



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

October 17, 1990

Bannon Energy, Inc.
c/o A.R. Kendrick
P.O. Box 516
Aztec, NM 87410

Administrative Order NSL-2900

Dear Mr. Kendrick:

Reference is made to your application dated August 28, 1990 for a non-standard oil well location for your Federal "14" Well No. 6 to be located 1153 feet from the South line and 1230 feet from the West line (Unit M) of Section 14, Township 23 North, Range 7 West, NMPM, Lybrook Gallup Oil Pool, Rio Arriba County, New Mexico. The SW/4 SW/4 of said Section 14 shall be dedicated to the well forming a standard 40-acre oil spacing and proration unit for said pool.

By the authority granted me under the provisions of General Rule 104F.(I) the above-described unorthodox oil well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington

A. R. KENDRICK

P.O. BOX 516 • AZTEC, NEW MEXICO 87410 • (505) 334-2555

August 28, 1990

OIL CONSERVATION DIVISION
RECEIVED

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Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87504-2088

Re: Application for Non-Standard Location
Bannon Energy, Inc.
Federal 14 #6, 1153' FSL 1230' FWL
M-14-T23N-R7W
Lybrook Gallup Oil Pool
Rio Arriba County

Gentlemen:

We, on behalf of Bannon Energy, Inc., hereby make application for approval of the location of a well to be located 1153' FSL 1230' FWL of Section 14, Township 23 North, Range 7 West, Lybrook Gallup Oil Pool, Rio Arriba County, New Mexico.

The reason for this application is due to topography and to the finding of archaeological and cultural material on the standard location area.

An attempt was made to locate the well at a standard location, but the archaeological findings caused the location to be moved to the present location.

The attached exhibits show the situation at the location and surrounding area.

Also enclosed, not as an exhibit, is a copy of the archaeological report of the area.

All offset operators and lease owners are being notified by certified mail at this mailing. The return cards will be provided when they are received.

It is my belief that the information contained in this application is true and correct according to the information supplied to me.

If further information is needed, please contact me.

Yours very truly,


A. R. Kendrick

Enclosures

xc: As shown on Exhibit E

APPLICATION FOR NON-STANDARD LOCATION

Bannon Energy, Inc.
Federal 14 #6
1153' FSL 1230' FWL
M-14-T23N-R7W
Lybrook Gallup Pool
Rio Arriba County, New Mexico

The following exhibits are enclosed:

EXHIBIT A Form C-102, Well Location and Acreage Dedication Plat: shows the location of the well with respect to the section lines, the dedicated acreage, and the proration unit.

EXHIBIT B Enlarged copy of Topographic Map: shows the location to be adjacent to a steep hillside below a "bench" of the mesa on which archaeological sites were found.

EXHIBIT C Owners, Well & Windows Plat:

- Shows the ownership of offset wells.
- Shows the locations of the Federal 14 #6 and other wells within the area.
- Shows the "windows" for standard locations as provided in Rule 104.
- Shows that the #6 well is more than 660 feet from the nearest offset well.

EXHIBIT D Copy of Application for Permit to Drill: shows the Application for Permit to Drill.

EXHIBIT E Names and Addresses of Offset Owners and Interested Parties.

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

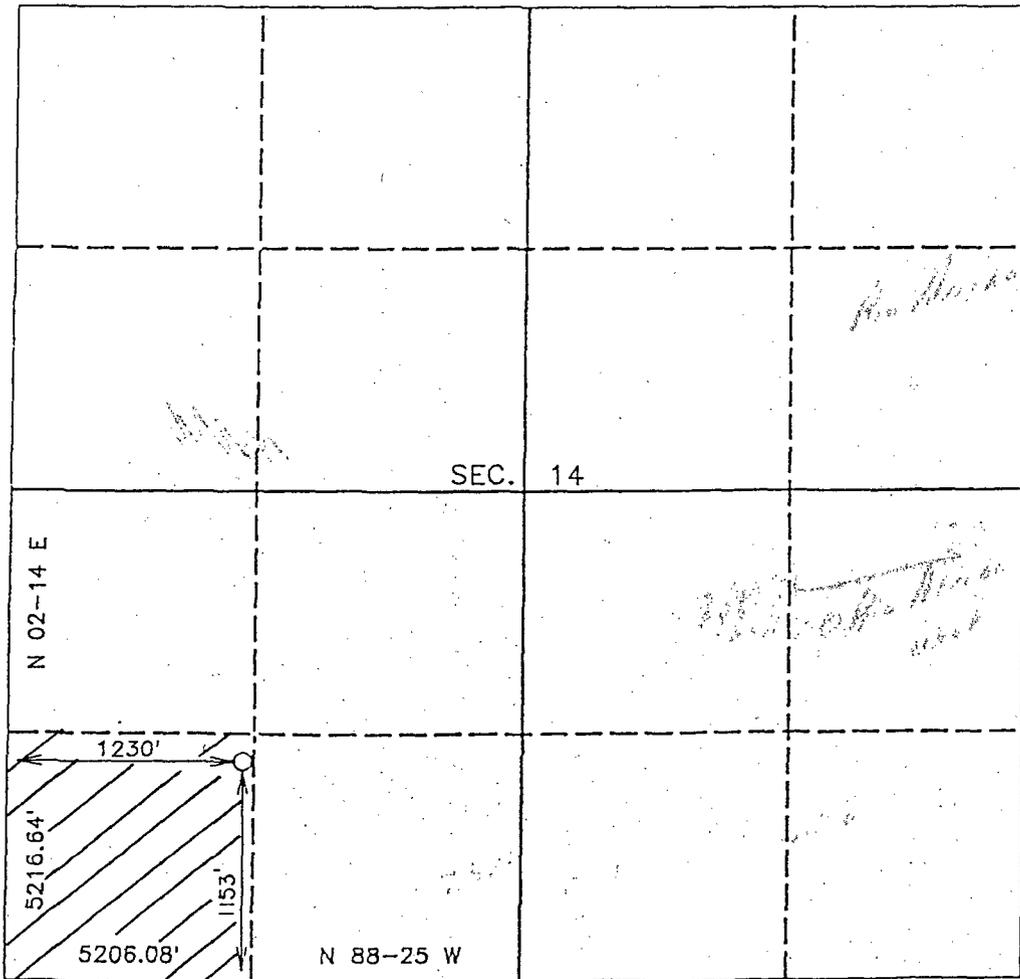
Operator BANNON ENERGY, INC.		Lease FEDERAL 14		Well No. 6
Unit Letter M	Section 14	Township T.23 N.	Range R.7 W.	County RIO ARRIBA COUNTY
Actual Footage Location of Well: 1153 feet from the SOUTH line and 1230 feet from the WEST line				
Ground level Elev. 7150	Producing Formation Gallup	Pool Lybrook/Gallup	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure 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 _____

Printed Name _____

Position _____

Company _____

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.

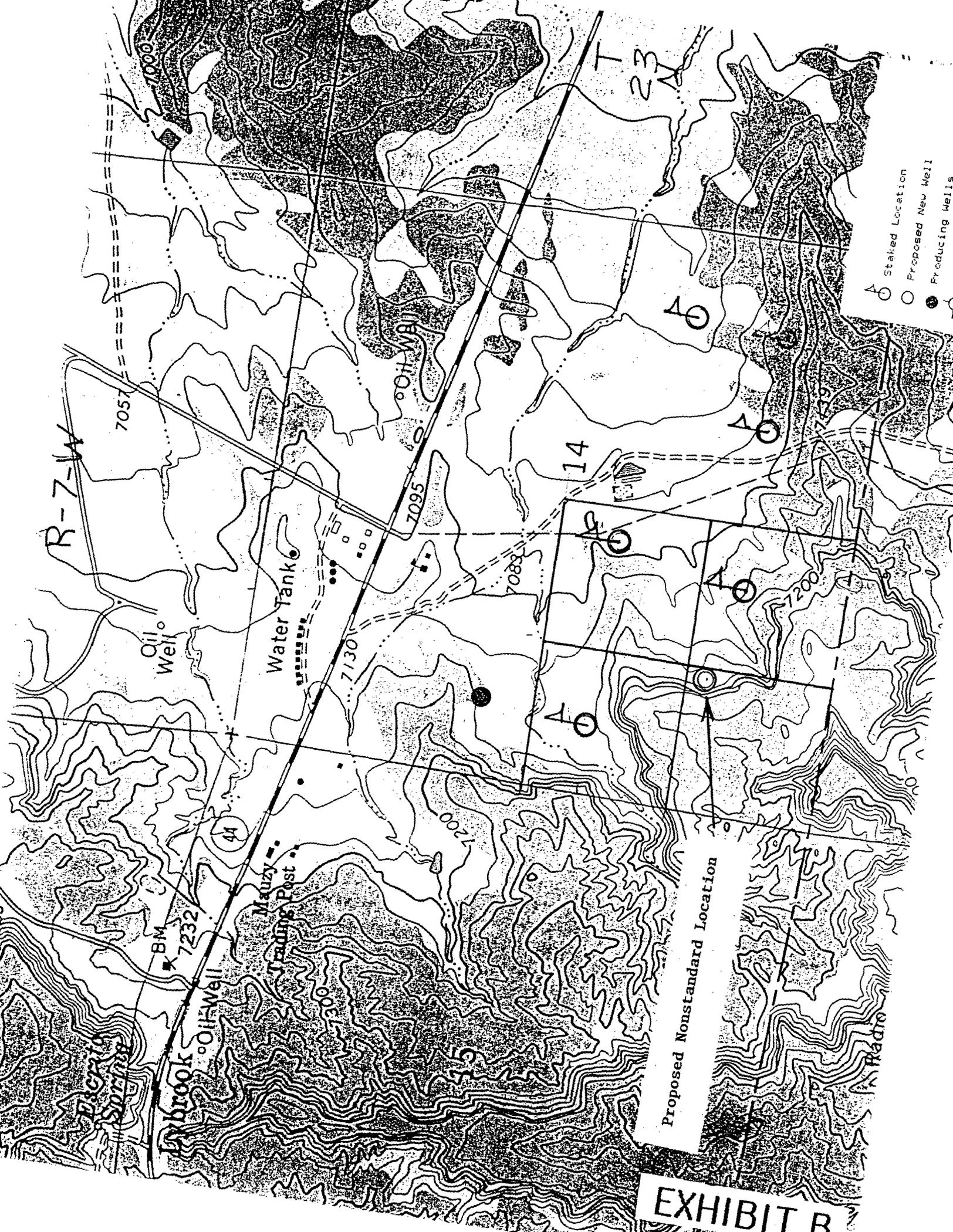
Date Surveyed
APRIL 27 1990

Signature & Seal of **HOWARD BASGETT**
 Professional Surveyor

R. HOWARD BASGETT

Certificate No. **9679**

EXHIBIT A



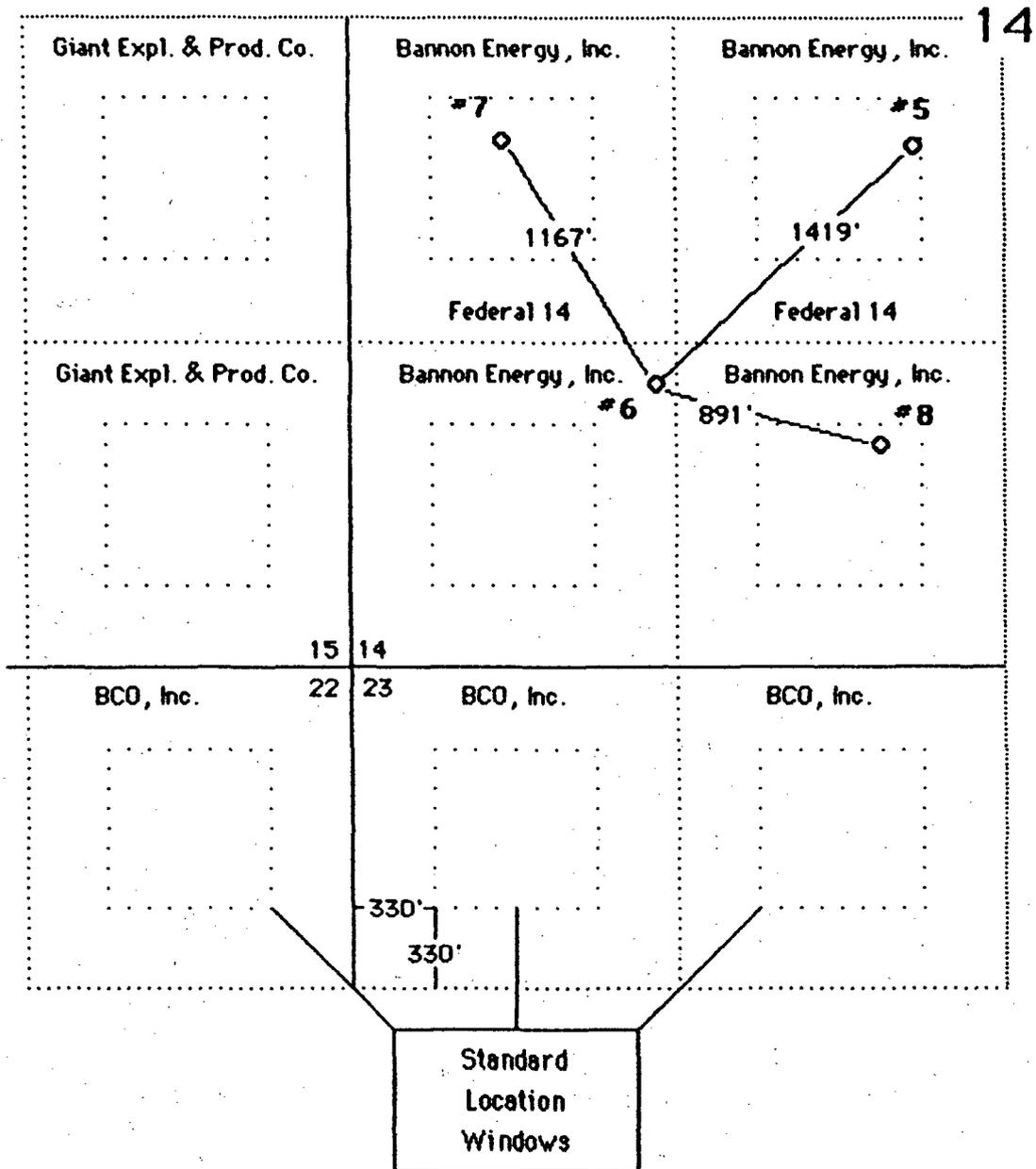
- Staked Location
- Proposed New Well
- Producing Wells

Proposed Nonstandard Location

EXHIBIT B

PLAT OF OWNERS, WELLS & WINDOWS

Bannon Energy, Inc. Federal 14 #6
1153' FSL 1230' FWL Sec. 14-T23N-R7W
Lybrook Gallup Oil Pool



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
MAIL ROOM

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. SF 078360
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR Bannon Energy, Inc. c/o Holcomb Oil & Gas		7. UNIT AGREEMENT NAME
3. ADDRESS OF OPERATOR P.O. Box 2058, Farmington, NM 87499		8. FARM OR LEASE NAME Federal 14
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1153' FSL x 1230' FWL At proposed prod. zone		9. WELL NO. 6
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 1.5 miles SE of Lybrook		10. FIELD AND POOL, OR WILDCAT Lybrook Gallup
13. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE 2560	17. NO. OF ACRES ASSIGNED TO THIS WELL 40
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	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.
7150' GL PROPOSED CASING AND CEMENTING PROGRAM

22. APPROX. DATE WORK WILL START*
June 1, 1990

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
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-volume 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 W. J. Holcomb Agent, Bannon Energy DATE 5-07-90

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

FARMINGTON COPY

EXHIBIT D

*See Instructions On Reverse Side

**NAMES AND ADDRESSES OF OFFSET OWNERS
AND INTERESTED PARTIES**

APPLICATION FOR NON-STANDARD LOCATION

BANNON ENERGY, INC.
FEDERAL 14 #6
1153' FSL 1230' FWL
M-14-T23N-R7W
Lybrook Gallup Oil Pool

BCO, Inc. •
135 Grant
Santa Fe, New Mexico 87501

Giant Exploration and Production Company •
(formerly Hixon Development Company)
P. O. Box 2810
Farmington, New Mexico 87499-2810

Bureau of Land Management
1235 La Plata Highway
Farmington, New Mexico 87401

Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

• Sent by Certified Mail, Return Receipt Requested

EXHIBIT E