

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

30-039-24942

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.
SF078360

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Federal 18

9. WELL NO.
7

10. FIELD AND POOL OR WILDCAT
Lybrook Gallup

11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA
SE-SW SEC. 18
T23N - R6W

12. COUNTY OR PARISH 13. STATE
Rio Arriba NM

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., c/o Daggett & Chenault, Inc.

3. ADDRESS OF OPERATOR
3539 E. 30th, Ste. 7B, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface
672' FSL, 1980' FWL Sec. 18, T.23 N., R.6 W. Unit N
At proposed prod. zone
same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
4 miles east of Escrito Trading Post

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
2560

16. NO. OF ACRES IN LEASE
2560

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
5800

19. PROPOSED DEPTH
5800

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4
7011'

22. APPROX. DATE WORK WILL START*
9-15-90

23. DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED PROPOSED CASING AND CEMENTING PROGRAM "GENERAL REQUIREMENTS"

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	REQUIREMENT
12 1/4"	8 5/8"	24.0 lb. J-55	300'	Cement to surface
7 7/8"	4 1/2"	11.6 lb. K-55	5800'	800 SX-Vol. to be calculated subsequent to logging & circulate to surface.

Well to be drilled to penetrate the Gallup formation. All Producing intervals in the Gallup will be stimulated as necessary.

Exhibits:

- "A" Location & Elevation Plat
 - "B" Ten Point Compliance Program
 - "C" Blowout Preventor Diagram
 - "D" Multi-point requirements of APD
 - "E" Site specific checklist for roads (Attachment to "E" - Topo map)
 - "F" Drill Rig Layout
 - "G" Completion Program Layout
 - "H" Location Profile
- The gas from this lease is committed.

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.

24. SIGNED K.A. Chagnon TITLE Vice President DATE August 28, 1990

RECEIVED

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY [Signature] TITLE _____ DATE _____
CONDITIONS OF APPROVAL _____

OIL CON. DIV.
DIST. 3

NMOCD

SE
[Signature]
AREA MANAGER

*See Instructions On Reverse Side

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

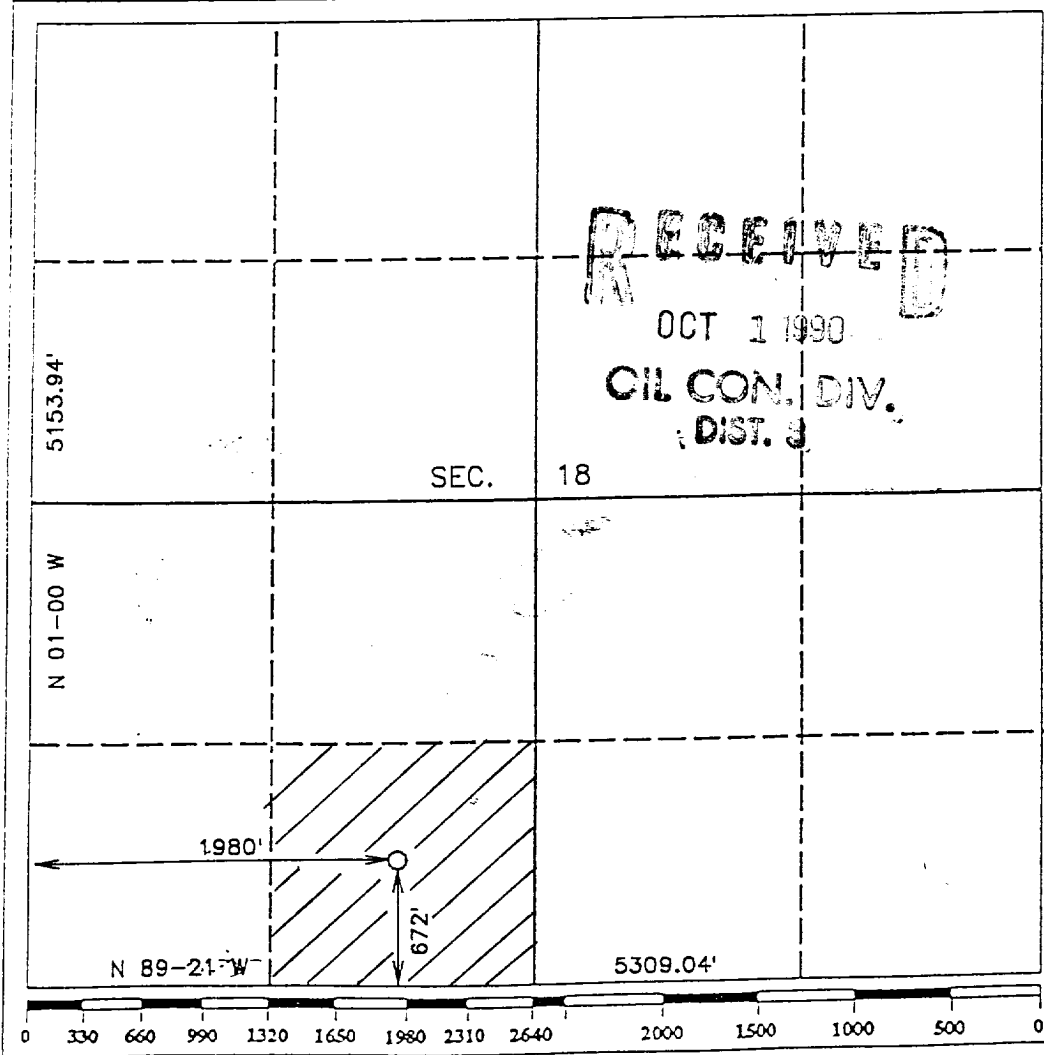
Operator BANNON ENERGY, INC.		Lease FEDERAL 18		Well No. 7
Unit Letter N	Section 18	Township T.23 N.	Range R.6 W.	County RIO ARriba COUNTY
Actual Footage Location of Well: 672 feet from the SOUTH line and 1980 feet from the WEST line				
Ground level Elev. 7011	Producing Formation Gallup	Pool Lybrook/Gallup	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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.



RECEIVED
 OCT 1 1990
 OIL CON. DIV.
 DIST. 3

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

R.A. Chabaud
 Signature
R.A. Chabaud
 Printed Name
Vice President
 Position
Bannon Energy, Incorporated
 Company
August 28, 1990
 Date

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
JULY 27, 1990

Signature & Seal of Professional Surveyor
R. HOWARD DAGGETT
R. HOWARD DAGGETT
 Registered Professional Land Surveyor
 8678

Certificate No.
8679

Registered Professional Land Surveyor