

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

21 71

351 538' FSL, 2138' FEL

At proposed prod. zone
same

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

2 1/2 miles NW from Counselors Trading Post

15. DISTANCE FROM PROPOSED*

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

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

16. NO. OF ACRES IN LEASE

2462

19. PROPOSED DEPTH

5800' UNDEVELOPED ARE

17. NO. OF ACRES ASSIGNED
TO THIS WELL

160

20. ROTARY OR CABLE TOOLS

Rotary

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

6896' GR

SUBJECT TO COMPLIANCE WITH ATTACHED
GENERAL REQUIREMENTS.

22. APPROX. DATE WORK WILL START*

October 10, 1989

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.K-55	5800'

This action is subject to a 30-day
procedural review pursuant to 43 CFR 3163.3
and appeal pursuant to 43 CFR 3163.4.

QUANTITY OF CEMENT
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. R. Salzman

TITLE

Agent for Bannon Energy Inc. 7-2789

(This space for Federal or State office use)

PERMIT NO.

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

RECEIVED

RECEIVED

APPROVED
AS AMENDED

APR 10 1990

APR 25 1990

APR 05 1990

OIL CON. DIV
DIST. 3

OIL CON. DIV

*See Instructions on Reverse Side

Ken Townsend
AREA MANAGER

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

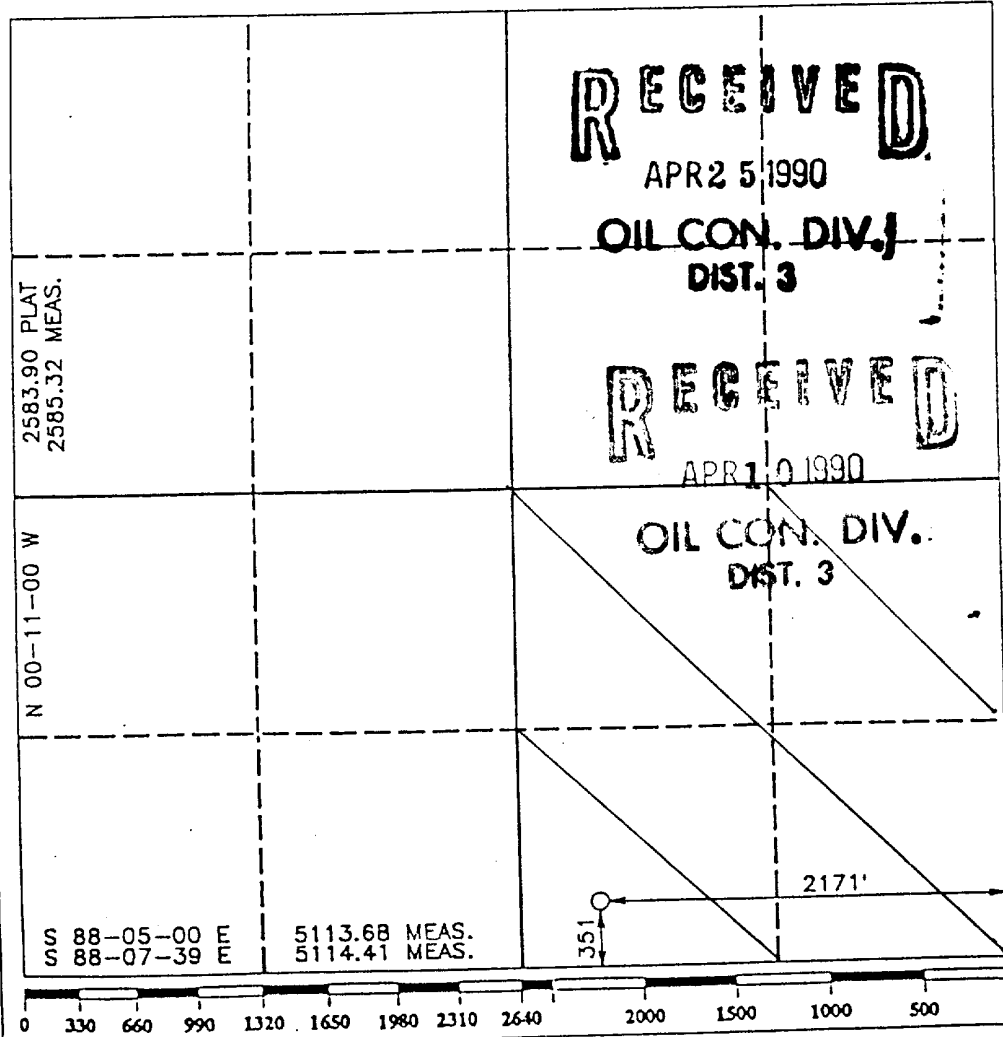
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator BANNON ENERGY, INC.		Lease FEDERAL 8		Well No. 88-2
Unit Letter 0	Section 8	Township T.23 N.	Range R.6 W.	County RIO ARriba COUNTY
Actual Footage Location of Well: 351 feet from the SOUTH line and 2171 feet from the EAST line				
Ground level Elev. 6901	Producing Formation Gallup	Pool Counselors Gallup Dakota	Dedicated Acreage: 160 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 interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature
W. J. Holcomb
Printed Name
W. J. Holcomb
Position
Agent
Company
Bannon Energy, Inc.
Date
11-14-89

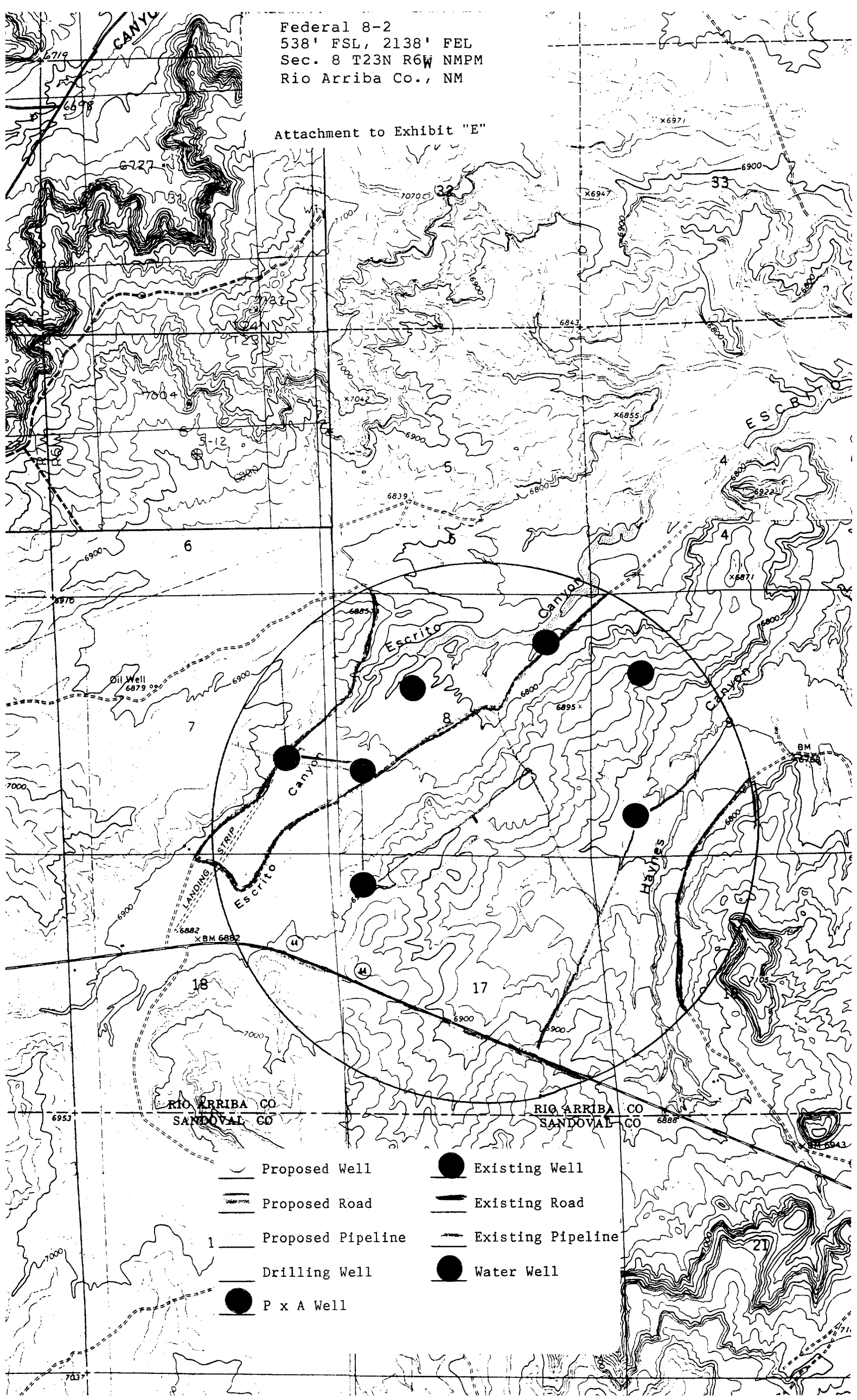
SURVEYOR CERTIFICATION










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 and belief.

Date Surveyed
NOV 14 1989
Signature & Seal of Professional Surveyor
R. EDWARD DAGGETT
Certificate No. **9679**
Registered Professional
Land Surveyor

Federal 8-2
538' FSL, 2138' FEL
Sec. 8 T23N R6W NMPM
Rio Arriba Co., NM

Attachment to Exhibit "E"



- | | | | |
|---|-------------------|---|-------------------|
|  | Proposed Well |  | Existing Well |
|  | Proposed Road |  | Existing Road |
|  | Proposed Pipeline |  | Existing Pipeline |
|  | Drilling Well |  | Water Well |
|  | P x A Well | | |

Handwritten initials and a circled number 9.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9858
ORDER NO. R-9107

APPLICATION OF BANNON ENERGY
INCORPORATED FOR AN UNORTHODOX
OIL WELL LOCATION AND SIMULTANEOUS
DEDICATION, RIO ARriba COUNTY,
NEW MEXICO

RECEIVED
FEB 12 1990
OIL CON. DIV
DIST. 3

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 24, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 8th day of February, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Bannon Energy Incorporated, seeks approval of an unorthodox oil well location for its Federal "8" Well No. 2 to be drilled 351 feet from the South line and 2171 feet from the East line (Unit O) of Section 8, Township 23 North, Range 6 West, NMPM, to test the Counselors Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico.
- (3) The SE/4 of said Section 8 is to be simultaneously dedicated to the above-described well and to the Federal "8" Well No. 1 located at a previously approved unorthodox oil well location (NSL-2696) 2173 feet from the South line and 495 feet from the East line (Unit I) of said Section 8 forming a standard 160-acre oil spacing and proration unit.
- (4) No offset operator objected to the proposed second unorthodox oil well location on said unit or to the simultaneous dedication of production therefrom.

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(5) The applicant first sought approval for this application through the administrative process as provided for under Rule 5 of the Special Rules and Regulations for the Counselors Gallup-Dakota Oil Pool, as promulgated by Division Order No. R-7034, as amended.

(6) It was subsequently determined that this application did not meet the requirements for administrative approval and was therefore set to hearing.

(7) It is the applicant's contention, determined after verbal testimony at the hearing, to locate this second well on said 160-acre unit within the SW/4 SE/4 of said Section 8 in order to maximize drainage from said unit; however, due to archeological constraints, this second well is being proposed at an unorthodox gas well location which crowds both the south and west lines of the unit.

(8) The applicant relied only on archeological testimony and evidence to support the subject unorthodox oil well location.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Bannon Energy Incorporated for an unorthodox oil well location for the Counselors Gallup-Dakota Oil Pool is hereby approved for its Federal "8" Well No. 2 to be drilled 351 feet from the South line and 2171 feet from the East line (Unit O) of Section 8, Township 23 North, Range 6 West, NMPM, to test the Counselors Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico.

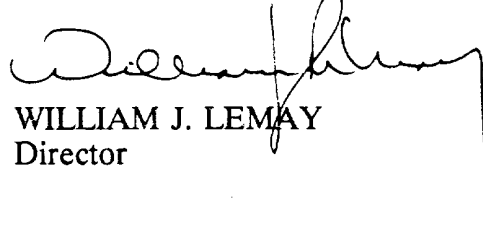
(2) The SE/4 of said Section 8 is to be simultaneously dedicated to the above-described well and to the Federal "8" Well No. 1 located at a previously approved unorthodox oil well location (NSL-2696) 2173 feet from the South line and 495 feet from the East line (Unit I) of said Section 8 forming a standard 160-acre oil spacing and proration unit.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L