

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER

SINGLE
ZONE ☐

MULTIPLE
ZONE ☒

2. NAME OF OPERATOR

Bannon Energy, Inc.

3. ADDRESS OF OPERATOR

P.O. Box 2058, Farmington NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

500' FSL, 500' FWL

At proposed prod. zone

same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

4 1/2 miles from Counselors Trading Post (NW)

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6898' GR

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH
12 1/4"	8 5/8"	24.0 lb. J-55	300'
7 7/8"	4 1/2"	10.5 lb. J-55	5800'

16. NO. OF ACRES IN LEASE

2557.25-67.37

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40.57

19. PROPOSED DEPTH

5800'

20. ROTARY OR CABLE TOOLS

Rotary

22. APPROX. DATE WORK WILL START*

September 20, 1989

This action is subject to the procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.

Cement to Surface
800 sx - volumes to be
calculated subsequent to
logging.

Well to be drilled to penetrate the Gallup Formation. All producing intervals in the Gallup will be stimulated as necessary.

EXHIBITS:

- "A" Location and Elevation Plat
- "B" Ten point compliance program
- "C" Blowout preventor diagram
- "D" Multi-point requirements of APD
- The gas from this lease is committed.

- "E" Site specific checklist for roads
- "F" Drill rig layout
- "G" Completion program layout
- "H" Location Profile
- "I" Proposed Pipeline

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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED

B. J. Salzman

TITLE Agent for Bannon Energy Inc. DATE July 26, 1989

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED
AS AMENDED

APPROVED BY

TITLE

CONDITIONS OF APPROVAL, IF ANY:

SEP 05 1989

John S. Keller
FAC. J. WACER

*See Instructions On Reverse Side

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

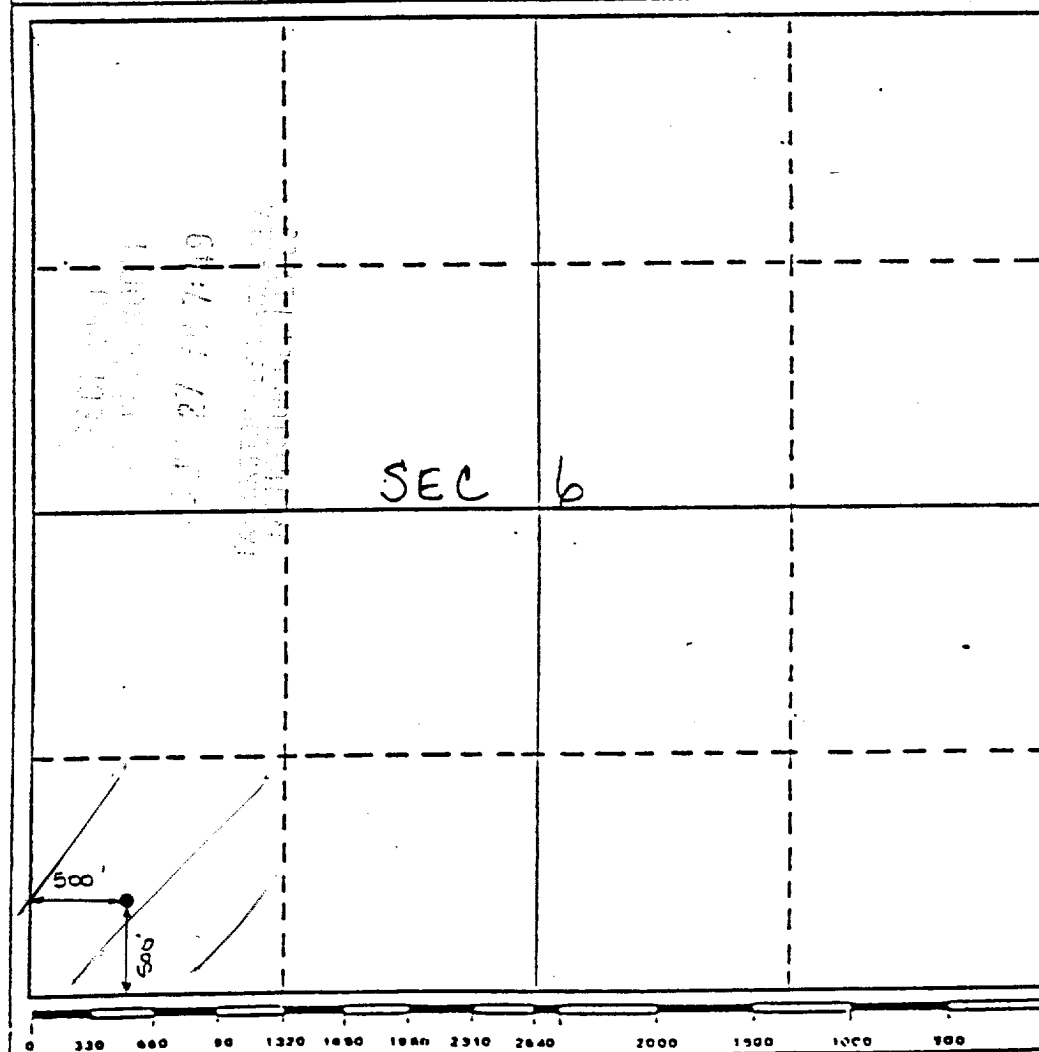
Operator Bannon Energy, Inc.			Lease Grace Federal		Well No. #2
Unit Letter M	Section Sec. 6	Township T-23-N	Range R-6-W	County Rio Arriba County	
Actual Footage Location of Well 500 feet from the South line and 500 feet from the West line					
Ground Level Elev. 6898.4 ft.	Producing Formation Gallup		Pool Lybrook	Dedicated Acreages 40.59 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.

B. W. Salyman

Name

Operating Agent

Position

Bannon Energy, Inc.

Company

July 21, 1989

Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge.

Date Surveyed
May 18, 1989

Registered Land Surveyor

R. Howard Daggett
R. Howard Daggett

Certified Professional
Land Surveyor
NM #9679