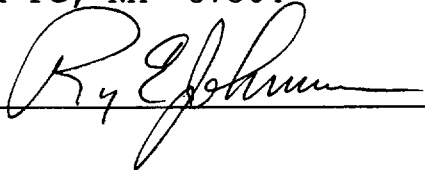
A P P R O V A L F O R M

1991 Plan of Development, Alamito Unit, Sandoval County, New
Mexico, dated January 11, 1991.

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87503

By: _____ Date: _____

Oil Conservation Division
Energy and Minerals Department
P.O. Box 2088
Santa Fe, NM 87504

By:  Date: 1-22-91

BCO, INC.

EXHIBIT 1 To 1991 Alamito Unit Plan of Development

Status of Wells

Well No.	Section & 1/4 to 1/4	TWP	RNG	Well Status	Formation	Pool
1	SWSE 32	23N	7W	Shut In	Fruitland Coal	Basin Fruitland Coal
2	SESW 32	23N	7W	POW	Gallup	Alamito Gallup
3	SWNW 32	23N	7W	POW	Gallup	Alamito Gallup
4	SWNE 32	23N	7W	POW	Gallup	Alamito Gallup

[illegible]

Monthly Gas Production of Each Well, In Unit For 1989 & 1990

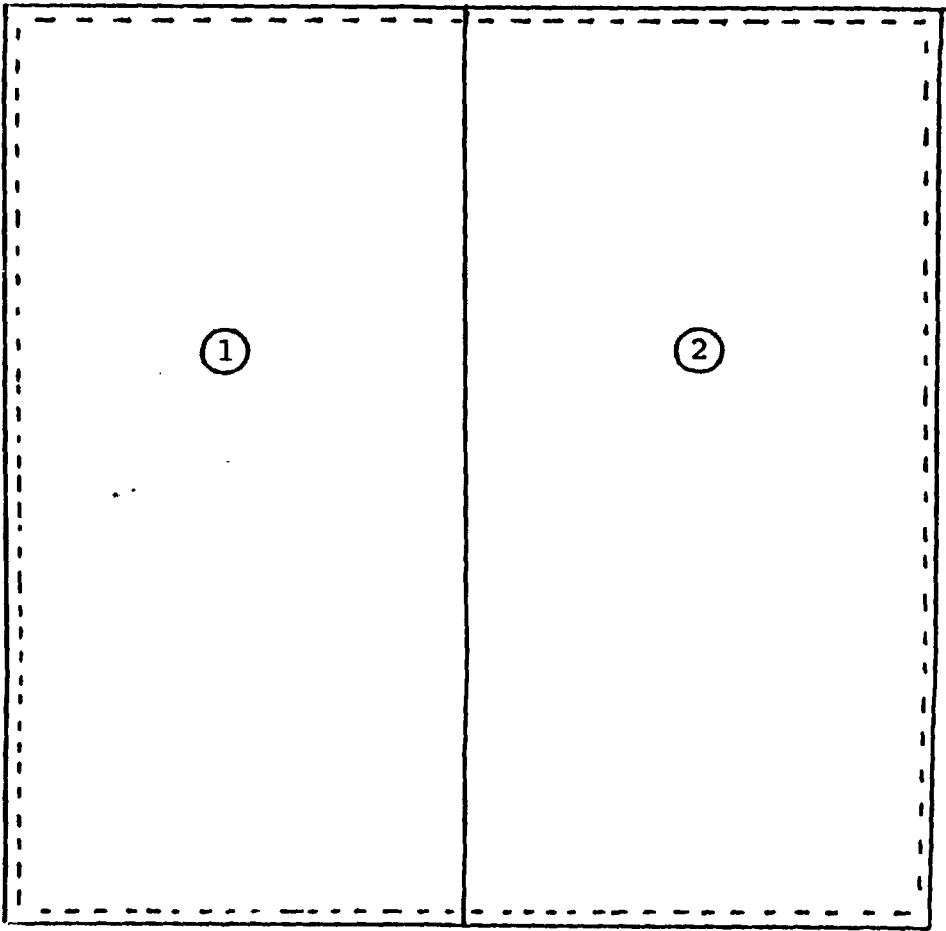
Monthly Gas Production of Each Well, in Unit for 1989 & 1990																								
Well	1/89	2/89	3/89	4/89	5/89	6/89	7/89	8/89	9/89	10/89	11/89	12/89	1/90	2/90	3/90	4/90	5/90	6/90	7/90	8/90	9/90	10/90	11/90	12/90
1	9	11	16	70	12	12	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	1117	1004	998	866	1086	909	807	913	1015	946	944	830	971	790	796	750	723	627	661	666	565	792	677	789
3	994	822	813	913	864	952	819	680	614	513	484	483	562	516	502	456	525	440	478	542	602	580	519	562
4	992	849	800	918	693	600	595	498	569	569	481	543	626	637	667	633	616	523	436	494	492	504	465	469
										</														

EXHIBIT A

Alamito Unit
Sandoval County, New Mexico

T 23 N, R 7 W

Section 32








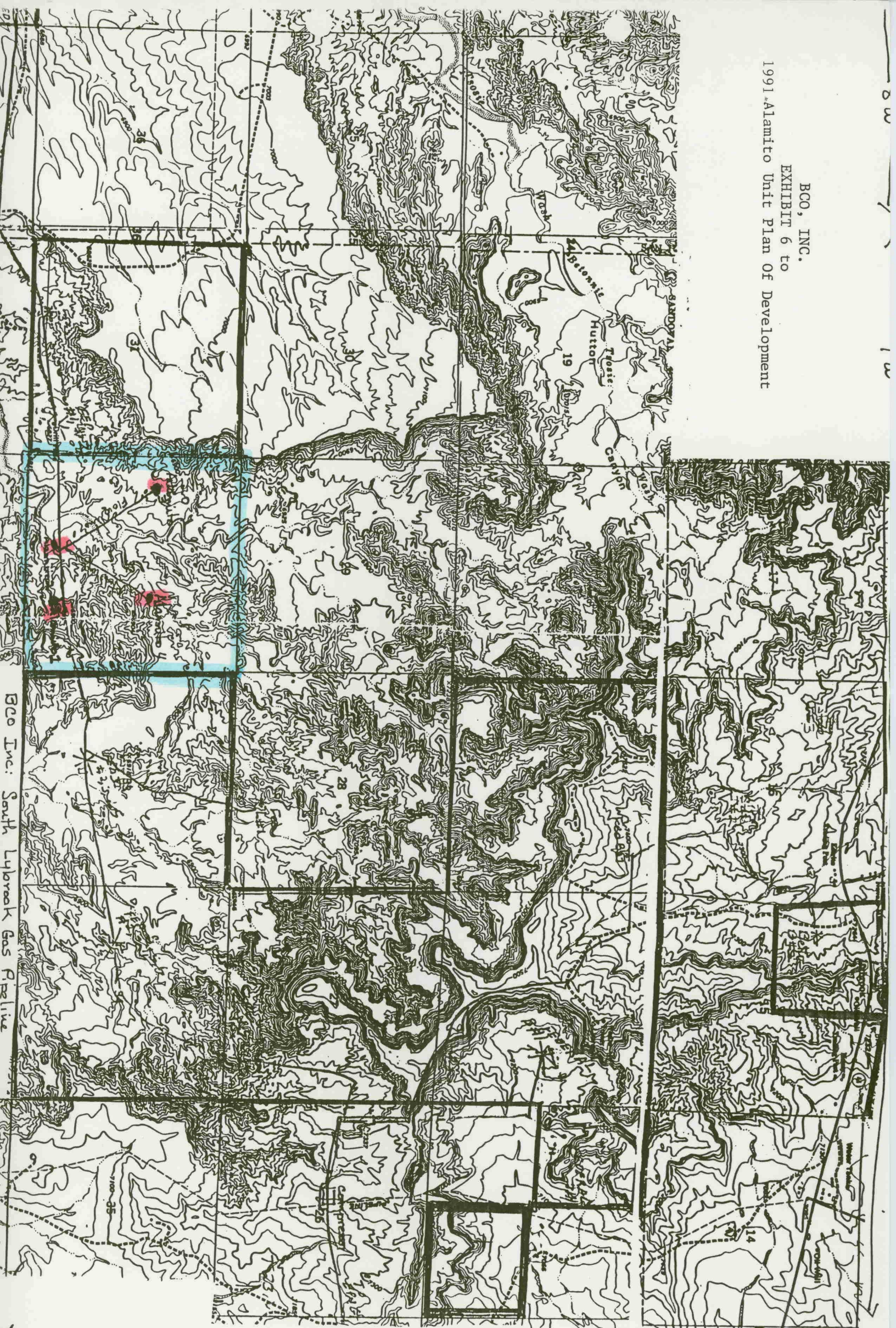
-  Federal Lands
-  State Lands
-  Fee Lands
-  Tract No.
-  Unit Outline

EXHIBIT "B"
Schedule Showing All Lands and Leases
Within the ALAMITO UNIT
Sandoval County, New Mexico

ACT NUMBER	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	BASIC ROYALTY AND PER- CENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORK INTER- PERC.
1	W/2, Section 32, Township 23 North, Range 7 West (50% of Unit)	320	V-1697 01/01/91	1/6	Harry L. Bigbee	-0-	Harry L. Bi
2	E/2, Section 32, Township 23 North, Range 7 West (50% of Unit)	320	LG-3924 12/01/86	1/8	Harry L. Bigbee	Dugan Produc- tion Corp. .0200000	Harry L. Bi

JN Exploration &
Production
.0200000 .

BCO, INC.
EXHIBIT 6 to
1991 Alamito Unit Plan Of Development



23 n.

outline of unit area

location of wells