

BANNON ENERGY INCORPORATED

3934 F.M. 1960 West, Suite 240
Houston, Texas 77068
(713) 537-9000
FAX (713) 537-8624

RETURN RECEIPT REQUESTED
P 117 124 029

February 1, 1990

Dugan Production Company
P.O. Box 5820
Farmington, NM 87499

RE: Non-standard Location Exception
Sullivan JB #1
790 FNL x 2175' FWL
Section 25 T29N R11W
San Juan County, New Mexico

This letter is to notify you of Bannon Energy, Inc.'s request for approval of a non-standard location on a previously approved application for permit to drill the above referenced well as stated above. The site was selected due to surface location constraints created by existing Amoco wells and their surface equipment. Additionally, extensive pipelines and pipeline right-of-ways exist within the orthodox window as well as cultivated lands. To mitigate extensive surface damages, we worked with the land owners to select a location which would not interfere with farming operations.

Should you have any questions regarding this matter, please call William Holcomb at (505) 326-0550. Thank you for your consideration in this matter.

Sincerely

W. J. Holcomb
Operating Agent,
Bannon Energy, Inc.

BANNON ENERGY INCORPORATED

3934 F.M. 1960 West, Suite 240
Houston, Texas 77068
(713) 537-9000
FAX (713) 537-8624

RETURN RECEIPT REQUESTED
P 117 124 030

February 1, 1990

El Pamco, Inc.
Box 14738
6101 Tramway Blvd., NE
Albuquerque, New Mexico 87191

RE: Non-standard Location Exception
Sullivan JB #1
790 FNL x 2175' FWL
Section 25 T29N R11W
San Juan County, New Mexico

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RETURN RECEIPT REQUESTED
P 117 124 031

February 1, 1990

Manana Gas, Inc.
1002 Tramway Lane, NE
Albuquerque, New Mexico 87122-1317

RE: Non-standard Location Exception
Sullivan JB #1
790 FNL x 2175' FWL
Section 25 T29N R11W
San Juan County, New Mexico

This letter is to notify you of Bannon Energy, Inc.'s request for approval of a non-standard location on a previously approved application for permit to drill the above referenced well as stated above. The site was selected due to surface location constraints created by existing Amoco wells and their surface equipment. Additionally, extensive pipelines and pipeline right-of-ways exist within the orthodox window as well as cultivated lands. To mitigate extensive surface damages, we worked with the land owners to select a location which would not interfere with farming operations.

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Sincerely

W. J. Holcomb
Operating Agent
Bannon Energy, Inc.

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

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

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

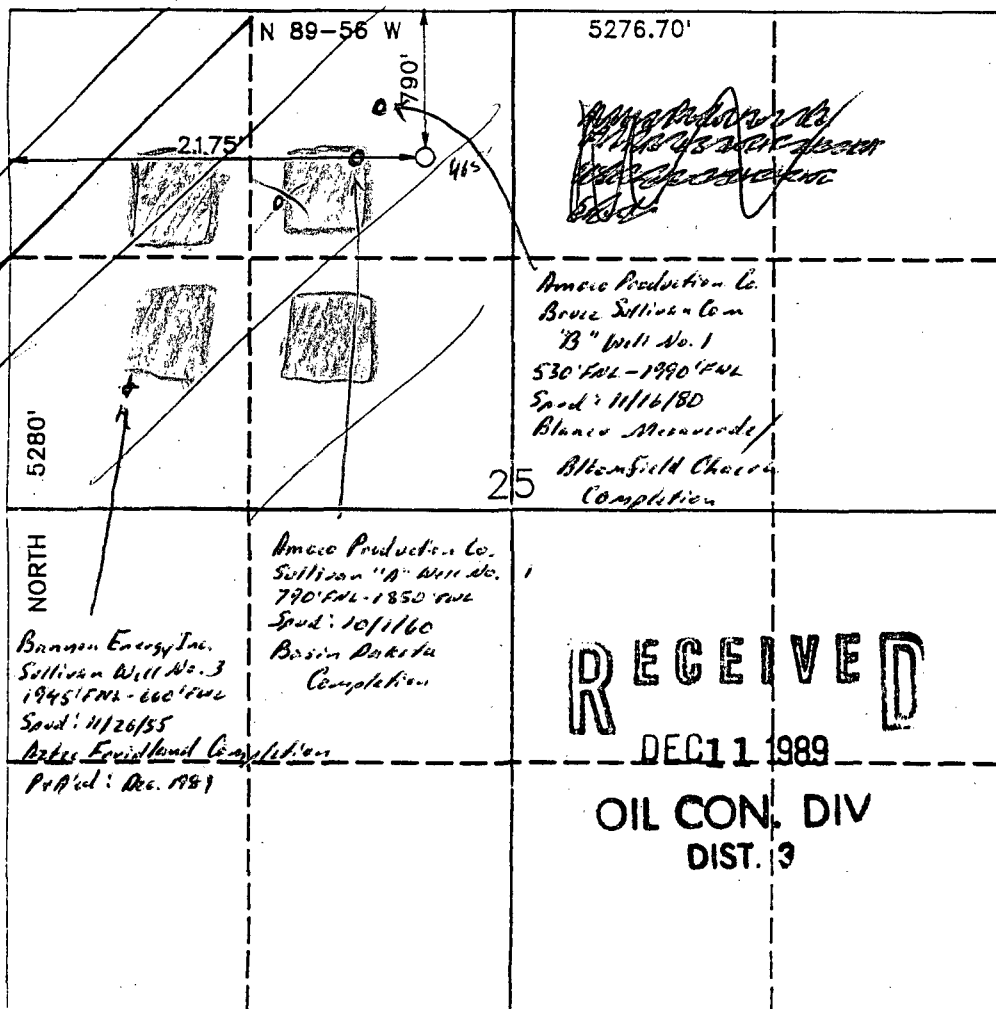
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator BANNON ENERGY INC.			Lease SULLIVAN JB			Well No. JB 1		
Unit Letter C	Section 25	Township T.29 N.	Range R.11 W.	County SAN JUAN		NMPM		
Actual Footage Location of Well: 790 feet from the NORTH line and 2175 feet from the WEST line								
Ground level Elev. 5487.2		Producing Formation Pictured Cliffs		Pool Aztec Fruitland		Dedicated Acreage: 160 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.



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
12-6-89

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 24 1989

Signature & Seal of
Professional Surveyor
R. HOWARD DAGGETT

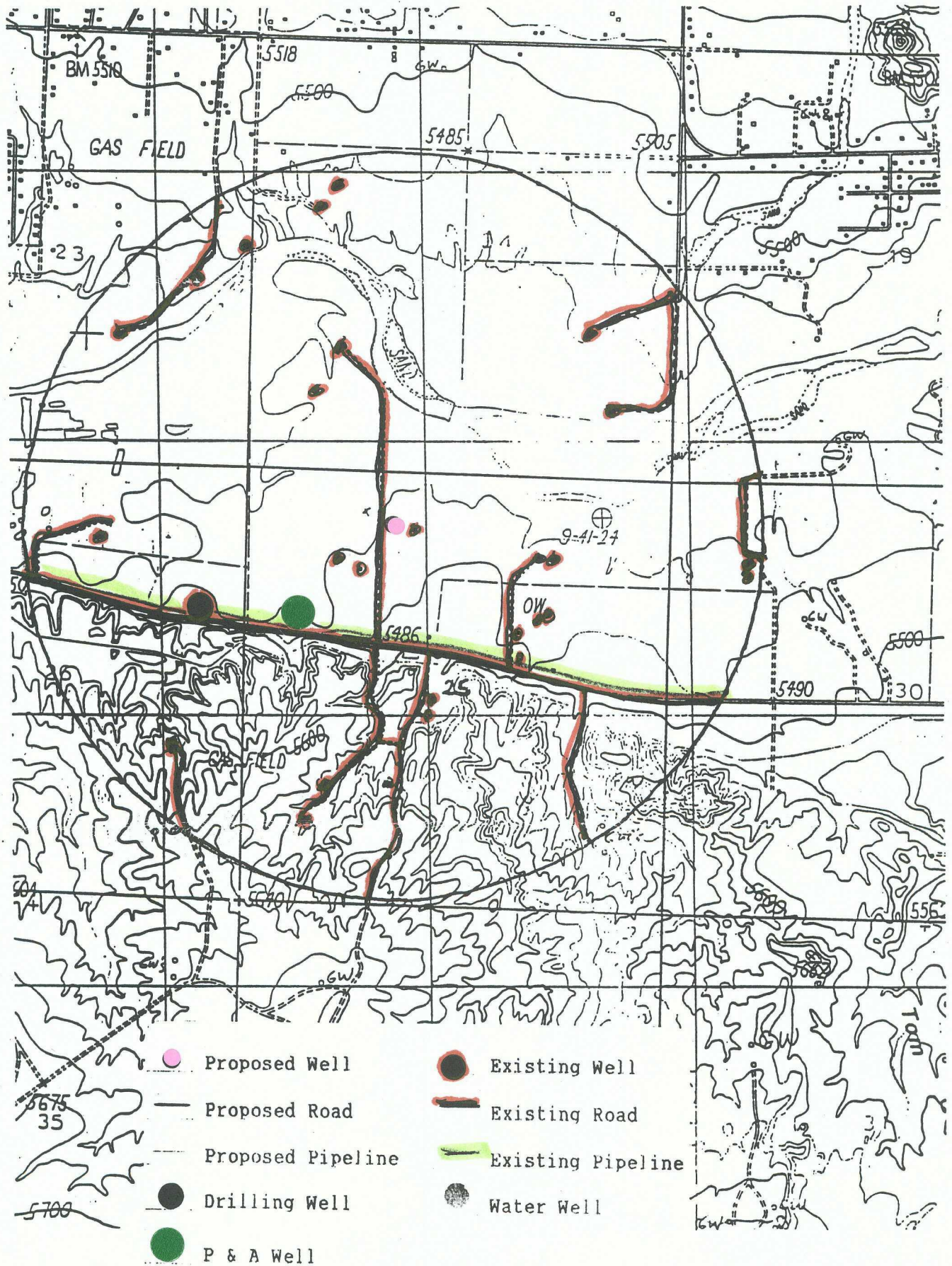
Certificate No.
9679

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

EXHIBIT "A"

SULLIVAN JB 1

Sec. 25 T29N R11W
790' FNL and 2175' FWL



OIL CONSERVATION DIVISION
BANNON ENERGY INCORPORATED

3934 F.M. 1960 West, Suite 240
Houston, Texas 77068
(713) 537-9000
FAX (713) 537-8624

90 FEB 12 AM 9 06

February 6, 1990

Oil Conservation Division
ATTN: Michael Stogner
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Non-standard Location Exception
Sullivan JB #1
790 FNL x 2175' FWL
Section 25 T29N R11W
San Juan County, New Mexico

Dear Mr. Stogner

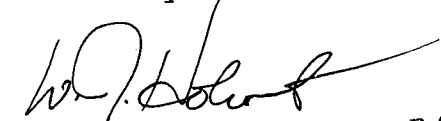
This letter is presented to request a non-standard location for the referenced well. As you may already know, we have drilled and completed this well and are awaiting an El Paso Natural Gas Company pipeline hook-up.

The location drilled was done so due to surface location constraints created by existing Amoco wells and their surface equipment. Additionally, extensive pipelines and pipeline right-of-ways exist within the orthodox window as well as cultivated lands. To mitigate extensive surface damages, we worked with the land owners to select a location which would not interfere with farming operations.

Copies of the certified letters to offset operators, a C-102, and a topo map are enclosed.

Please address all correspondence to Holcomb Oil & Gas, Inc., P.O. Box 2058, Farmington, NM 87499 or call (505) 326-0550.

Sincerely



W. J. Holcomb
Operating Agent

326-0550

Enclosures

WJH:ck



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

GARREY CARRUTHERS
GOVERNOR

February 16, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Bannon Energy Incorporated
c/o Holcomb Oil and Gas
P.O. Box 2058
Farmington, NM 87499

Attention: W.J. Holcomb
Operating Agent

RE: *Unorthodox gas well location; Sullivan "JB"
Well No. 1, 790' FNL - 2175' FWL, C-25-
T29N-R11W, Aztec Fruitland Sand Pool, San
Juan County, New Mexico.*

Dear Mr. Holcomb:

Your application for the subject well dated February 6, 1990, is inadequately supported at this time; please refer to Memorandum No. 3-89 dated March 24, 1989.

So that we may process your application, please submit the following supporting data:

- 1) A detailed plat of the subject proration unit showing the Amoco surface facilities and equipment, extensive pipelines, pipeline right-of-ways and cultivated lands within all four of the orthodox windows within this quarter section, which are preventing you from locating this well at a legal location;
- 2) An offsetting operators and lease holders plat;
- 3) Provide us with the names, addresses and phone numbers of the land owners with whom you "worked" with to select this location and also provide us an outline of discussion with said owners.

I appreciate your cooperation in this matter, and should you have any questions please contact me.

Sincerely,

Michael E. Stogner
Chief Hearing Officer

MES/ag

cc: Oil Conservation Division - Aztec
Robert G. Stovall - Santa Fe
William F. Carr - Santa Fe
William J. LeMay - OCD Director
Bannon Energy Incorporated - Houston



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

No. 3-89

MEMORANDUM

TO: ALL OIL AND GAS OPERATORS
FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*
SUBJECT: UNORTHODOX WELL LOCATIONS
DATE: MARCH 24, 1989

Previously, it has been the practice of the Division to approve applications for unorthodox well locations without penalty if they were not opposed by any off-setting operator. However, due to the increased applications for unorthodox locations based predominantly on "closeology", this Division policy may no longer be appropriate. In the future, applications for unorthodox locations, whether for administrative approval or through the hearing process, will have to be supported by substantial evidence.

The Division will be reviewing future applications in an effort to develop guidelines for approving or denying such applications. Generally, if the application is based upon surface conditions, i.e., topography, archaeological considerations, etc., it will have to be clearly shown what obstructions prevent the drilling of the well at a legal location and the unorthodox location will have to be as close as practicable to the orthodox location. If unorthodox location is being requested for geological reasons, the applicant should be prepared to present evidence showing the geological factors that dictate the necessity for drilling an unorthodox location.

As always, the Division welcomes industry input into the process.

dr/