

Dockets Nos. 32-88 and 33-88 are tentatively set for October 26 and November 9, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 12, 1988

8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

The following cases will be heard before David R. Catanach, Examiner, or Michael E. Stogner, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for November, 1988, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for November, 1988, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9495: Application of Robert L. Bayless for 9 non-standard gas proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order establishing 9 non-standard gas spacing and proration units for any and all formations and/or pools developed on 160-acre spacing, which includes but is not necessarily limited to the East Blanco-Pictured Cliffs Pools, Cabresto-Gallup Pool, and Campo-Gallup Pool, in Sections 6, 7, 18, 19, 30, and 31, Township 30 North, Range 3 West, and Sections 6 and 7, Township 29 North, Range 3 West. Said area of interest extends along the boundary of the Jicarillo Apache Indian Reservation and the Carson National Forest, north for six miles and south for two miles off of State Highway No. 17.

CASE 9496: Application of BCO, Inc. for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its State "J" Well No. 1 located 540 feet from the North line and 820 feet from the East line (Unit A) of Section 16, Township 23 North, Range 7 West, Undesignated Lybrook-Gallup Oil Pool (Finding Paragraph No. 6 of Division Order No. R-2267-B). Said well is located in Lybrook, New Mexico.

CASE 9480: (Continued from September 28, 1988, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the W/2 of Section 11, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing (which only includes the Undesignated East Carlsbad-Wolfcamp Gas Pool at this time). Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3/4 mile east of the Carlsbad Municipal Sewage Disposal Plant.

CASE 9497: Application of Corinne B. Grace for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bell Canyon and Upper Cherry Canyon formations of the East Ross Draw-Delaware Pool in the perforated interval from approximately 3886 feet to 4990 feet in its Zac Federal Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 25, Township 26 South, Range 30 East. Said well is located approximately 1/4 mile north-northwest of Monument No. 45 on the Texas/New Mexico stateline.

CASE 9498: Application of Meridian Oil, Inc. for a horizontal directional drilling pilot project and special operating rules therefor, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the SW/4 of Section 23, Township 32 North, Range 6 West, forming a standard 160-acre gas spacing and proration unit in the Fruitland formation. The applicant proposes to drill its San Juan 32-5 Unit Well No. H-100 at a standard surface location 1765 feet from the South line and 1485 feet from the West line (Unit K) of said Section 23. From a true vertical depth of approximately 2285 feet, the applicant proposes to drill horizontally in a southerly direction, for an approximate lateral distance of 1100 feet within said formation. The terminus of the bottomhole location is to be approximately 165 feet from the South line and 1485 feet from the West line of said Section 23. Special Rules should be promulgated including the designation of a prescribed area within the unit limiting the horizontal extent of the wellbore. Said unit is located approximately 2.5 miles south of a point common to Rio Arriba and San Juan Counties, New Mexico and the State of Colorado.

CASE 9499: Application of Meridian Oil, Inc. for a horizontal directional drilling pilot project and special operating rules therefor, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in Lots 11, 12, 13, and 14 of Irregular Section 11, Township 30 North, Range 10 West, forming a standard 154.74-acre gas spacing and proration unit in the Undesignated North Aztec-Fruitland Pool. The applicant proposes to drill its Sunray "H" Well No. 201 at an unorthodox surface location 660 feet from the South line and 270 feet from the West line (Unit M) of said Section 11. From a true vertical depth of approximately 2725 feet, the applicant proposes to drill horizontally in a northeasterly direction, for an approximate

lateral distance of 1328 feet within said formation. The terminus of the bottomhole location is to be approximately 1850 feet from the South and West lines of said Section 11. Special Rules should be promulgated including the designation of a prescribed area within the unit limiting the horizontal extent of the wellbore. Said location is approximately 8 miles east of Aztec, New Mexico.

CASE 9483: (Continued from September 14, 1988, Examiner Hearing.)

Application of Amoco Production Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its South Mattix Unit Well No. 15 located 660 feet from the North and East lines (Unit A) of Section 22, Township 24 South, Range 37 East, Fowler-Upper Silurian Gas Pool, the E/2 of said Section 22, forming a standard 320-acre gas spacing and proration unit for said pool, to be simultaneously dedicated to said well and to its South Mattix Unit Well No. 5 located at a standard gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 22. The subject proration unit is located approximately 1.5 miles north of the old El Paso Natural Gas Company Jal Plant No. 2.

CASE 9500: Application of Read & Stevens, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 19, Township 19 South, Range 29 East, Undesignated Turkey Track-Morrow Gas Pool or Undesignated West Parkway-Morrow Gas Pool, the E/2 of said Section 19 to be dedicated to said well. Said location is approximately 7.5 miles southeast by east of the old Illinois Camp.

CASE 9501: Application of Mobil Producing Texas and New Mexico Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation underlying all of Section 28, Township 24 North, Range 1 West, forming a 640-acre spacing and proration unit for the West Puerto Chiquito-Mancos Oil Pool or other pools having 640-acre spacing; the E/2 of said section for the Basin-Dakota Pool or any other pools having 320-acre spacing, or the SW/4 NE/4 of said section for pools and/or formations having 40-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location in said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said units are located approximately 6½ miles north of Regina, New Mexico.

CASE 9458: (Continued from September 14, 1988, Examiner Hearing.)

Application of Mallon Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bell Canyon, Cherry Canyon, and Brushy Canyon formations (Delaware Mountain Group) underlying the NW/4 SW/4 (Unit L) of Section 27, Township 26 South, Range 29 East, forming a standard statewide 40-acre oil spacing and proration unit, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3/4 mile north of where the Pecos River crosses the Texas/New Mexico Stateline.

CASE 9492: (Continued from September 28, 1988, Examiner Hearing.)

Application of Mobil Exploration and Producing U.S.A. as agent for Mobil Producing Texas and New Mexico, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mancos formation underlying all of Section 34, Township 24 North, Range 1 West, to form a standard 640-acre spacing and proration unit for the West Puerto Chiquito-Mancos Oil Pool and also pooling all interests in the Dakota formation underlying the S/2 of said section to form a standard 320-acre spacing and proration unit for the Basin-Dakota Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said units are located approximately 5½ miles north of Regina, New Mexico.

CASE 9493: (Continued from September 28, 1988, Examiner Hearing.)

Application of Nassau Resources for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to a depth of 7900 feet in the West Puerto Chiquito-Mancos Oil Pool underlying Section 34, Township 24 North, Range 1 West, forming a standard 640-acre spacing and proration unit. Said unit is to be dedicated to applicant's Cutting Edge Well No. 34-10 located at a standard location in said Section 34. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5½ miles north of Regina, New Mexico.

BCO, Inc.

Unorthodox Gas well
location

Rio Arriba Co.

State "J" Well No. 1

540' FNL - 820' FEL

16 - T 23 N - R 7 W

Hybrook Gulch

originally drilled as an oil well.

NE/4 160 dedication

permanently to A-2267-13

Survey No. (6)

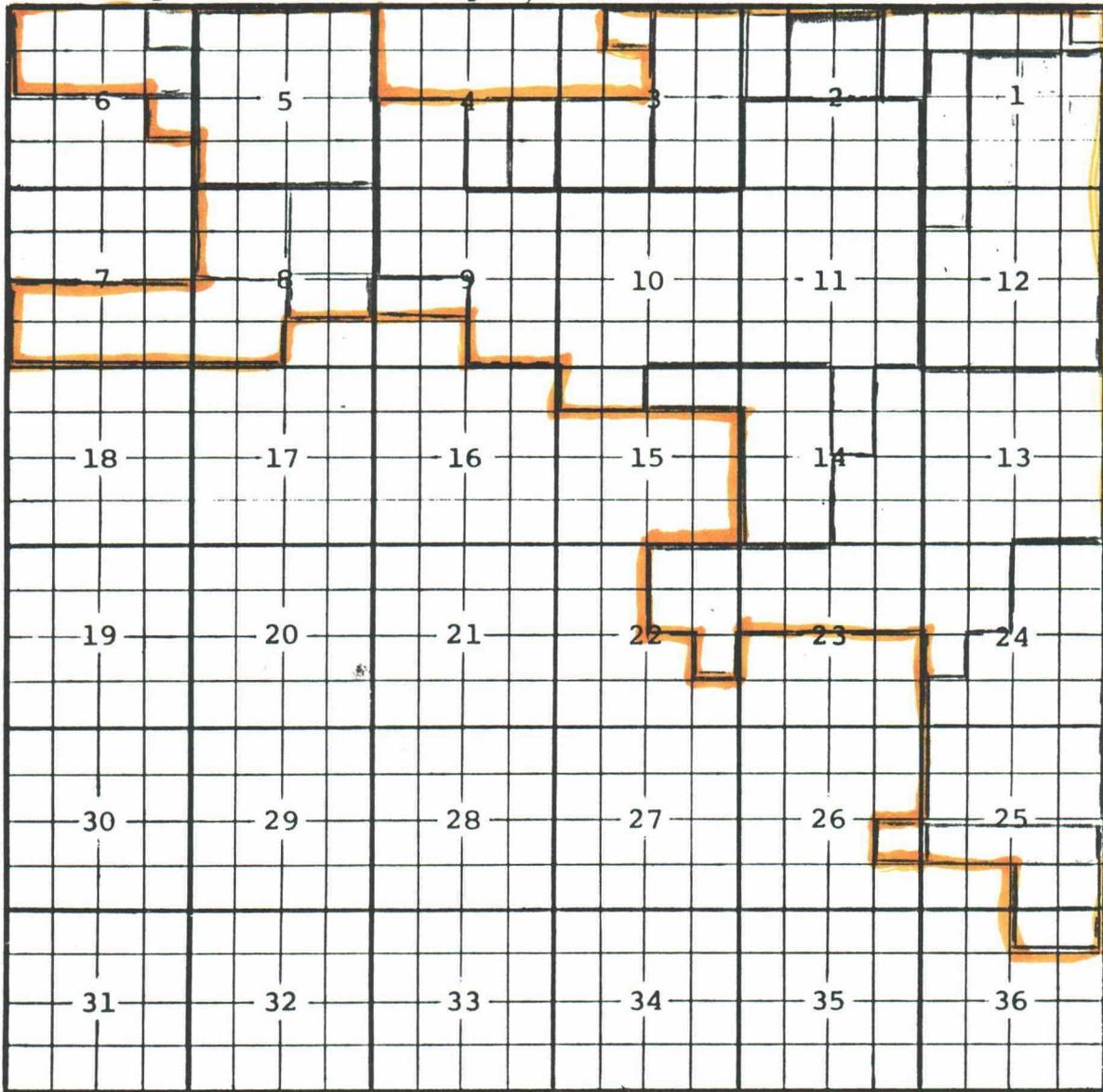
County Rio Arriba & Sandoval Pool Lybrook - Gallup Oil

Township 23 North

Range 7 West

NMPM

Case 9496



Description: $\frac{3}{4}$ Sec. 2; $\frac{3}{4}$ Sec. 4; $\frac{1}{2}$ & $\frac{3}{4}$ Sec. 9; All Sec. 10 & 11;

$\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 14; $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 15 (R-2767, 6-21-62)

Ext: $\frac{W}{2}$ SE $\frac{1}{4}$ Sec. 4 (R-3281, 8-1-67) - $\frac{SW}{4}$ Sec. 3; $\frac{E}{2}$ SE $\frac{1}{4}$ Sec. 4; All Secs. 5 & 13;

SE $\frac{1}{4}$ & $\frac{E}{2}$ NE $\frac{1}{4}$ Sec. 14; $\frac{NE}{4}$ & $\frac{NE}{4}$ SE $\frac{1}{4}$ Sec. 22; $\frac{N}{2}$ Sec. 23; $\frac{NW}{4}$ & $\frac{NW}{4}$ SW $\frac{1}{4}$ Sec. 24 (R-4260, 3-1-72)

Ext: $\frac{NW}{4}$ Sec. 8 (R-5779, 8-1-78) Ext: $\frac{NE}{4}$ NE $\frac{1}{4}$ Sec. 6 (R-6421, 8-1-80)

Ext: $\frac{W}{2}$ SW $\frac{1}{4}$ & $\frac{SW}{4}$ NW $\frac{1}{4}$ sec 1, NW $\frac{1}{4}$, $\frac{W}{2}$ NE $\frac{1}{4}$ & SE $\frac{1}{4}$ NE $\frac{1}{4}$ sec. 6, NE $\frac{1}{4}$ & $\frac{N}{2}$ SE $\frac{1}{4}$ sec. 8, NW $\frac{1}{4}$ NW $\frac{1}{4}$ sec 12, $\frac{W}{2}$ sec. 14, $\frac{N}{2}$ NE $\frac{1}{4}$ sec. 15, (R-6896, 1-22-82) Ext: $\frac{W}{2}$ NW $\frac{1}{4}$ sec. 2, $\frac{NE}{4}$ SE $\frac{1}{4}$ sec. 6, $\frac{N}{2}$ SW $\frac{1}{4}$ sec. 9 (R-7046, 8-6-82)

Ext: $\frac{E}{2}$ Sec. 3 (R-7185, 1-13-83) Ext: $\frac{S}{2}$ Sec. 7, $\frac{SW}{4}$ Sec. 8 (R-7277, 5-5-83)

Ext: $\frac{NE}{4}$ NW $\frac{1}{4}$ Sec. 3 (R-7495, 4-5-84) Ext: $\frac{N}{2}$ $\frac{S}{2}$ sec. 25 (R-7764, 1-8-85)

Ext: $\frac{NE}{4}$ SE $\frac{1}{4}$ Sec. 26 (R-7957, 6-12-85) Ext: $\frac{NE}{4}$ NE $\frac{1}{4}$ sec. 1, $\frac{E}{2}$, $\frac{S}{2}$ SW $\frac{1}{4}$, and

$\frac{NE}{4}$ SW $\frac{1}{4}$ Sec. 24, $\frac{N}{2}$ sec. 25 (R-8273, 8-6-86) Ext: $\frac{S}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, $\frac{E}{2}$ SW $\frac{1}{4}$, and

SE $\frac{1}{4}$ sec. 1, $\frac{S}{2}$, NE $\frac{1}{4}$, $\frac{E}{2}$ NW $\frac{1}{4}$, and $\frac{SW}{4}$ NW $\frac{1}{4}$ Sec. 12, $\frac{S}{2}$ SE $\frac{1}{4}$ Sec. 25, $\frac{N}{2}$ NE $\frac{1}{4}$ Sec. 36

(R-8417, 3-24-87) Ext: $\frac{NW}{4}$ NE $\frac{1}{4}$ + $\frac{N}{2}$ NW $\frac{1}{4}$ Sec. 1, $\frac{E}{2}$ NE $\frac{1}{4}$ Sec. 2 (R-8585, 11-1-88)

Ext: $\frac{W}{2}$ NE $\frac{1}{4}$ + $\frac{E}{2}$ NW $\frac{1}{4}$ Sec. 2 (R-8640, 4-12-82)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2575
Order No. R-2267

APPLICATION OF VAL R. REESE &
ASSOCIATES, INC., FOR THE CREA-
TION OF A NEW OIL POOL AND FOR
SPECIAL POOL RULES, RIO ARRIBA
COUNTY, NEW MEXICO.

R-2267-A
R-2267-B

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 7, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 21st day of June, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Val R. Reese & Associates, Inc., seeks the creation of a new oil pool for Gallup production in Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. The discovery well for said pool is the Dunn Well No. 1, located in Unit M, Section 10, Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. Said well was completed November 14, 1956. The top of the perforations is at 5597 feet.

(3) That the applicant further seeks the adoption of special rules and regulations for said pool similar to the special rules presently governing the Escrito-Gallup Oil Pool which provide for 320-acre gas proration units and 80-acre oil proration units (Order No. R-1793-A).

(4) That the evidence presented concerning the reservoir characteristics of the subject pool indicates that the gas area

can be efficiently and economically drained and developed on 320-acre proration units, and that the oil area can be efficiently and economically drained and developed on 80-acre proration units.

(5) That the reservoir characteristics of the subject pool are similar to those in the Escrito-Gallup Oil Pool and justify the definition of a gas well as a well producing with a gas-oil ratio of 30,000 : 1 or greater.

(6) That the subject application should be granted and temporary rules established for a period of one year, during which time further information should be gathered and presented to the Commission at an examiner hearing during the month of July, 1963.

IT IS THEREFORE ORDERED:

(1) That a new oil pool for Gallup production is hereby created and designated the Lybrook-Gallup Oil Pool. The horizontal limits of said pool shall be as follows:

Section 2: S/2
Section 4: SW/4
Section 9: N/2 and SE/4
Section 10: All
Section 11: All
Section 14: W/2 NE/4
Section 15: N/2 NW/4

all in Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

(2) That Temporary Special Rules and Regulations for the Lybrook-Gallup Oil Pool are hereby established as follows, effective August 1, 1962.

TEMPORARY SPECIAL RULES AND REGULATIONS FOR THE
LYBROOK-GALLUP OIL POOL

RULE 1. Each well completed or recompleted in the Gallup formation within the boundary of the Lybrook-Gallup Oil Pool or within one mile thereof, and not nearer to nor within the boundaries of another designated Gallup pool, shall be drilled, spaced, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a) Each gas well completed or recompleted in the Lybrook-Gallup Oil Pool shall be located on a tract consisting of approximately 320 acres which may reasonably be presumed to be productive of gas from said pool, and which shall comprise any two contiguous quarter sections of a single governmental section,

being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these Rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard gas unit. Nothing contained herein shall be construed as prohibiting the drilling of a gas well on each quarter section in the 320-acre unit.

RULE 2. (b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 2(a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

- (1) The non-standard unit consists of contiguous quarter-quarter sections or lots.
- (2) The non-standard unit consists of not more than 324 acres and lies wholly within a single governmental section.
- (3) The entire non-standard unit may reasonably be presumed to be productive of gas from said pool.
- (4) The applicant presents written consent in the form of waivers from all offset operators, and from all operators owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in the non-standard unit.
- (5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

RULE 2. (c) The District Supervisor shall have authority to approve non-standard gas proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of less than 316 surface contiguous acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

RULE 2. (d) The allowable assigned to any such non-standard gas proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 320 acres.

RULE 3. (a) Each oil well completed or recompleted in the Lybrook-Gallup Oil Pool shall be located on a unit containing approximately 80 acres, which may reasonably be presumed to be productive of oil from said pool, and which consists of the N/2, S/2, E/2 or W/2 of a single governmental quarter section. For

purposes of these Rules, a unit consisting of between 79 and 81 surface contiguous acres shall be considered a standard unit. Nothing contained herein shall be construed as prohibiting the drilling of an oil well on each of the quarter-quarter sections in the 80-acre unit.

RULE 3. (b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 3(a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit is to consist of a single quarter-quarter section or lot.

(2) The non-standard unit consists of not more than 81 acres.

(3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.

(4) The applicant presents written consent in the form of waivers from all offset operators.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the offset operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no operator has entered an objection to the formation of such non-standard unit.

RULE 3. (c) The District Supervisor shall have authority to approve non-standard oil proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of two contiguous quarter-quarter sections or lots comprising less than 79 acres lying within a single governmental quarter section and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

RULE 3. (d) The allowable assigned to any such non-standard oil proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 80 acres.

RULE 4. (a) Each well, oil or gas, completed or recompleting in the Lybrook-Gallup Oil Pool shall be located no nearer than 790 feet to any quarter section line and each such well shall be located no nearer than 330 feet to a governmental quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Lybrook-Gallup Oil Pool prior to the

effective date of this order at a location conforming to the well location requirements in effect at the time the well was drilled shall be considered to be located in conformance with this Rule.

RULE 4. (b) The Secretary-Director shall have authority to grant an exception to Rule 4(a) without notice and hearing when the application has been filed in due form and the Secretary-Director determines that good cause exists for granting such exception. However, such an unorthodox location, if approved, may necessitate an allowable adjustment.

Applicants shall furnish all offset operators and all operators within the section in which the subject well is located, a copy of the application to the Commission, and the applicant shall include with his application a list of the names and addresses of all such operators together with a stipulation that proper notice has been given said operators at the addresses listed. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and only in the absence of objection from an offset operator may such application be approved.

RULE 5. A well in the Lybrook-Gallup Oil Pool shall be classified as a gas well if it has a gas-liquid ratio of 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more. A well in said pool shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to both an oil well and a gas well is strictly prohibited.

RULE 6. The gas-liquid ratio limitation for the Lybrook-Gallup Oil Pool shall be 2,000 cubic feet of gas per barrel of liquid hydrocarbons produced.

RULE 7. Any oil well in the Lybrook-Gallup Oil Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2,000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

Any gas well in the Lybrook-Gallup Oil Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by 2,000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

RULE 8. The operator of each newly completed well in the Lybrook-Gallup Oil Pool shall cause a gas-liquid ratio test to be taken on said well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Provided further, that any well which is shut-in shall be exempted from the aforesaid gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

No gas shall be flared or vented from any well classified as an oil well more than 60 days after the well begins to produce. Any operator that desires to obtain an exception to the foregoing provisions for a well classified as an oil well shall submit to the Secretary-Director of the Commission an application for such exception with a statement setting forth the facts and circumstances justifying it. The Secretary-Director is hereby authorized to grant such an exception if he determines that the granting of it is reasonably necessary. If the Secretary-Director declines to grant administrative approval of the requested exception, the matter shall be set for hearing if the operator so requests.

RULE 9. Gas-liquid ratio tests shall be taken on all wells in the Lybrook-Gallup Oil Pool, and on all wells producing from the Gallup formation within one mile of the boundaries of the Lybrook-Gallup Oil Pool which are not within another designated Gallup oil pool, during the months of January, April, July, and October of each year. The initial gas-liquid ratio test shall suffice as the first quarterly test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Aztec Office of the Commission a test schedule for its wells, specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 11. Any well completed in the Lybrook-Gallup Oil Pool after the effective date of this order shall receive an allowable only upon receipt by the Commission's Aztec Office of Commission Forms C-104, C-110, and C-116, all properly executed. The District Supervisor of the Commission's Aztec Office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the Lybrook-Gallup Oil Pool by 2,000.

RULE 12. The dates 7 o'clock a.m. February the first and 7 o'clock a.m. August the first shall be known as balancing dates, and the periods of time bounded by these dates shall be known as the gas proration periods for the Lybrook-Gallup Oil Pool.

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 17. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut-in upon a showing after notice and hearing that complete shut-in of the well would result in material damage to the well and/or reservoir.

RULE 18. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 19. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the oil proration schedule.

RULE 20. Failure to comply with any provision of this order or the rules contained herein shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The District Supervisor shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 21. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

RULE 22. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-128) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage have been filed.

(3) That all operators in the Lybrook-Gallup Oil Pool shall, prior to July 15, 1962, file with the Commission Form C-128, Well Location and Acreage Dedication Plat, for each well in said pool, showing thereon the acreage being dedicated to said well. Operators shall also take new gas-oil ratio tests on all wells and file the results thereof with the Commission on Commission Form C-116 prior to July 20, 1962. For purposes of testing wells at the allowable rate authorized by these rules, the daily tolerance provision of Commission Rule 502 I is hereby waived.

CASE No. 2575
Order No. R-2267

(4) That this case shall be reopened at an examiner hearing in July, 1963, at which time the applicant and all interested parties shall present information concerning the reservoir characteristics of the subject pool and the effectiveness of the temporary rules and regulations established by this order.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2575
Order No. R-2267-A

APPLICATION OF VAL R. REESE &
ASSOCIATES, INC., FOR THE CREA-
TION OF A NEW OIL POOL AND FOR
SPECIAL POOL RULES, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 10, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 16th day of August, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Order No. R-2267 dated June 21, 1962, established 80-acre oil proration units and 320-acre gas proration units for the Lybrook-Gallup Oil Pool, Rio Arriba County, New Mexico, for a temporary one-year period.

(3) That pursuant to the provisions of Order No. R-2267, Case 2575 has been reopened to allow the applicant and all interested parties to present information concerning the reservoir characteristics of the subject pool and the effectiveness of the temporary rules and regulations established by Order No. R-2267.

(4) That the evidence concerning the reservoir characteristics of the subject pool and the effectiveness of the temporary rules and regulations established by Order No. R-2267 is not

-2-
CASE No. 2575
Order No. R-2267-A

sufficient to justify continuation of the temporary special rules and regulations for the Lybrook-Gallup Oil Pool for more than an additional one-year period.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the temporary special rules and regulations for the Lybrook-Gallup Oil Pool promulgated by Order No. R-2267 should be continued in effect for an additional one-year period.

(6) That this case should be reopened at an examiner hearing in August, 1964, and that 160-acre gas proration units and 40-acre oil proration units should be established for the Lybrook-Gallup Oil Pool if the operators in the subject pool do not present substantial evidence to justify continuation of the special rules and regulations for the Lybrook-Gallup Oil Pool.

IT IS THEREFORE ORDERED:

(1) That the temporary special rules and regulations for the Lybrook-Gallup Oil Pool promulgated by Order No. R-2267 shall be continued in effect for an additional one-year period.

(2) That this case shall be reopened at an examiner hearing in August, 1964, and that 160-acre gas proration units and 40-acre oil proration units shall be established for the Lybrook-Gallup Oil Pool if the operators in the subject pool do not present substantial evidence to justify continuation of the special rules and regulations for the Lybrook-Gallup Oil Pool.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

S E A L

A. L. PORTER, Jr., Member & Secretary

esr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2575
Order No. R-2267-B

APPLICATION OF VAL R. REESE &
ASSOCIATES, INC. FOR THE CREA-
TION OF A NEW OIL POOL AND FOR
SPECIAL POOL RULES, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 5, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 8th day of September, 1964, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2267, dated June 21, 1962, temporary Special Rules and Regulations were promulgated for the Lybrook-Gallup Oil Pool, Rio Arriba County, New Mexico, establishing 320-acre gas proration units and 80-acre oil proration units for a one-year period.

(3) That by Order No. R-2267-A, dated August 16, 1963, said temporary Special Rules and Regulations were continued in full force and effect for an additional one-year period.

(4) That pursuant to the provisions of Order No. R-2267-A, this case was reopened to allow the operators in the subject pool

to appear and show cause why the Lybrook-Gallup Oil Pool should not be developed on 160-acre gas proration units and 40-acre oil proration units.

(5) That the evidence concerning the reservoir characteristics of the Lybrook-Gallup Oil Pool and the effectiveness of the temporary Special Rules and Regulations promulgated by Order No. R-2267 does not establish that said pool can be efficiently and economically drained and developed on 320-acre gas proration units and 80-acre oil proration units.

* → (6) That to afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas and oil in the pool, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Lybrook-Gallup Oil Pool should be developed on 160-acre gas units and 40-acre oil units.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Lybrook-Gallup Oil Pool promulgated by Order No. R-2267 are hereby abolished.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

S E A L

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NEW MEXICO OIL CONSERVATION COMMISSION
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 JUL 1 1988

Form C-103
 Supersedes Old
 C-102 and C-103
 Effective 1-1-65

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER- <input type="checkbox"/>	7. Unit Agreement Name
2. Name of Operator BCO, INC.	8. Form or Lease Name State J
3. Address of Operator 135 Grant, Santa Fe, N.M. 87501	9. Well No. 1
4. Location of Well UNIT LETTER <u>A</u> <u>540</u> FEET FROM THE <u>North</u> LINE AND <u>820</u> FEET FROM THE <u>East</u> LINE, SECTION <u>16</u> TOWNSHIP <u>23N</u> RANGE <u>7W</u> MMPM.	10. Field and Pool, or Wildcat Undesignated Graneros/Lybrook Gallup
15. Elevation (Show whether DF, RT, GR, etc.) 7210 GR	12. County Rio Arriba

RECEIVED
 JUN 23 1988
 OIL CON. DIV.
 DIST. 3

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	Temporary WORK ABANDONMENT <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	OTHER <u>Production Testing</u> <input checked="" type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

June 1, 1988 Halliburton killed well by pumping 98 bbls of 2% KCL water down casing annulus. Strapped out of hole. Had to pump additional 45 bbls to keep well killed. Set packer at 6402' with by-pass open and sliding sleeve above. Swabbed 72 bbls out.

June 2, 1988 Swabbed well down. Well kicked off with 11½ bbls out. Closed by-pass on packer. At time closed by-pass estimated 42 bbls not recovered. With by-pass closed were testing Gallup. Shut in well overnight.

June 3, 1988 Opened well to test Gallup.

June 4, 1988 During Gallup test, well flowed for 6 hours and cycled 21 times during 18-hour period when intermitter set to turn off at 560 p.s.i. and turnback on at 585 p.s.i. Well cycled 32 minutes on and 13 minutes off. Gallup made 6.25 bbls of oil, and an estimated 318 MCF of gas. Changed position of tools so testing Graneros. Swabbed and recovered 11.25 bbls fluid from Graneros (80% water). Left well shut in overnight.

(Continued)

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

SIGNED Elizabeth B. Keeshan TITLE Vice President DATE June 21, 1988

APPROVED BY [Signature] TITLE SUPERVISOR DISTRICT DATE JUN 23 1988

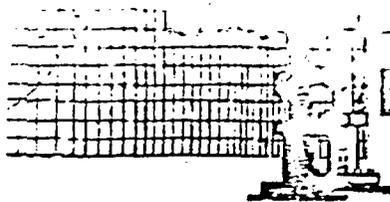
CONDITIONS OF APPROVAL, IF ANY:

Operator: BCO, Inc.
135 Grant Ave.
Santa Fe, N.M. 87501

SUNDRY NOTICES AND REPORTS ON WELLS

Lease No: V-2258
State J-1
Undesignated Graneros/Lybrook Gallup
Page Two

-
- June 5, 1988 Graneros tubing pressure at 75 lbs. Could not get Graneros to flow or produce by intermitting. Hit Graneros tubing with Gallup casing to equalize.
- June 6, 1988 Blew down tubing from 515 p.s.i. After two hours tubing pressure had only built to 20 lbs. Halliburton pumped 60,000 scf of nitrogen into Graneros at rate of 1000 scf a minute at 1300 p.s.i. ISIP 2050, 5 min 2025, 10 min 2000, 15 min 2000. Blew down in 30 min. Decided to move packer to 6450. Opened by-pass and equalized. Could not move packer. Left tubing stretched.
- June 7, 1988 Could not unseat packer. Received verbal permission from Frank Chavez to temporarily abandon Undesignated Graneros. Cut tubing with chemical packer three feet above packer. Came out of hole with tubing and sliding sleeve. Set drillable bridge plug at 5880'. The Undesignated Graneros is temporarily abandoned. Started running tubing in.
- June 8, 1988 Finished running tubing. Landed tubing at 5725'. Placed well back in production on 26/64 choke.
- June 9, 1988 Made 109.17 total fluid in 24 hours. Dropped piston. Left to operate on 22/64 choke.
- June 10, 1988 Set 180 hour bomb hanging at 5700'. Flowed for two hours. Shut well in for 7-day pressure test.
- June 17, 1988 Removed bomb from well. Results of pressure buildup measurement is attached. Began cleaning up well to place well back in production.



TEFTELLER, INC.

reservoir engineering data

MIDLAND, TEXAS / FARMINGTON, NEW MEXICO
GRAND JUNCTION, COLORADO

P. O. Box 5247
Midland, Texas 79704
(915) 682-5574

June 20, 1988

BCO, Inc.
135 Grant Avenue
Santa Fe, NM 87501

Attention: Mr. Art Jaramillo
for Ms. Elizabeth Keeshan

Subject: Buildup Measurement
State "J" No. 1
Lybrook (Gallup) Field
Rio Arriba County, New Mexico
Our File No. 2-19081-BU

Dear Mr. Jaramillo:

Attached hereto are the results of a bottonhole pressure buildup measurement which was conducted on the above captioned well June 10 through 17, 1988.

The data presented are in tabular and graphical form.

It has been our pleasure to have conducted this service for you. If we may be of further assistance, please call us at any time.

Respectfully submitted,

Neil Tefteller

NT/lw

TEPTELLER, INC.
RESERVOIR ENGINEERING DATA
MIDLAND, TX.- FARMINGTON, NM.- GRAND JUNCTION, CO.

WELL : STATE "J" NO. 1

PAGE 1 OF 4

FIELD : LYBROOK (GALLUP)

FILE 2-19081-BU

CHRONOLOGICAL PRESSURE AND PRODUCTION DATA

1988		ELAPSED	WELLHEAD	BHP @
DATE	STATUS OF WELL	TIME	PRESSURE	5700'
		HRS. MIN.	TBG CSG	PSIG
6-10	Arrived on location			
	Well flowing on 18/64" choke	09:00	538	
	Tandem instruments @ 5700'	10:00		704
	Flowing on 18/64" choke	11:00		684
		12:00		683
	Shut-in for buildup	12:00	0 00	
		12:15	0 15	722
		12:30	0 30	731
		12:45	0 45	739
		13:00	1 00	744
		13:15	1 15	748
		13:30	1 30	751
		14:00	2 00	754
		14:30	2 30	756
		15:00	3 00	759
		16:00	4 00	763
		17:00	5 00	766
		18:00	6 00	769
		19:00	7 00	772
		20:00	8 00	776
		21:00	9 00	777
		22:00	10 00	780
6-1		00:00	12 00	783
		02:00	14 00	786
		04:00	16 00	789
		06:00	18 00	792
		08:00	20 00	795
		10:00	22 00	797
		12:00	24 00	799
		14:00	26 00	801
		16:00	28 00	804
		18:00	30 00	806
		20:00	32 00	808
		22:00	34 00	810
6-12		00:00	36 00	811
		04:00	40 00	813
		08:00	44 00	816
		12:00	48 00	819
		16:00	52 00	821
		20:00	56 00	824

TEFTELLER, INC.
RESERVOIR ENGINEERING DATA
MIDLAND, TX.- FARMINGTON, NM.- GRAND JUNCTION, CO.

WELL : STATE "J" NO. 1

PAGE 2 OF 4

FIELD : LYBROOK (GALLUP)

FILE 2-19081-BU

CHRONOLOGICAL PRESSURE AND PRODUCTION DATA

1988 DATE	STATUS OF WELL	TIME	ELAPSED TIME		WELLHEAD PRESSURE		BHP @ 5700'
			HRS.	MIN.	TBG	CSG	PSIG
6-13		00:00	60	00			827
		04:00	64	00			829
		08:00	68	00			831
		12:00	72	00			833
		16:00	76	00			835
		20:00	80	00			837
6-14		06:00	90	00			841
		16:00	100	00			846
6-15		02:00	110	00			851
		12:00	120	00			855
		22:00	130	00			859
6-16		08:00	140	00			861
		18:00	150	00			864
6-17		04:00	160	00			867
	Off bottom with instruments	09:15	165	15			868
	Gradient traverse	10:30	166	30	623	738	868

900 880 860 840 820 800 780 760 740 720 700 1000

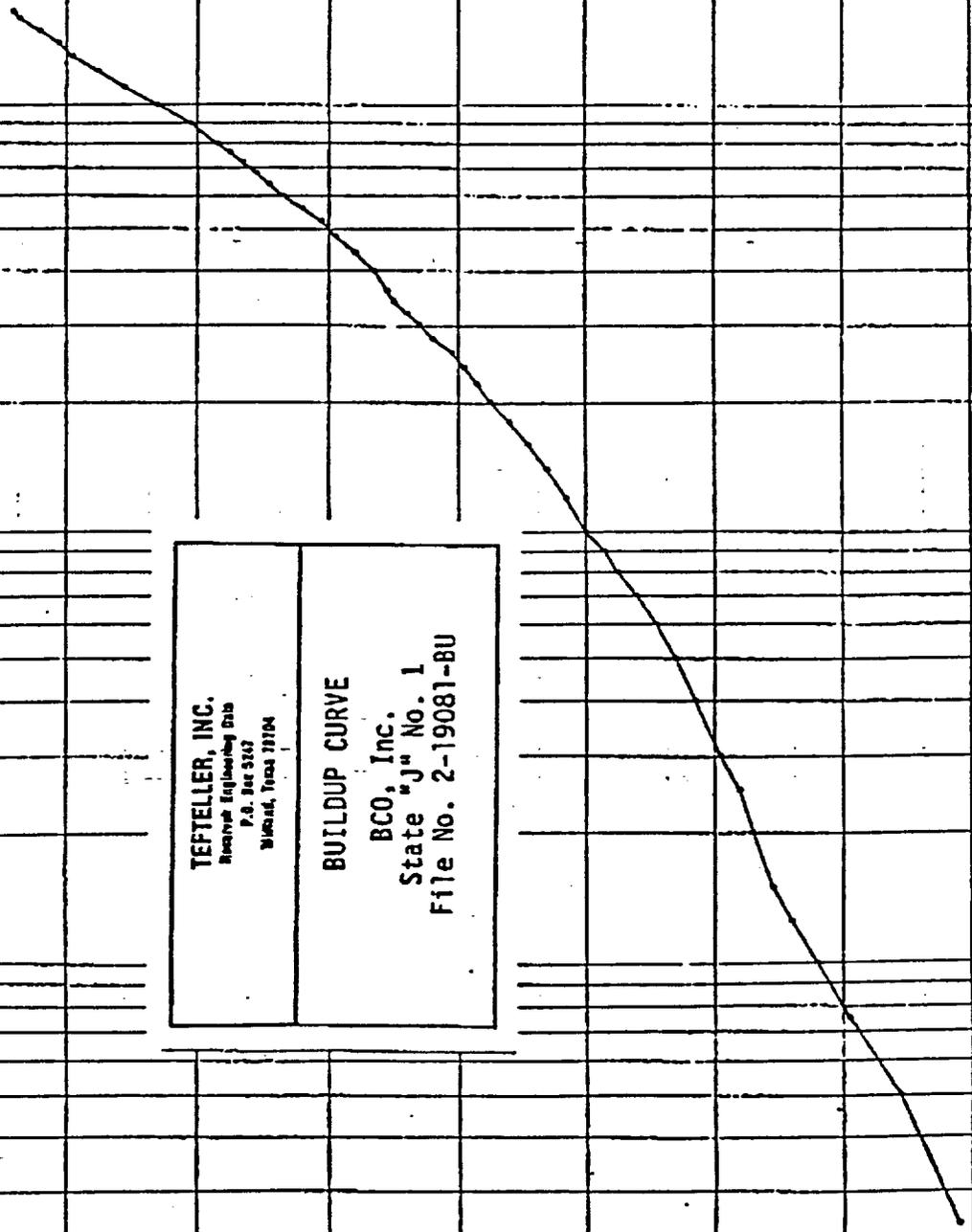
BOTTLEHOPE PRESSURE @ 5700 FEET, PSIG

SHUT-IN TIME: HOURS

0.1 1 10 100

TEFTELLER, INC.
 Reservoir Engineering Data
 P.O. Box 5122
 Houston, Texas 77204

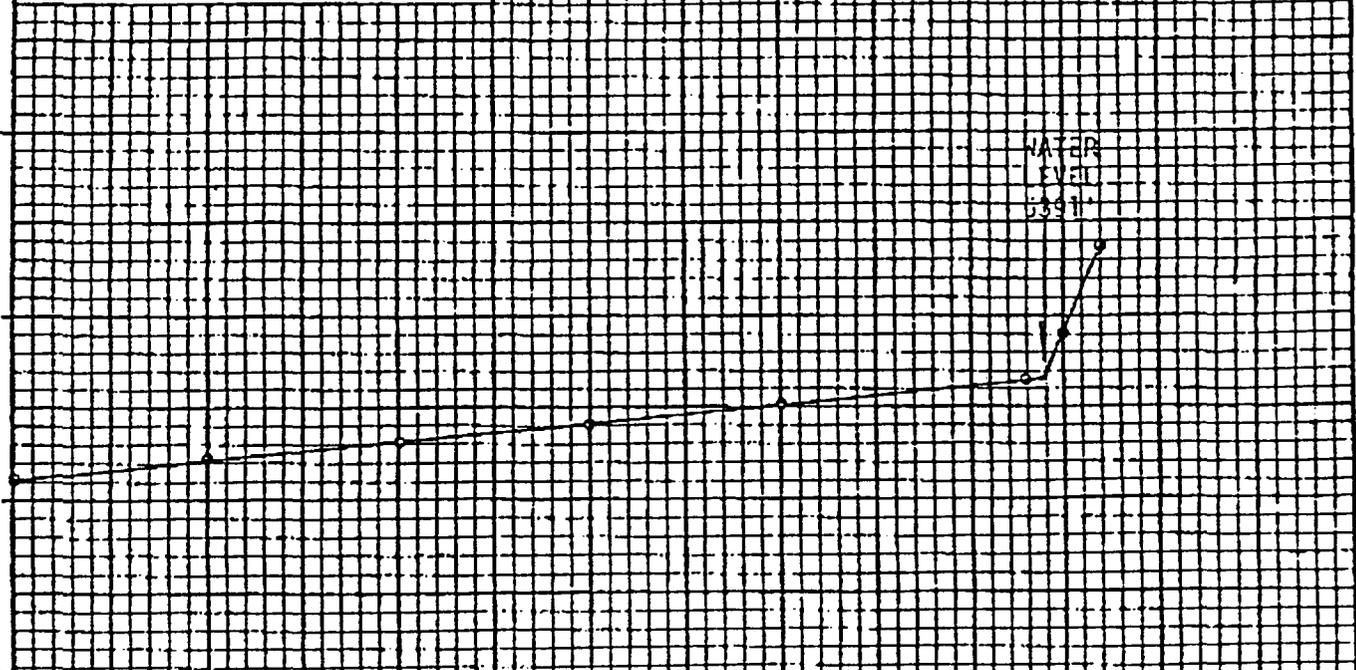
BUILDUP CURVE
 BCO, Inc.
 State "J" No. 1
 File No. 2-19081-BU





Company BCO, INC. Lease STATE "J" Well No. 1
 Field LYBROOK (GALLUP) County RIO ARRIBA State NEW MEXICO
 Formation GALLUP Test Date JUNE 10, 1988

Status of Well Shut in 166.5 hours		
DEPTH	PRESSURE	GRADIENT
Feet	Psig	Psi/Ft.
7	623	
1000	643	0.020
2000	662	0.019
3000	682	0.020
4000	702	0.020
5300	730	0.022
5500	780	0.250
5700	868	0.440



Datum Pressure		Psig
Elev.	Datum	Ft.
Total Depth 5880PB	Perf. 5326-5706	Ft.
Tubing 2 3/8	in. to 5725	Ft.
Casing 4 1/2	in. to	Ft.
Casing Press. 738	Tubing Press. 623	
Oil Level Nil	Water Level 5391	
Temperature 148	°F @ 5700	Ft.
Element No. 3438	Range 0-2600	
Last Test Date		
Pressure Last Test Date		Psig
B.H.P. Change	Psi	

PRESSURE POUNDS PER SQUARE INCH GAUGE

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LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old
C-102 and C-103
Effective 1-1-65

MAY 2 1988

5a. Indicate Type of Lease	
State <input checked="" type="checkbox"/>	Fee <input type="checkbox"/>
5. State Oil & Gas Lease No. V-2258	
7. Unit Agreement Name	
8. Farm or Lease Name State J	
9. Well No. 1	
10. Field and Pool, or Wildcat Undesignated Graneros/ Lybrook Gallup	
12. County Rio Arriba	

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>
2. Name of Operator BCO, INC.
3. Address of Operator 135 Grant, Santa Fe, N.M. 87501
4. Location of Well UNIT LETTER <u>A</u> <u>540</u> FEET FROM THE <u>North</u> LINE AND <u>820</u> FEET FROM THE <u>East</u> LINE, SECTION <u>16</u> TOWNSHIP <u>23N</u> RANGE <u>7W</u> RMPM.
15. Elevation (Show whether DF, RT, GR, etc.) 7210 GR

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER <u>Production testing</u> <input checked="" type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	OTHER <input type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

In order to prepare for hearing scheduled before Oil Conservation Division on June 8, 1988, intend to do production testing. Will kill well to pull tubing and set production packer below Gallup with sliding sleeve above packer. Will clean up fluid used to kill well. Will produce Graneros through tubing for 24 hours. Will open upper sleeve and set isolation sleeve to seal off Graneros. Will produce Gallup through tubing for 24 hours. Will isolate formations and leave shut in for 7 days. At end of 7-day period, will have Graneros pressure determined down tubing and Gallup pressure determined down casing.

RECEIVED
MAY 24 1988
OIL CON. DIV.
DIST. 3

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

SIGNED Elizabeth B. Keeshan TITLE Vice President DATE May 23, 1988

APPROVED BY [Signature] TITLE SUPERVISOR DISTRICT # 3 DATE MAY 24 1988

CONDITIONS OF APPROVAL, IF ANY:

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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	GAS	
OPERATOR		
PRODUCTION OFFICE		

OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-104
Revised 10-01-78
Format 06-01-83
Page 1

REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

RECEIVED
OCT 23 1987
OIL CON. DIV.
DIST. 3

I. Operator
BCO, INC.

Address
135 Grant, Santa Fe, New Mexico 87501

Reason(s) for filing (Check proper box)

<input checked="" type="checkbox"/> New Well	Change in Transporter of:	
<input type="checkbox"/> Recompletion	<input type="checkbox"/> Oil	<input type="checkbox"/> Dry Gas
<input type="checkbox"/> Change in Ownership	<input type="checkbox"/> Casinghead Gas	<input type="checkbox"/> Condensate

Other (Please explain)

If change of ownership give name and address of previous owner

II. DESCRIPTION OF WELL AND LEASE

Lease Name State J	Well No. 1	Pool Name, including Formation Lybrook Gallup	Kind of Lease State, Federal or Free State	Lease No. V-2258
Location Unit Letter A, 540 Feet From The North Line and 820 Feet From The East Line of Section 16, Township 23N, Range 7W, NMPM, Rio Arriba, County				

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
BCO, INC.	135 Grant, Santa Fe, New Mexico 87501
Name of Authorized Transporter of Casinghead Gas <input checked="" type="checkbox"/> or Dry Gas <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
BCO, INC.	135 Grant, Santa Fe, New Mexico 87501
If well produces oil or liquids, give location of tanks.	Unit, Sec., Twp., Rgs. Is gas actually connected? When
	A, 10, 23N, 7W. No. Will sell gas when well quits making nitrogen

Off lease storage request
If this production is commingled with that from any other lease or pool, give commingling order number: DHC-672

NOTE: Complete Parts IV and V on reverse side if necessary.

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given is true and complete to the best of my knowledge and belief.

Elizabeth B. Keeshan
(Signature)
Vice President
(Title)
10/21/87
(Date)

OIL CONSERVATION DIVISION
OCT 13 1987
APPROVED _____
BY [Signature]
TITLE SUPERVISOR DISTRICT 3

This form is to be filed in compliance with RULE 1102.
If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.
All sections of this form must be filled out completely for allowable on new and recompleted wells.
Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter or other such change of condition.
Separate Forms C-104 must be filed for each pool in multiply completed wells.

IV. COMPLETION DATA

Designate Type of Completion - (X)		Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Restv.	Diff. Restv.
		X							
Date Spudded	8/3/87	Date Compl. Ready to Prod.		10/16/87		Total Depth	6611		
Elevations (DF, RKB, RT, GR, etc.)		Name of Producing Formation		Top Oil/Gas Pay		Tubing Depth			
7210-GR		Gallup		5326		6465			
Perforations				5676 and 5706		Depth Casing Shoe			
One .39" shot at 5326, 5470, 5476, 5482, 5582, 5586, 5608, 5634, 5650, /						6608			
TUBING, CASING, AND CEMENTING RECORD									
HOLE SIZE		CASING & TUBING SIZE		DEPTH SET		SACKS CEMENT			
12-1/4		8-5/8		220		155			
7-7/8		4-1/2		6609		1677			
4-1/2		2-3/8		6465					

V. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed log allowable for this depth or be for full 24 hours)

Date First New Oil Run To Tanks	10/13/87	Date of Test	10/21/87	Producing Method (Flow, pump, gas lift, etc.)		Flowing	
Length of Test	24 hours	Tubing Pressure	410	Casing Pressure	665	Coke Size	24/64
Actual Prod. During Test	24 hours	Oil - Bbls.	15	Water - Bbls.	17-recovered frac	Gas - MCF	465

GAS WELL

Actual Prod. Test - MCF/D	Length of Test	Bbls. Condensate/MCF	Gravity of Condensate
Testing Method (puol, back pr.)	Tubing Pressure (Start-End)	Casing Pressure (Start-End)	Coke Size

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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	GAS		
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PRODUCTION OFFICE			

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-104
10-01-78
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OCT 23 1987

OIL CON. DIV.
DIST. 3

REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

I. Operator BCO, INC.
Address 135 Grant, Santa Fe, New Mexico 87501.
Reason(s) for filing (Check proper box)
 New Well
 Recompletion
 Change in Ownership
Change in Transporter of:
 Oil
 Casinghead Gas
 Dry Gas
 Condensate
Other (Please explain)

If change of ownership give name and address of previous owner

DESCRIPTION OF WELL AND LEASE
Lease Name State J. Well No. 1. Pool Name, Including Formation Undesignated Graneros. Kind of Lease State, Federal or Fee State State Lease No. V-2258.
Location
Unit Letter A. : 540. Feet From The North. Line and 820. Feet From The East.
Line of Section 16. Township 23N. Range 7W. , NMPM, Rio Arriba. County

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS
Name of Authorized Transporter of Oil or Condensate
BCO, INC. Address (Give address to which approved copy of this form is to be sent) 135 Grant, Santa Fe, New Mexico 87501.
Name of Authorized Transporter of Casinghead Gas or Dry Gas
BCO, INC. Address (Give address to which approved copy of this form is to be sent) 135 Grant, Santa Fe, New Mexico 87501.
If well produces oil or liquids, give location of tanks. Unit A. Sec. 10. Twp. 23N. Rge. 7W. Is gas actually connected? When nitrogen
Off lease storage request No. Will sell gas when well quits making/

If this production is commingled with that from any other lease or pool, give commingling order number: DHC-672

NOTE: Complete Parts IV and V on reverse side if necessary.

VI. CERTIFICATE OF COMPLIANCE
I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given is true and complete to the best of my knowledge and belief.
Elizabeth B. Keeshan
(Signature)
Vice President
October 21, 1987
(Date)

10-13-87
OIL CONSERVATION DIVISION
OCT 13 1987
APPROVED _____
BY [Signature]
TITLE SUPERVISOR DISTRICT
This form is to be filed in compliance with RULE 1104.
If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.
All sections of this form must be filled out completely for allowable on new and recompleted wells.
Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.
Separate Forms C-104 must be filed for each pool in multiply completed wells.

IV. COMPLETION DATA

Designate Type of Completion - (X)		Oil Well X	Gas Well	New Well	Workover	Deepen	Plug Back	Same Resrv.	Diff. Resrv.
Date Spudded 8/3/87	Date Compl. Ready to Prod. 10/16/87		Total Depth 6611		P.B.T.D. 6534				
Elevations (DF, RKB, RT, GR, etc.) 7210 GR	Name of Producing Formation Graneros		Top Oil/Gas Pay 6454		Tubing Depth 6465				
Perforations One .39" shot at 6454, 6458, 6462, 6466, 6470, 6482, 6486						Depth Casing Shoe 6608			
TUBING, CASING, AND CEMENTING RECORD									
HOLE SIZE	CASING & TUBING SIZE		DEPTH SET		SACKS CEMENT				
12-1/4	8-5/8		220		155				
7-7/8	4-1/2		6609		1677				
4-1/2	2-3/8		6465						

V. TEST DATA AND REQUEST FOR ALLOWABLE (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

Date First New Oil Run To Tanks 10/13/87	Date of Test 10/21/87	Producing Method (Flow, pump, gas lift, etc.) Flowing		
Length of Test 24 hours	Tubing Pressure 410	Casing Pressure 665	Choke Size 24/64	
Actual Prod. During Test 24 hours	Oil - Bbls. 7	Water - Bbls. 5 - recovered frac	Gas - MCF 217	

GAS WELL 210

Actual Prod. Test - MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (psig, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

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OPERATOR	

3a. Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.
V-2258

1a. TYPE OF WELL
OIL WELL GAS WELL DRY OTHER

b. TYPE OF COMPLETION
NEW WELL WORK OVER DEEPEN PLUG BACK DIFF. RESVR. OTHER

2. Name of Operator
BCO, Inc.

3. Address of Operator
135 Grant, Santa Fe, New Mexico 87501

4. Location of Well
UNIT LETTER A LOCATED 540 FEET FROM THE North LINE AND 820 FEET FROM THE East LINE OF SEC. 16 TWP. 23N RGE. 7W NMPM

7. Unit Agreement Name

8. Farm or Lease Name
State J

9. Well No.
1

10. Field and Pool, or Wildcat
Lybrook Gallup

12. County
Rio Arriba

15. Date Spudded
8/3/87

16. Date T.D. Reached
8/11/87

17. Date Compl. (Ready to Prod.)
10/16/87

18. Elevations (DF, RKB, RT, GR, etc.)
7210 GR

19. Elev. Casinghead
7213

20. Total Depth
6611

21. Plug Back T.D.
6534

22. If Multiple Compl., How Many
Two

23. Intervals Drilled By
Rotary Tools Cable Tools

24. Producing Interval(s), of this completion - Top, Bottom, Name
5326-5706 Gallup

25. Was Directional Survey Made Yes. Mailed to OCD 8/19/87.

27. Was Well Cored
No

26. Type Electric and Other Logs Run
Induction Guard Log, Spectral Density DSN II, Acoustic Cement Bond Log

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8	23#	220	12 1/4"	155 sacks Class B	
4 1/2	11.6#	6609	7 7/8	1677 sacks Class H	

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2 3/8	6465	

31. Perforation Record (Interval, size and number)
One .39" hole at 5326, 5470; 5476; 5482; 5582, 5586, 5608, 5634, 5650, 5676, 5706

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
5326-5706	1500 gallons 7 1/2% HCL
	192,550 gallons 70% foam
	376,000 lbs 20-40 sand
	3,841,125 SCF nitrogen

33. PRODUCTION

Date First Production
10/16/87

Production Method (Flowing, gas lift, pumping - Size and type pump)
Flowing

Well Status (Prod. or Shut-in)
Producing

Date of Test 10/21/87	Hours Tested 24	Choke Size 24/64	Prod'n. For Test Period →	Oil - Bbl. 15	Gas - MCF 465	Water - Bbl. 17 recovered frac	Gas - Oil Ratio 31000
Flow Tubing Press. 410	Casing Pressure 665	Calculated 24-Hour Rate →	Oil - Bbl. 15	Gas - MCF 465	Water - Bbl. 17 recovered frac	Oil Gravity - API (Corr.) 40	

34. Disposition of Gas (Sold, used for fuel, vented, etc.)
Vented. Will sell when quits making nitrogen

Test Witnessed By
R. Ramirez

35. List of Attachments

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

SIGNED Elizabeth B. Keoshan TITLE Vice President DATE October 21, 1987

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

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5a. Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.
V-2258

1a. TYPE OF WELL
OIL WELL GAS WELL DRY OTHER

b. TYPE OF COMPLETION
NEW WELL WORK OVER DEEPEN PLUG BACK DIFF. RESVR. OTHER

2. Name of Operator
BCO, Inc.

7. Unit Agreement Name

3. Address of Operator
135 Grant, Santa Fe, New Mexico 87501

8. Farm or Lease Name
State J

4. Location of Well
UNIT LETTER A LOCATED 540 FEET FROM THE North LINE AND 820 FEET FROM

9. Well No.
1

THE East LINE OF SEC. 16 TWP. 23N RGE. 7W

10. Field and Pool, or Wildcat
Undesignated Graneros

12. County
Rio Arriba

15. Date Spudded 8/3/87 16. Date T.D. Reached 8/11/87 17. Date Compl. (Ready to Prod.) 10/16/87

18. Elevations (DF, RKB, RT, GR, etc.) 7210 GR 19. Elev. Casinghead 7213

20. Total Depth 6611 21. Plug Back T.D. 6534 22. If Multiple Compl., How Many Two

23. Intervals Drilled By Rotary Tools Cable Tools

24. Producing Interval(s), of this completion - Top, Bottom, Name
6454-6486 Graneros

25. Was Directional Survey Made Yes. No. Mailed to OCD 8/19/87

26. Type Electric and Other Logs Run
Induction Guard Log, Spectral Density DSN II, Acoustic Cement Bond Log

27. Was Well Cored
No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8	23#	220	12 1/4"	155 sacks Class B.	
4 1/2	11.6#	6609	7 7/8	1677 sacks Class H.	

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2 3/8	6465	

31. Perforation Record (Interval, size and number)
One .39" shot at 6454; 6458; 6462; 6466; 6470; 6482; 6486

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
6454-6486	1500 gallons 7 1/2% HCL
	104,927 gallons 70% foam
	180,000 lbs 20-40 sand
	2,325,064 SCF nitrogen

33. PRODUCTION

Date First Production 10/13/87 Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing Well Status (Prod. or Shut-in) Producing

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
10/21/87	24	24/64		7	217	5 recovered frac	31000

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API (Corr.)
410	665		7	217	5 recovered frac	40

34. Disposition of Gas (Sold, used for fuel, vented, etc.)
Vented. Will sell when quits making nitrogen

Test Witnessed By R. Ramirez

35. List of Attachments

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

SIGNED Elizabeth B. Keasha TITLE Vice President DATE October 21, 1987

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DIST. 3

OIL CONSERVATION DIVISION

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Form C-103
Revised 10-1-78

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Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.
V-2258

SUNDRY NOTICES AND REPORTS ON WELLS

DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	7. Unit Agreement Name
2. Name of Operator BCO, INC.	8. Farm or Lease Name State J
3. Address of Operator 135 Grant, Santa Fe, N.M. 87501	9. Well No. 1
4. Location of Well UNIT LETTER <u>A</u> <u>540</u> FEET FROM THE <u>North</u> LINE AND <u>820</u> FEET FROM THE <u>East</u> LINE, SECTION <u>16</u> TOWNSHIP <u>23N</u> RANGE <u>7W</u> NMPM.	10. Field and Pool, or Wildcat Undesignated Graneros Lybrook Gallup
15. Elevation (Show whether DF, RT, GR, etc.) 7210 GR	12. County Rio Arriba

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER <input type="checkbox"/>	OTHER <u>Perforate, Frac, Place in Production</u> <input checked="" type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

October 5, 1987 Tagged cement at 4608'. Tagged DV tool at 4788'. Drilled out DV tool. Tagged cement at 6317'.

October 6, 1987 Drilled 100 feet. Lost cones on bit. Went in hole with globe basket and recovered three cones from bit, bearings, and pieces of the float collar plug.

October 7, 1987 Drilled out cement to 6534' which is PBD. Welex ran Acoustic Cement Bond Log from 4650-6534'. Welex will mail a copy of the log to the OCD. Pressure tested at 3000 lbs. Held. Determined top of first stage cement is 4970'. Welex perforated with one .39" shot at 6454, 6458; 6462; 6466, 6470, 6482, and 6486.

October 8, 1987 Went in hole with straddle packers. Spotted 1500 gallons 7½% double inhibited HCL acid. Broke down each perforation individually. Swabbed well dry.

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

SIGNED Elizabeth B. Keeshan TITLE Vice President DATE October 21, 1987

APPROVED BY [Signature] TITLE SUPERVISOR DISTRICT # 4 DATE OCT 23 1987

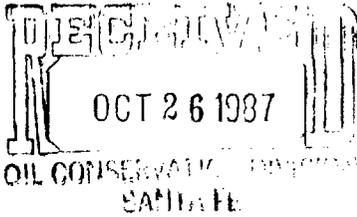
CONDITIONS OF APPROVAL, IF ANY:

Operator: BCO, Inc.
135 Grant Ave.
Santa Fe, N.M. 87501

SUNDRY NOTICES AND REPORTS ON WELLS

Lease No: V-2258
State J-1
Undesignated Graneros/Lybrook Gallup
Page Two

- October 12, 1987 Treated 33,000 gallons of water with 165 gallons TRI-S; 66 gallons of 3N, 8400 lbs of KCL, 33 gallons LP55 scalecheck, 650 lbs WG-11, 80 lbs HYG-3, 80 lbs K-34, and 20 lbs GBW-30. Sand water foam fracked (70%) 6454'-6486' with 104,927 gallons of foam, 180,000 lbs 20-40 sand, 2,325,064 standard cubic feet of nitrogen. Average treating pressure 4900 lbs at 29 foam bbls per minute, ISIP 3700, 5 min 3220, 10 min 3130, 15 min 3120. After one and a half hours, opened well to blow back frac.
- October 13, 1987 Well flowing to tank. Killed well. On a wireline Welex set retrievable bridge plug at 5740'. Pressure tested plug and held. Welex perforated with one .39" holes at 5326, 5470; 5476; 5482; 5582; 5586; 5608; 5634; 5650, 5676, 5706. Started in hole with straddle packers. Spotted 1500 gallons 7½% double inhibited HCL acid. Broke down each perforation individually.
- October 14, 1987 Treated 62,000 gallons of water with 300 gallons TRI-S, 125 gallons of 3N, 14,000 lbs of KCL, 62 gallons LP55 scalecheck, 1250 lbs WG-11, 160 lbs HYG-3, 160 lbs K-34, and 30 lbs GBW-30, and 60 lbs SP Breaker. Sand water foam fracked (70%) 5326'-5706' with 192,550 gallons of foam, 376,000 lbs 20-40 sand, and 3,841,125 standard cubic feet of nitrogen. Average treating pressure 3900 lbs at 40 foam bbls per minute. ISIP 2400; 5 min. 2120; 10 min. 2100, 15 min. 2100. Opened well to flow back frac after one and a half hours.
- October 15, 1987 Flowing to tank. Went in with retrieving head. Tagged sand at 5710'. Cleaned out to bridge plug at 5740'. Came out of hole with bridge plug. Went in with expandable check. Tagged sand at 6440'. Pulled up.
- October 16, 1987 Tagged sand at 6465'. Cleaned out to 6534'. Landed tubing at 6465'. Pumped out expandable check. Well kicked off. Put well in production.
- October 19, 1987 Released rig. Tripped piston to clean out parrafin. Well flowing.
- October 21, 1987 Determined initial potential of Graneros is 7 barrels of oil and 217 MCF of gas with 5 barrels of recovered frac water. Determined initial potential of Gallup is 15 barrels of oil and 465 MCF of gas with 17 barrels of recovered frac water. During 24 hour test period well was operated on 24/64th choke with 665 pounds casing pressure and 410 pounds stabilized flow pressure on the tubing.



OIL CONSERVATION DIVISION
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO

NOTICE OF GAS CONNECTION

DATE October 22, 1987

This is to notify the Oil Conservation Division that connection for the purchase of gas from the BCO, INC.

Operator

V-2258 State J-1, Rio Arriba, Sec 16 T23N R7W
Lease, Well No. and Unit County S - T - R

Undesignated Graneros/Lybrook Gallup, BCO, INC.
Pool Name of Purchaser

was made in October 22, 1987 . First Delivery October 22, 1987
Date Date

Undesignated Graneros 7 BOPD, 217 MCF, 5 barrels recovered frac water
Lybrook Gallup 15 BOPD, 465 MCF, 17 barrels recovered frac water
Initial Potential

BCO, INC.
Purchaser

Elizabeth B. Keeshan
Elizabeth B. Keeshan

Vice President
Title

cc: Operator
Oil Conservation Division, Santa Fe

OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

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Form C-103
Revised 10-1-78

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OPERATOR	

5a. Indicate Type of Lease
State Fee
3b. State Oil & Gas Lease No.
V-2258

OIL CON. DIV

AUG 21 1987

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	7. Unit Agreement Name
2. Name of Operator BCO, INC.	8. Farm or Lease Name State J
3. Address of Operator 135 Grant, Santa Fe, N.M. 87501	9. Well No. 1
4. Location of Well UNIT LETTER <u>A</u> <u>540</u> FEET FROM THE <u>North</u> LINE AND <u>820</u> FEET FROM THE <u>East</u> LINE, SECTION <u>16</u> TOWNSHIP <u>23N</u> RANGE <u>7W</u> N.M.P.M.	10. Field and Pool, or Widened Undesignated Graneros Lybrook Gallup
15. Elevation (Show whether DF, RT, GR, etc.) 7210 GR	12. County Rio Arriba

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK PLUG AND ABANDON
TEMPORARILY ABANDON CHANGE PLANS
PULL OR ALTER CASING OTHER

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING
COMMENCE DRILLING OPNS. PLUG AND ABANDONMENT
CASING TEST AND CEMENT JOB OTHER

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

August 4-11, 1987 Drilled 7-7/8" hole to 6620'. Bits were run as follows:

Bit #	Type	Date Out	Footage Out	Rotation Hours	Feet Drilled	Avg per Hour	Deviation
1	HTC	8/3	231'	3	231'	77	1°
2	X3A	8/4	1756'	9-3/4	1525'	156	3/4°
3	FP52A	8/7	4793'	62-1/2	3037'	49	3/4°
4	FP52J	8/11	6620'	82	1827'	22	1°

August 11, 1987 Conditioned hole until able to get logs to bottom.

August 12, 1987 Ran Dual Induction Log and Spectral Density DSN II logs. Welex will mail a copy of each log to the OCD. Ran 6609' of 11.6#N80 4 1/2" casing. Two-stage cement job was run.

(Continued)

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

SIGNED Elizabeth B. Keeshan TITLE Vice President DATE August 19, 1987

APPROVED BY [Signature] TITLE SUPERVISOR DISTRICT # 3 DATE AUG 21 1987

CONDITIONS OF APPROVAL, IF ANY:

August 13, 1987

Stage One: T.D. to 4800'. Ran 10 bbls mud flush. Mixed 402 sacks Class H cement with 2% CaCl, 8 lbs salt per sack, ½ lb flocele per sack, 6½ lbs gilsonite per sack (about 98 bbls slurry). Mixed at 15.1 lbs per gallon with a yield of 1.37 cubic feet per sack or 550 cubic feet. Cement was not designed to circulate above DV tool. It did not circulate above DV tool. Top of cement will be reported on a subsequent notice when we log cement. The plug was pumped at 6:15 a.m. It did not bump. Pumped and flowed back twice. Total displacement was 104 bbls (estimated 103). Opened stage tool at 7:30 a.m.

Stage Two: 4800' to surface. Waited four hours for Stage One to set. Pumped 10 bbls of water, 20 bbls of FloCheck, 5 bbls of water. Mixed 1275 sacks of 65/35 poz Class H cement mixed with 3% gel, 12½ lbs gilsonite per sack, 5.6# salt per sack, 8.2# Calseal per sack. Mixed at 13 lbs per gallon with a yield of 1.78 cubic feet per sack or 2270 cubic feet (about 404 bbls slurry). Cement was designed to circulate. Circulated 116 bbls of cement. Plug was pumped at 12:20 p.m. Plug bumped.

August 13, 1987

Drilling rig rigged down. Intend to complete well in September.

2270
350

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DIST. 3

OIL CONSERVATION DIVISION
 P. O. BOX 2088
 SANTA FE, NEW MEXICO 87501

Form C-103
 Revised 10-1-78

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OPERATOR	

5a. Indicate Type of Lease
 State Fee
 5. State Oil & Gas Lease No.
 V-2258

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER- 2. Name of Operator BCO, INC. 3. Address of Operator 135 Grant, Santa Fe, N.M. 87501 4. Location of Well UNIT LETTER <u>A</u> <u>540</u> FEET FROM THE <u>North</u> LINE AND <u>820</u> FEET FROM THE <u>East</u> LINE, SECTION <u>16</u> TOWNSHIP <u>23N</u> RANGE <u>7W</u> NMPM.	7. Unit Agreement Name 8. Farm or Lease Name State J 9. Well No. 1 10. Field and Pool, or Wildcat Undesignated Graneros 6M to 7M/ Lybrook Gallup 11. Elevation (Show whether DF, RT, GR, etc.) 7210 GR 12. County Rio Arriba
--	---

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK PLUS AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING OTHER

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. PLUS AND ABANDONMENT
 CASING TEST AND CEMENT JOB OTHER

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

August 3, 1987

Spudded well at 3:00 p.m. Drilled 12-1/4" hole and ran 5 joints, or 207' of 8-5/8" 23# limited service surface pipe. Set at 220. Cemented with 155 sacks Class B cement mixed with 2% CACL and 1/4 lb flocele per sack. The cement was mixed at 15.6 lbs with a yield of 1.18 cubic feet per sack or 183 cubic feet. Plug down 8:15 p.m. Circulated 12 barrels cement.

August 4, 1987

Waiting on cement to harden.

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 AUG 19 1987
 OIL CON. DIV.
 DIST. 3

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

SIGNED Elizabeth B. Keeshan TITLE Vice President DATE August 18, 1987

APPROVED BY [Signature] TITLE SUPERVISOR DISTRICT # 3 DATE AUG 19 1987

CONDITIONS OF APPROVAL, IF ANY:

20-257-27127 ✓

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P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

5A. Indicate Type of Lease
STATE FEE

5. State Oil & Gas Lease No.
V 2258

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work
b. Type of Well
DRILL DEEPEN PLUG BACK
OIL WELL GAS WELL OTHER
SINGLE ZONE MULTIPLE ZONE

2. Name of Operator
BCO, INC.

3. Address of Operator
135 Grant, Santa Fe, N.M. 87501

4. Location of Well
UNIT LETTER A LOCATED North LINE
AND 820 FEET FROM THE East LINE OF SEC. 16 23N RGE. 7W NMPM

7. Unit Agreement Name
8. Farm or Lease Name
State J

9. Well No.
1

10. Field and Pool, or Wildcat Undesignated Graneros - 6M
20 7/8 Lybrook Gallup East

12. County
Rio Arriba

19. Proposed Depth 6620 19A. Formation Graneros / Gallup 20. Rotary or C.T. Rotary

21. Elevations (Show whether DF, RT, etc.) 7210 GR 21A. Kind & Status Plug. Bond \$50,000 statewide bond on file with OCD 21B. Drilling Contractor Walters Drilling Co. 22. Approx. Date Work will start August 1, 1987

OIL CON. DIV. DIST. #3
JUL 20 1987

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4	8-5/8 new	23.0	200	150	Circulate
7-7/8	4-1/2 new	11.6	6620	1750	Circulate

Propose to drill 12-1/4" hole approximately 200' and run approximately 200' of 8-5/8" surface casing which will be cemented with approximately 150 sacks of cement. Will drill 7-7/8" hole to about 6620'. Intend to run Induction Electric Gamma Log and Density Neutron Log. Will cement approximately 6620' of 4-1/2" casing to surface with approximately 1750 sacks of cement. We intend to perforate and frac Graneros and Gallup formations as determined after reviewing logs. We may delay completion until Spring of 1988. It is anticipated we will request commingling of the Graneros and Gallup in accordance with Oil Conservation Commission Order 7279. Attached is a copy of a topographic map showing the approximate location of the well. Intend to request off-lease storage at the Dunn 2E location in the SW¹/₄SW¹/₄ of Section 10T23NR7W. The surface of this location is owned by BCO, Inc. We request off-lease storage so that oil is stored at a greater distance from Highway 44.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed Elizabeth B. Keeshan Title Vice President Date July 17, 1987

(This space for State Use)

APPROVED BY Eric Busch TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE 7-20-87 JUL 20 1987

CONDITIONS OF APPROVAL, IF ANY:

Hold C-104 for Off-Lease Storage Approval

APPROVAL EXPIRES 1-20-88
UNLESS DRILLING IS COMMENCED.
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

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

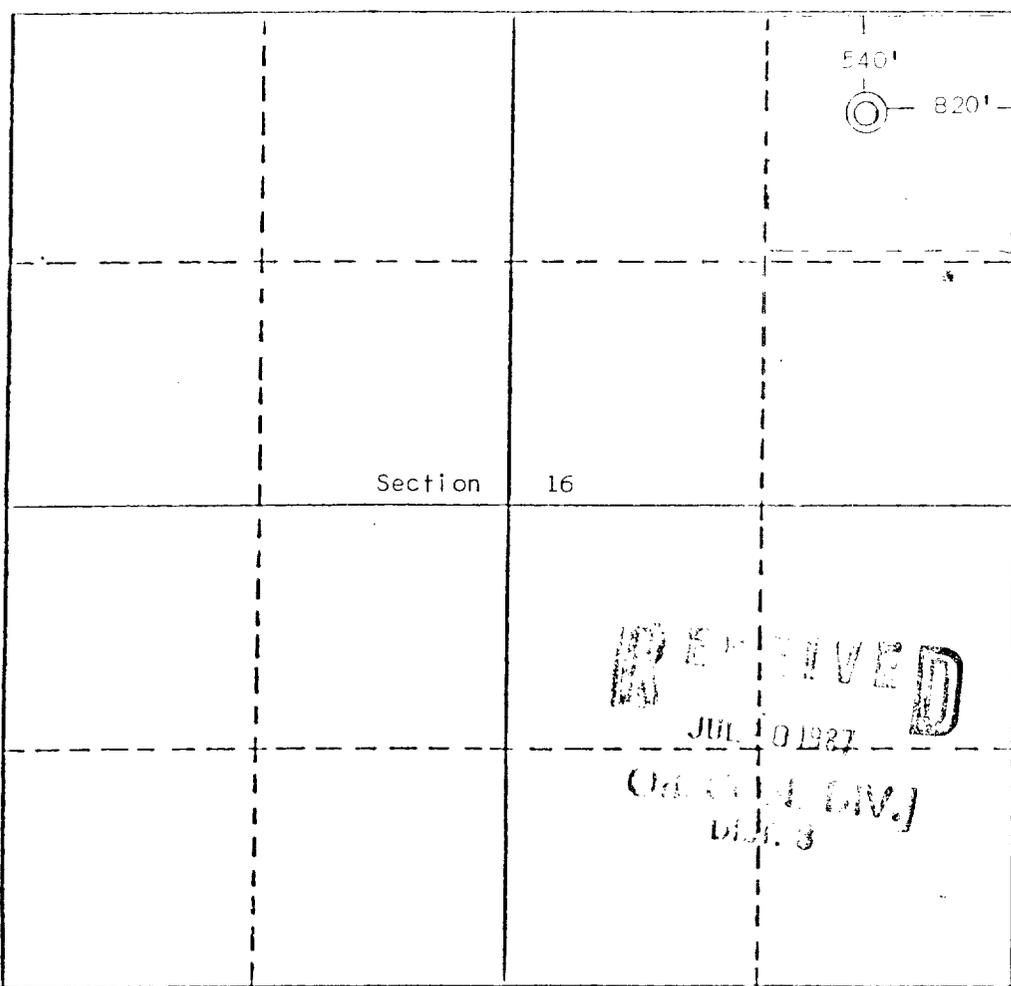
Operator BCO, Inc.		Lease State of			Well No. 1
Unit Letter A	Section 16	Township 23 North	Range 7 West	County Rio Arriba	
Actual Footage Location of Well: 540 feet from the North line and 820 feet from the East line					
Ground Level Elev. 7210	Producing Formation Graneros/Gallup	Pool Undesignated Graneros GM to 7M Lybrook Gallup EST		Dedicated Acreage: 40/40 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.



RECEIVED
JUL 10 1987
CIVIL DIV.
D.M.S.

CERTIFICATION

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

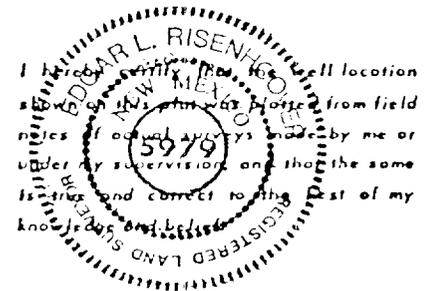
Elizabeth B. Keeshan

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.

PADILLA & SNYDER

ATTORNEYS AT LAW

200 W. MARCY, SUITE 212

P.O. BOX 2523

SANTA FE, NEW MEXICO 87504-2523

(505) 988-7577

ERNEST L. PADILLA
MARY JO SNYDER

FAX 988-7592
AREA CODE 505

October 6, 1988

RECEIVED

OCT 6 1988

HAND-DELIVERED

OIL CONSERVATION DIVISION

Mr. William J. Lemay, Director
Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

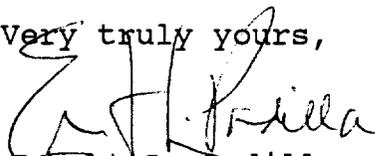
Re: Application of BCO, Inc. for Unorthodox Location;
Case No. 9496

Dear Mr. Lemay;

Please consider this letter as notice of dismissal of the above-referenced case since the Oil Conservation Division has recently clarified a policy that a gas well in an oil pool does not require an exception as an unorthodox location.

Thank you for you and your staff's handling of this matter.

Very truly yours,



Ernest L. Padilla

ELP:crk

cc: BCO, Inc.
Arturo Jaramillo, Esquire

