Via Federal Express

October 19, 1993

Mr. Mike Stogner
New Mexico Oil Conservation Division
310 Old Santa Fe Trail
P.O. Box 2088
State Land Office Bldg.
Santa Fe, New Mexico 87504

Re: ***Application of Mitchell Energy Corporation for Non-Standard Gas Well Location***
Bandana "30" Federal Well No. 1
NE/4 NE/4 Sec. 30, T22S, R24E, N.M.P.M.
Eddy County, New Mexico

Dear Mr. Stogner:

Mitchell Energy Corporation hereby requests approval pursuant to Rule 104 F.(1) of a non-standard location for the subject well. The well is a planned Morrow test with a total depth of approximately 10,800 feet. The Bureau of Land Management's (BLM) Carlsbad Office requested that the well be drilled at its proposed location of 1160 feet from the north line and 1230 feet from the east line of Section 30, Township 22S, Range 24 East, N.M.P.M., Eddy County, New Mexico, due to cave and karst considerations. Mr. Barry Hunt with the BLM has advised that he will provide Mitchell with a letter verifying the need for the proposed location but we have not yet received that letter. As soon as we have received Mr. Hunt's letter, we will fax a copy to you for your file.

Attached is a copy of the APD which was filed with the BLM on August 11, 1993. Also attached is a plat showing the ownership of all acreage offsetting the spacing unit for this well. By copy of this letter, we are advising all offsetting owners that the Division Director may approve this application administratively if no objection has been entered within 20 days after the Director receives the application.

Sincerely,

MITCHELL ENERGY CORPORATION

Mark N. Stephenson
Manager
Production-Regulatory Affairs

MNS:mtb
bandana.mns

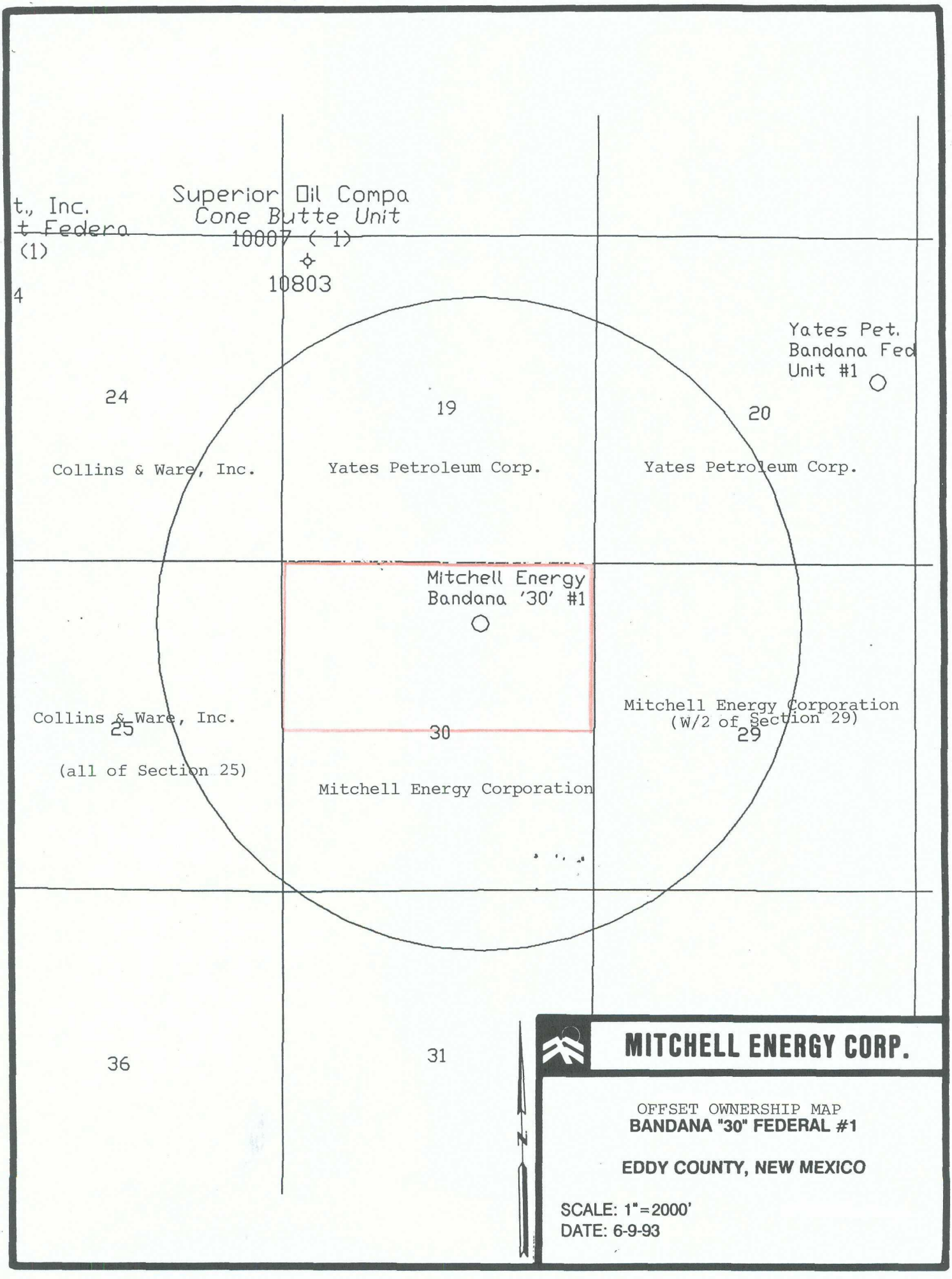
cc: All Parties on attached Service List - *Via Certfied Mail*

enc.

Service List
Non-Standard Location Application
Bandana "30" Federal Well No. 1
Eddy County, New Mexico

Collins & Ware, Inc.
303 Wall St., Ste. 2200
Midland, Texas 79701

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, New Mexico 88210


t., Inc.
t Federa
(1)
Superior Oil Compa
Cone Butte Unit
10007 (1)
10803
4
Yates Pet.
Bandana Fed
Unit #1
24
19
20
Collins & Ware, Inc.
Yates Petroleum Corp.
Yates Petroleum Corp.
Mitchell Energy
Bandana '30' #1
Collins & Ware, Inc.
25
(all of Section 25)
30
Mitchell Energy Corporation
Mitchell Energy Corporation
(W/2 of Section 29)
29
36
31
N
MITCHELL ENERGY CORP.
OFFSET OWNERSHIP MAP
BANDANA "30" FEDERAL #1
EDDY COUNTY, NEW MEXICO
SCALE: 1"=2000'
DATE: 6-9-93

VIA FEDERAL EXPRESS

August 11, 1993

United States Department of
the Interior
Bureau of Land Management
620 East Greene Street
Carlsbad, NM 88220

Re: APPLICATION FOR PERMIT TO DRILL
BANDANA "30" FEDERAL WELL NO. 1
Eddy County, New Mexico

Gentlemen:

Enclosed you will find an original and five (5) copies of Form 3160-3 and various other information to aid you in permitting the subject well.

Thank you in advance for your prompt attention to this matter and if I can be of any further help, kindly advise.

Very truly yours,

MITCHELL ENERGY CORPORATION

Original Signed By
GEORGE MULLEN

George Mullen
Regulatory Affairs Specialist

GM:mw
3gfed.lt

Enclosures

bcc: Mark Whitley - MND-4N
Ed Earles - Midland
Jack Stanley - Midland
George Tullos - Midland
Bennie Davis - 2002-5
Carol Osborne - MND-3N
Betty Porter - MND-1N
Susan Norman - OB3
Central Records - MND-2N

Form 3160-3
(December 1990)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: Mitchell Energy Corporation

3. ADDRESS AND TELEPHONE NO.: P.O. Box 4000, The Woodlands, Texas 77387-4000 (713)377-5855

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1160 FNL & 1230 FEL (NE/NE)
At proposed prod. zone: 1160 FNL & 1230 FEL (NE/NE)

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 30 miles North from Carlsbad, New Mexico.

5. LEASE DESIGNATION AND SERIAL NO.: NM 78216

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

7. UNIT AGREEMENT NAME: N/A

8. FARM OR LEASE NAME, WELL NO.: Bandana "30" Federal No. 1

9. API WELL NO.:

10. FIELD AND POOL, OR WILDCAT: Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 30, T22S, R24E

12. COUNTY OR PARISH: Eddy

13. STATE: NM

15. 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	17. NO. OF ACRES ASSIGNED TO THIS WELL
990	1,711.94	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
N/A	10,800	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 4527 GR

22. APPROX. DATE WORK WILL START*: Nov. 1, 1993

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8	54.5#, K-55	600'	Class C + Gel + Class C; TOC=Surface
12-1/4"	8-5/8	32# , K-55	3000'	Light + Class C; TOC = Surface
7-7/8"	5-1/2	17# , N-80	TD	50/50 POZ: TOC = 6500'

The operator proposes to drill to a depth sufficient to test the Morrow formation for gas. If productive, 5½" casing will be cemented at TD. If non-productive, the well will be plugged and abandoned in a manner consistent with federal regulations. Specific programs as per Onshore Oil & Gas Order #1 are outlined in the following attachments:

Drilling Program
Surface Use & Operating Plan

Exhibit #1 & 1A - Blowout Preventer Equipment
Exhibit #2 - Location & Elevation Plat
Exhibit #3 - Planned Access Roads
Exhibit #4 - One-mile Radius Map
Exhibit #5 - Production Facilities Layout
Exhibit #6 - Drilling Rig Layout
Exhibit #7 - Cultural Resources Examination

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 George Mullen TITLE George Mullen Reg. Affairs Specialist DATE August 5, 1993

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DRILLING PROGRAM

Attached to Form 3160-3
Mitchell Energy Corporation
Bandana "30" Federal No. 1
1160' FNL & 1230' FEL
NE/NE, Sec. 30, T22S, R24E
Eddy County, New Mexico

1. Geologic Name of Surface Formation:

   Castile

2. Estimated Tops of Important Geologic Markers:

Castile	Surface	Strawn	8910'
Delaware	2800'	Atoka	9380'
Bone Spring	3460'	Morrow	9760'
Wolfcamp	7330'	Total Depth	10,800'
Cisco-Canyon	8200'		

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Delaware	2800'	Oil
Bone Spring	3460'	Oil
Wolfcamp	7330'	Gas
Cisco-Canyon	8200'	Gas
Atoka	9380'	Gas
Morrow A SS	9930'	Gas
Morrow B SS	10,000'	Gas
Morrow C SS	10,170'	Gas

   No other formations are expected to give up oil, gas, or fresh water in measurable quantities. Possible surface fresh water sands or caves will be protected by setting 13-3/8" casing at 600' and circulating cement back to surface. Any shallower zones above TD which contain commercial quantities of oil and/or gas will have cement circulated across them behind the 8-5/8" casing or by inserting a cementing stage tool into the 5-1/2" production casing which will be run at TD.

4. Casing Program:

Hole Size	Interval	OD Casing	Weight, Grade, Jt, Cond, Type
26"	0-50'	20"	Conductor, 0.3" wall thickness
17-1/2"	Surf-600'	13-3/8"	54.5#, K-55, ST&C, New, R-3
12-1/4"	Surf-3000'	8-5/8"	32#, K-55, ST&C, New, R-3
7-7/8"	Surf-TD	5-1/2"	17#, N-80 & S-95, LT&C, New, R-3

Cement Program:

13-3/8" Surface Casing @ 600':	Cemented to surface with 300 sacks of Class "C" + 4% gel + 2% $CaCl_2$ + 1/4 #/sx Flocele and 300 sacks Class "C" + 2% $CaCl_2$.
8-5/8" Intermediate Casing @ 3000':	Cemented to surface with 1000 sacks Halliburton Lite + 6% gel + 15#/sack salt + 1/4#/sack Flocele and 300 sacks Class "C" + 2% $CaCl_2$.
5-1/2" Production Casing @ TD:	Cemented with 950 sacks Prem 50/50 Poz + 2% gel + 0.6% Halad 22A + 4#/sx Microbond. This cement slurry is designed to bring TOC to 6500'. Shallower productive zones will be cemented by placing a cementing stage tool below the zone of interest if necessary and cementing with a similar type of cement.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type (5,000 psi WP) preventer and a bag-type (hydril) preventer (5,000 psi WP). Both units will be hydraulically operated and the ram-type preventer will be equipped with blind rams on top and 4-1/2" drill pipe rams on bottom. Both BOP's will be nippled up on the 13-3/8" surface casing and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 1000 psi before drilling out of 13-3/8" surface casing. Before drilling out of 8-5/8" intermediate casing, the ram-type BOP and accessory equipment will be tested to 5,000 psi and the hydril to 70% of rated working pressure (3500 psi). The testing procedure will be duplicated at 8000' (prior to drilling Cisco-Canyon formation) and after any use under pressure during the drilling of the well.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and 3" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 5,000 psi WP rating.

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination brine, cut brine, and polymer/KCl mud system. The applicable depths and properties of this system are as follows:

Depth	Type	Weight (ppg)	Viscosity (sec)	Waterloss (cc)
0- 600'	Fresh Water (spud)	8.5	40-45	N.C.
600- 3000'	Fresh Water	8.4	28	N.C.
3000- 8000'	Cut Brine (60,000 ppm Cl)	8.8- 9.2	30	N.C.
8000- 9900'	Brine/Polymer	10.0-10-2	32-34	10
9900- TD	Brine/Polymer/KCl	10.2-10.8	45-48	10

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. Auxiliary Well Control and Monitoring Equipment:

A. A kelly cock will be kept in the drill string at all times.

B. A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

C. An electronic pit-volume-totalizer system will be used continuously below 8000' to monitor the mud and pump system. The drilling fluids system will also be visually monitored at all times.

D. A mud logging unit (with H_2S detector) will be continuously monitoring drilling penetration rate and hydrocarbon shows from 3000' to TD.

E. A mud-gas separator, vacuum degasser and remote drilling choke will be operational at all times below 8000' to facilitate handling a gas kick or gas-cutting of the mud until the mud weight can be increased.

8. Logging, Testing and Coring Program:

A. Drillstem tests will be run on the basis of drilling shows. At least two tests are anticipated.

B. The electric logging program will consist of GR-Dual Laterolog-MSFL and GR-Sonic from TD to intermediate casing and GR-Compensated Neutron-Density from TD to surface. Selected SW cores will be taken in zones of interest.

C. No conventional coring is anticipated.

D. Further testing procedures will be determined after the 5-1/2" production casing has been cemented at TD based on drill shows, log evaluation and drill stem test results.

9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom-hole temperature (BHT) at TD is 180°F and estimated bottom-hole pressure (BHP) is 5000 psig. No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major loss circulation zones have been reported in offsetting wells.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is November 1, 1993. Once commenced, the drilling operation should be finished in approximately 45 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

SURFACE USE AND OPERATING PLAN

Attached to Form 3160-3
Mitchell Energy Corporation
Bandana "30" Federal No. 1
1160' FNL & 1230' FEL
NE/NE, Sec. 30, T22S, R24E
Eddy County, New Mexico

1. Existing Roads:

   A. The well site and elevation plat for the proposed well is shown in Exhibit #2. It was staked by John Jacquess Consulting Engineers, Artesia, New Mexico.

   B. All roads to the location are shown in Exhibit #3. The existing roads are illustrated in red and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection.

   C. Directions to Location: Beginning at the northern city limits of Carlsbad, N.M. on U.S. Hwy 285, go north 12 miles. Turn southwest on Hwy. 137 and go 15 miles to MM 39.7. Turn left and follow main lease road 2.95 miles. After passing access road to Yates Bandana Fed Unit No. 1 on left, immediately turn right on new lease road and continue 1.35 miles to location.

   D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

   Exhibit #3 shows the 1.25 miles new access road to be constructed and is illustrated in yellow. The road will be constructed as follows:

   A. The maximum width of the running surface will be 15'. The road will be crowned and ditched and constructed of 6" of rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the onsite inspection.

   B. The average grade will be less than 1%.

   C. No turnouts are planned.

   D. No culverts, cattleguards, gates, low-water crossings, or fence cuts are necessary.

E. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest BLM-approved caliche pit. Any additional materials that are required will be purchased from the dirt contractor.

F. The proposed access road as shown in Exhibit #3 has been centerline flagged by John Jacquess Consulting Engineers, Artesia, New Mexico.

3. Location of Existing Wells:

Exhibit #4 shows that there are no existing wells within a one-mile radius of this well.

4. Location of Existing and/or Proposed Facilities:

A. There are no existing facilities or pipelines of any kind owned or controlled by Mitchell Energy on this lease or within a one-mile radius of the proposed well.

B. If the well is productive, contemplated facilities will be as follows:

(1) Production facilities are shown in Exhibit #5 and will be located on the caliche drilling pad and within the 350' x 350' area of the pad.

(2) The tank battery and facilities including all flowlines and piping will be installed according to API specifications.

(3) Any additional caliche which is required for firewalls, etc. will be obtained from a BLM-approved caliche pit. Any additional construction materials will be purchased from contractors.

(4) No power will be required if the well is productive of gas. However, if productive of oil, an electric, gas or LPG-fueled, self-contained pumping unit may be required.

C. If the well is productive, rehabilitation plans are as follows:

(1) The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after the well is completed).

(2) Caliche from unused portions of the drill pad will be removed. Topsoil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

D. In the event that gas production is established, plans for permanent gas lines will be submitted to the appropriate agencies for ROW approval.

5. Location and Type of Water Supply:

The well will be drilled with a combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from

commercial water stations in the area and hauled to the location by transport truck over the existing access roads as shown in Exhibit #3. If a commercial fresh water source is nearby, fasline may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

6. Source of Construction Materials:

Any caliche required for construction of the drill pad and the proposed new access road (approximately 10,500 cubic yards) will be obtained from a BLM-approved caliche pit. All roads and pads will be constructed of 6" of rolled and compacted caliche.

7. Methods of Handling Waste Disposal:

A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.

B. Drilling fluids will be contained in steel mud tanks. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing, and completion operations. The reserve pit will be an earthen pit, approximately 150' x 150' x 6' deep and fenced on three sides prior to drilling. It will be fenced on the fourth side immediately following rig removal. The reserve pit will be plastic-lined (5-7 mil thickness) to minimize loss of drilling fluids and saturation of the ground with brine water.

C. Water produced from the well during completion may be disposed into the reserve pit or a steel tank (depending on the rates). After the well is permanently placed on production, produced water will be collected in tanks (fiberglass or steel) until hauled by transport to an approved disposal system; produced oil will be collected in steel tanks until sold.

D. A portable chemical toilet will be provided on the location for human waste during the drilling and completion operations.

E. Garbage and trash produced during drilling or completion operations will be contained in a trash bin and properly disposed of in an approved dump site. All waste material will be contained to prevent scattering by the wind. All water and fluids will be disposed of into the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be produced by this operation.

F. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. No adverse materials will be left on the location. The reserve pit will be completely fenced and netted and kept closed until it has dried. When

the reserve pit is dry enough to breakout and fill and, as weather permits, the unused portion of the well site will be leveled and reseeded as per BLM specifications. Only that part of the pad required for production facilities will be kept in use. In the event of a dry hole, only a dry hole marker will remain.

8. Ancillary Facilities:

No airstrip, campsite, or other facilities will be built as a result of the operations on this well.

9. Well Site Layout:

A. The drill pad layout, with elevations staked by Jacquess Engineers, is shown in Exhibit #6. Dimensions of the pad and pits and location of major rig components are shown. Topsoil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection. Because the pad is almost level no major cuts will be required.

B. Exhibit #6 shows the planned orientation for the rig and associated drilling equipment, reserve pit, trash bin, pipe racks, turn-around and parking areas, and access road. No permanent living facilities are planned, but two temporary foreman/toolpusher's trailers may be on location during the drilling operations.

C. The reserve pit will be lined with a high-quality plastic sheeting (5-7 mil thickness).

10. Plans for Restoration of the Surface:

A. Upon completion of the proposed operations, if the well is to be abandoned, the caliche will be removed from the location and road and returned to the pit from which it was taken. The pit area, after allowing to dry, will be broken out and leveled. The original top soil will be returned to the entire location which will be leveled and contoured to as nearly the original topography as possible. All trash and garbage will be hauled away and the pit lining will be buried in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled within 120 days after abandonment.

B. The disturbed area will be revegetated by reseeding during the proper growing season with a seed mixture of native grasses as recommended by the BLM.

C. Three sides of the reserve pit will be fenced prior to and during drilling operations. At the time that the rig is removed, the reserve pit will be fenced on the rig (fourth) side and netted to prevent

livestock or wildlife from being entrapped. The fencing and netting will remain in place until the pit area is cleaned up and leveled. No oil will be left on the surface of the fluid in the pit.

D. Upon completion of the proposed operations, if the well is completed, the reserve pit area will be treated as outlined above within the same prescribed time. The caliche from any area of the original drillsite not needed for production operations or facilities will be removed and used for construction of thicker pads or firewalls for the tank battery installation. Any additional caliche required for facilities will be obtained from a BLM - approved caliche pit. Topsoil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural level and reseeded as per BLM specifications.

11. Surface Ownership:

The wellsite and lease is located entirely on Federal surface. Gene Kincaid, Carlsbad, New Mexico has the Federal grazing lease on this surface.

12. Other Information:

A. The area around the well site is grassland and the top soil is sandy. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca, and prickly pear.

B. There is no permanent or live water in the immediate area.

C. There is no evidence of any archaelogical, historical, or cultural sites in the vicinity of the proposed location. A Cultural Resources Examination has been performed and the report is attached as Exhibit #7.

13. Lessee's and Operator's Representative:

The Mitchell Energy Corporation representative responsible for assuring compliance with the surface use plan is as follows:

George W. Tullos, District Drilling Manager
Mitchell Energy Corporation
400 W. Illinois, Ste 1000
Midland, Texas 79701
Phone: (915) 682-5396 (office)
(915) 687-3711 (home)

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Mitchell Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: 8-11-93 Signed: Patrick J. Noyes

Patrick J. Noyes
Regional Engineering Manager

Attachment

3DRL30-1.GM

MINIMUM BLOWOUT PREVENTER REQUIREMENTS

5,000 psi Working Pressure

5 MWP

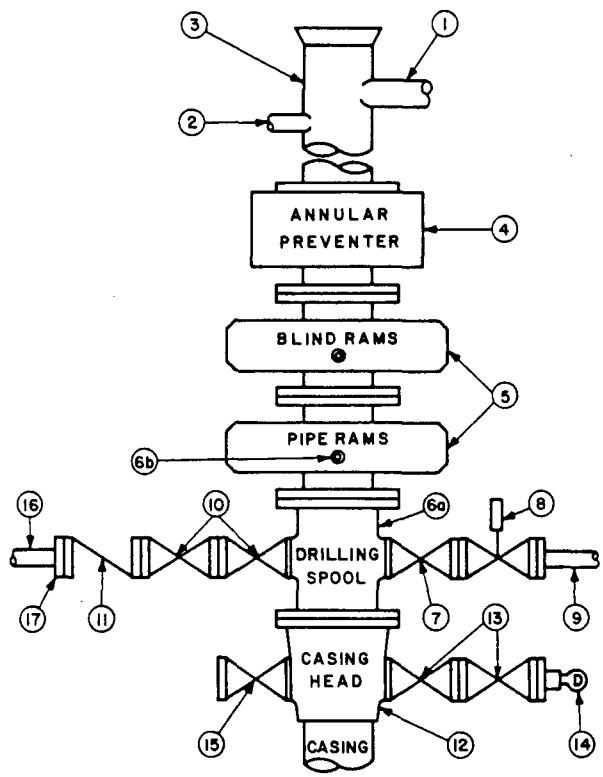
EXHIBIT 1
Bandana "30" Fed. No. 1
Eddy County, New Mexico

STACK REQUIREMENTS

No.	Item	Min. I.D.	Min. Nominal
1	Flowline		
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min. choke line outlets or		
6b	2" minimum kill line and 3" minimum choke line outlets in ram. (Alternate to 6a above.)		
7	Gate valve	3-1/8"	
8	Gate valve — power operated	3-1/8"	
9	Line to choke manifold		3"
10	Gate valves	2-1/16"	
11	Check valve	2-1/16"	
12	Casing head		
13	Gate valves	1-13/16"	
14	Pressure gauge with needle valve		
15	Gate Valve or Flanged Valve w/Control Plug	1-13/16"	
16	Kill line to rig mud pump manifold		2"

OPTIONAL			
17	Roadside connection to kill line		2"

CONFIGURATION A



CONTRACTOR'S OPTION TO FURNISH:

1. All equipment and connections above bradenhead or casinghead.
2. Automatic accumulator (80 gallon, *minimum) capable of closing* BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, including control for hydraulically operated wing valve, to be located near drillers position with remote controls located away from rig floor.
4. Kelly equipped with Kelly cock and Hydril Kelly valve, or its approved equivalent.
5. Hydril Kelly valve or its approved equivalent and approved inside blow-out preventer to fit drill pipe in use on derrick floor at all times.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Extra set of pipe rams to fit pipe being used on location.
8. Plug type blowout preventer tester.
9. Type RX ring gaskets in place of Type R.
10. Outlet for Halliburton on kill line.

MEC TO FURNISH:

1. Bradenhead or casinghead and side valves.
2. Wear bushing, if required.

GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All *connections, valves, fittings, piping,* etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers. Valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position.
4. Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, other bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.
5. *All valves to be equipped with hand-*wheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.
7. Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (3000 psi working pressure) to have flexible joints to avoid stress. Approved hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. Do not use kill line for routine fill-up operations.
12. Rig pumps ready for hook-up to BOP control manifold for emergency use only.

Attachment to Exhibit #1
NOTES REGARDING THE BLOWOUT PREVENTERS
Bandana "30" Fed No. 1
Eddy County, New Mexico

1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.

2. Wear ring to be properly installed in head.

3. Blow out preventer and all fittings must be in good condition, 5,000 psi W.P. minimum.

4. All fittings to be flanged.

5. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 5,000 psi W.P. minimum.

6. All choke and fill lines to be securely anchored, especially ends of choke lines.

7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.

8. Kelly cock on kelly.

9. Extension wrenches and hand wheels to be properly installed.

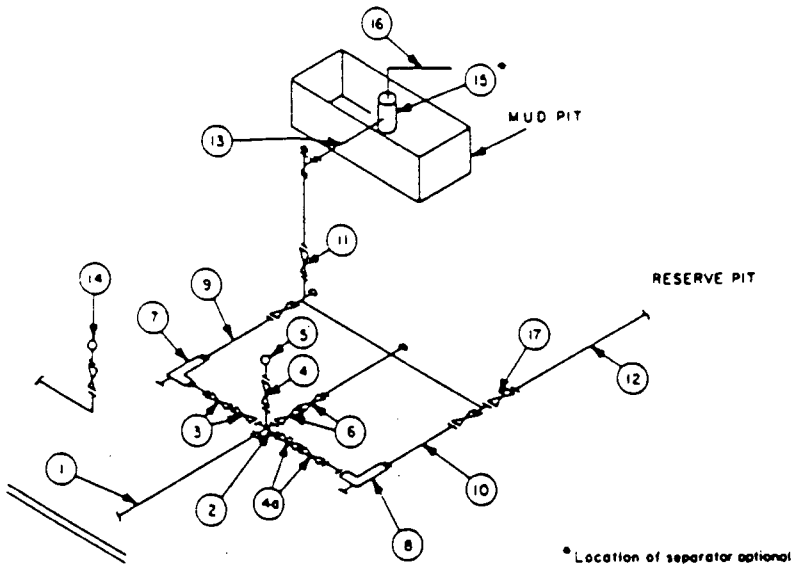
10. Blow out preventer control to be located as close to driller's position as feasible.

11. Blow out preventer closing equipment to include minimum 40 gallon accumulator, two independent sources of pump power on each closing unit installation, and meet all API specifications.

MINIMUM CHOKE MANIFOLD
3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP

EXHIBIT 1-A
Bandana "30" Federal No. 1
Eddy County, New Mexico



BEYOND SUBSTRUCTURE

MINIMUM REQUIREMENTS										
		3,000 MWP			5,000 MWP			10,000 MWP		
No.		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING
1	Line from drilling spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3"x3"x3"x2"			3,000			5,000			
	Cross 3"x3"x3"x3"									10,000
3	Valves(1) Gate ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
4	Valve Gate ☐ Plug ☐(2)	1-13/16"		3,000	1-13/16"		5,000	1-13/16"		10,000
4a	Valves(1)	2-1/16"		3,000	2-1/16"		5,000	3-1/8"		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valves Gate ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
7	Adjustable Choke(3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Valves Gate ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
12	Lines		3"	1,000		3"	1,000		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000			10,000
15	Gas Separator		2'x5'			2'x5'			2'x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valves Gate ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

(1) Only one required in Class 3M.

(2) Gate valves only shall be used for Class 10M.

(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

1. All connections in choke manifold **shall** be welded, studded, flanged or Cameron clamp of comparable rating.
2. All flanges **shall** be API 6B or 6BX and ring gaskets **shall** be API RX or BX. Use only BX for 10 MWP.
3. All lines **shall** be securely anchored.
4. Chokes **shall** be equipped with tungsten carbide seats and needles, and replacements **shall** be available.
5. Choke manifold pressure and standpipe pressure gauges **shall** be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge **shall** be located on the rig floor in conjunction with the standpipe pressure gauge.
6. Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes **shall** make turns by large bends or 90° bends using bull plugged tees.
7. Discharge lines from chokes, choke bypass and from top of gas separator should vent as far as practical from the well.

Exhibit #2
Bandana "30" Federal No. 1
Eddy County, New Mexico

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
MITCHELL ENERGY	BANDANA 30 FEDERAL	#1

Unit Letter	Section	Township	Range	County
A	30	22S.	24E. NMPM	EDDY

Actual Footage Location of Well:
1160 feet from the NORTH line and 1230 feet from the EAST line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
4506	MORROW	WILDCAT OK	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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).

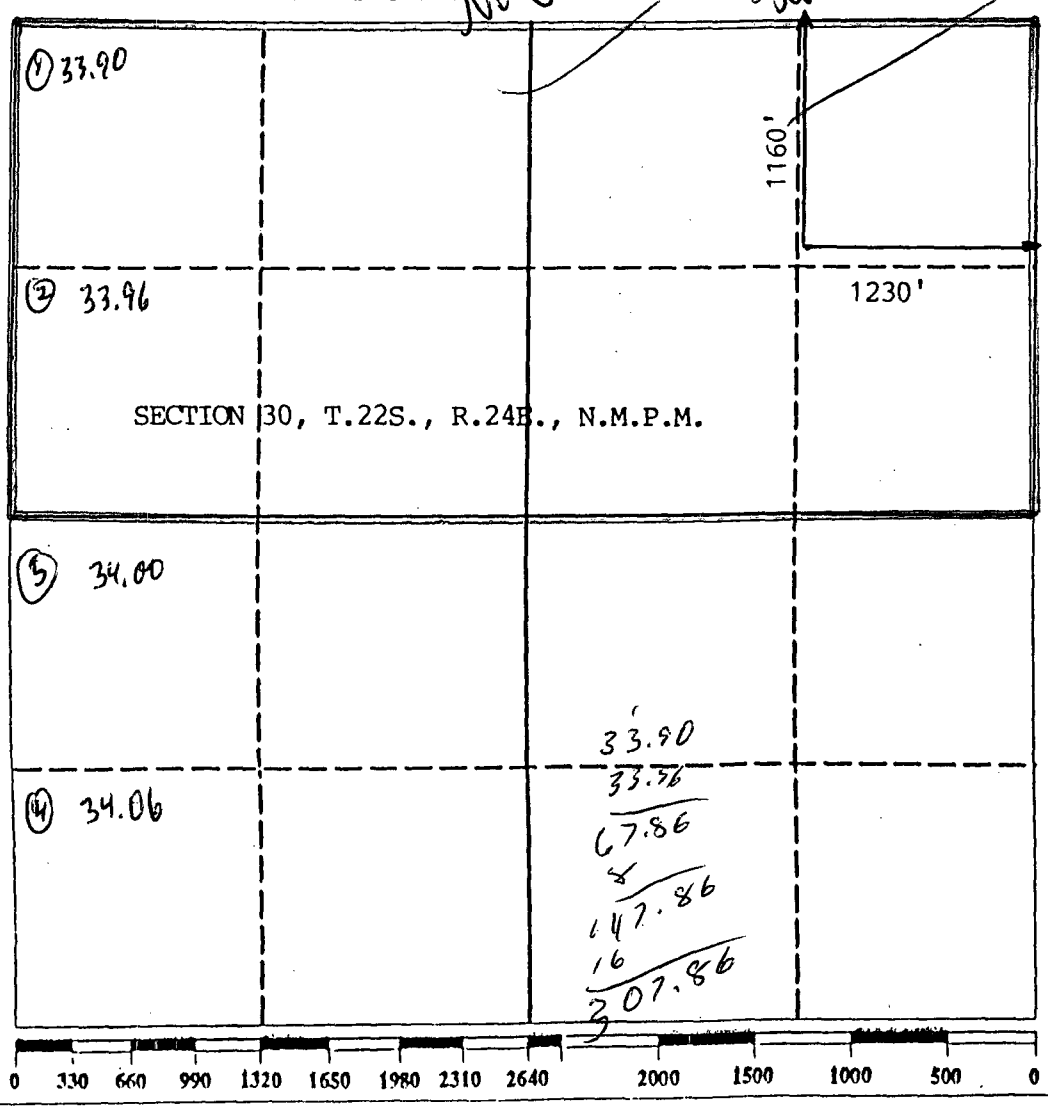
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

NSP

☐ 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 neccessary. _____

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 in true and complete to the best of my knowledge and belief.

Signature: George Mullen
Printed Name: George Mullen
Position: Regulatory Affairs Specialist
Company: Mitchell Energy Corporation
Date: August 5, 1993

SURVEYOR CERTIFICATION

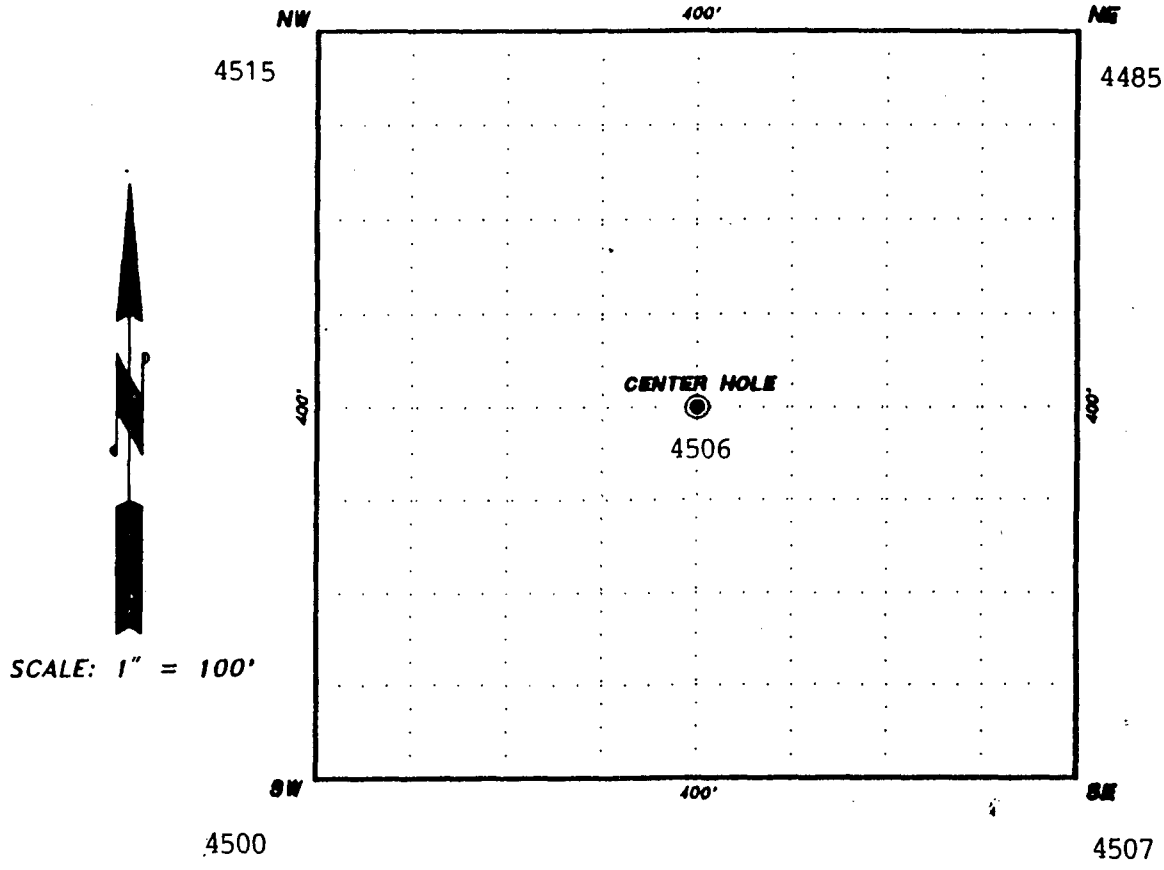
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: 7/12/93
Signature & Seal of Professional Surveyor: SIDNEY O. JAQUES, NEW MEXICO, 6290, REGISTERED LAND SURVEYOR
Certificate No. 6290

BANDANA2

GRID ELEVATIONS

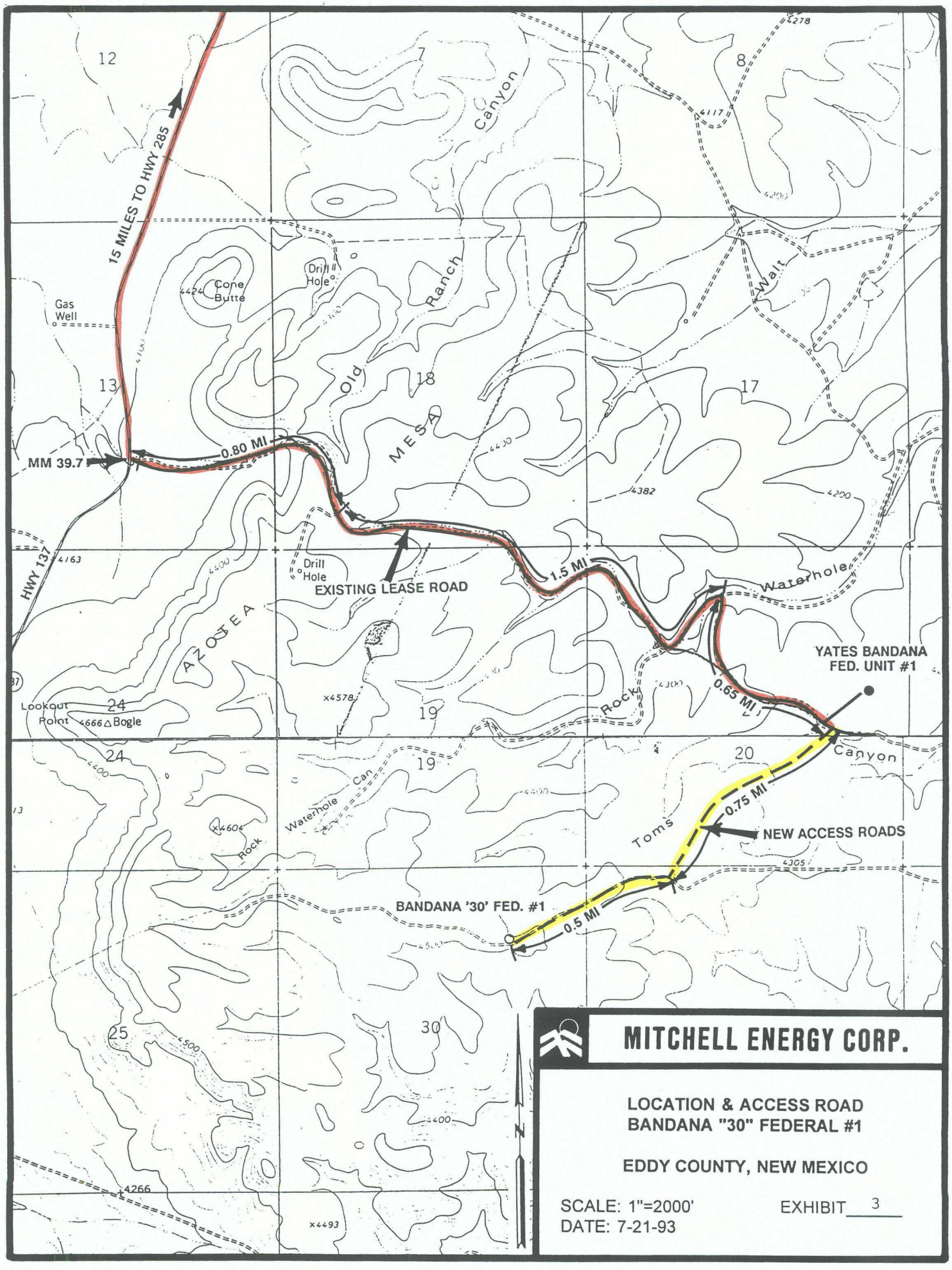
JOHN D. JAQUESS & ASSOCIATES
CONSULTING ENGINEERS



WELL INFORMATION

ATTACHMENT TO EXHIBIT #2
BANDANA 30 FEDERAL #1
1160 FNL, 1230 FEL
SECTION 30, T.22S., R.24E., N.M.P.M.

(SEE ADDITIONAL MAP FOR ACCESS ROADS)



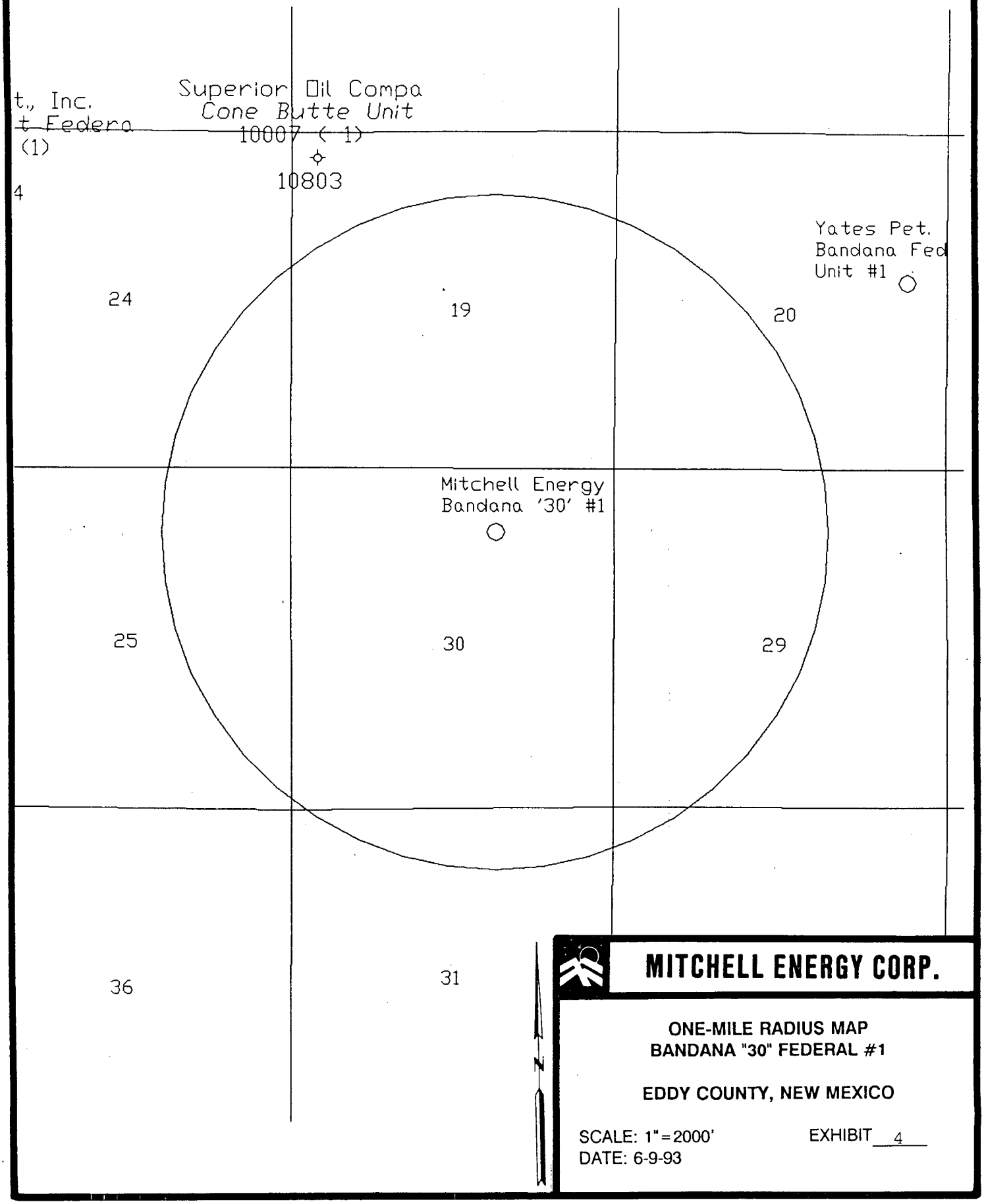
MITCHELL ENERGY CORP.

LOCATION & ACCESS ROAD
BANDANA "30" FEDERAL #1

EDDY COUNTY, NEW MEXICO

SCALE: 1"=2000'
DATE: 7-21-93

EXHIBIT 3



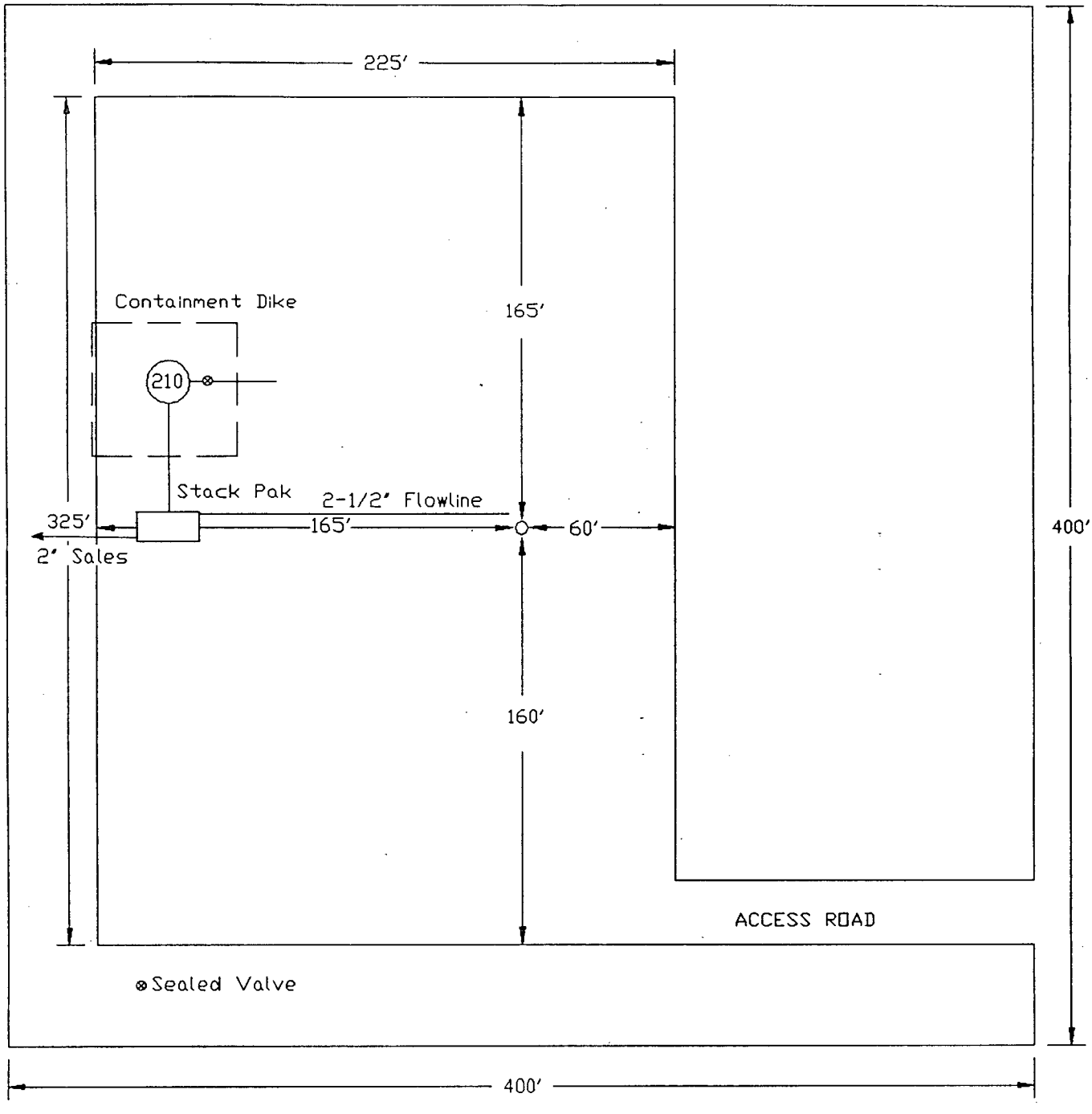
MITCHELL ENERGY CORP.

ONE-MILE RADIUS MAP
BANDANA "30" FEDERAL #1

EDDY COUNTY, NEW MEXICO

SCALE: 1"=2000'
DATE: 6-9-93

EXHIBIT 4



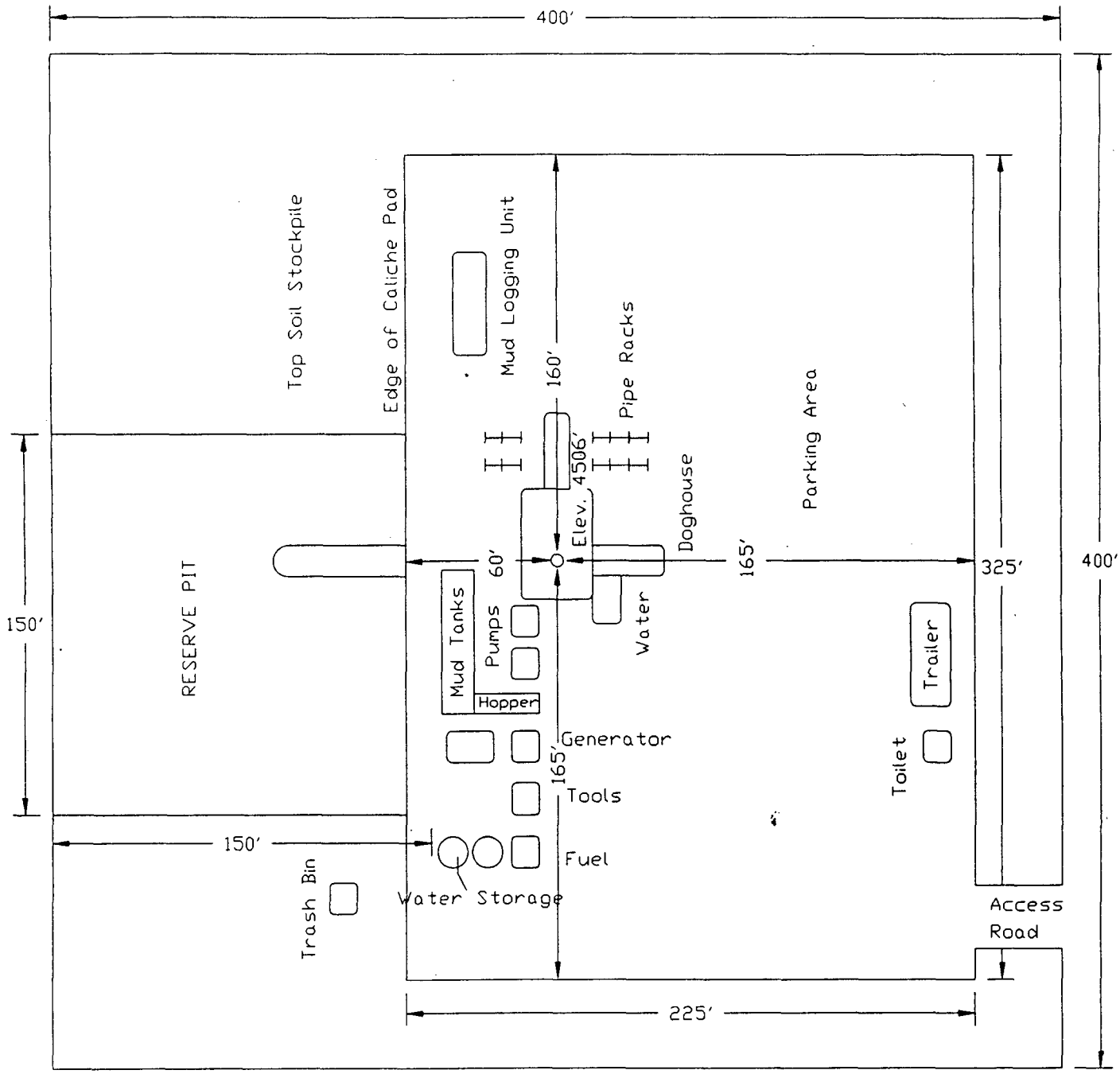
MITCHELL ENERGY CORPORATION

PRODUCTION FACILITIES LAYOUT FOR BANDANA "30" FEDERAL #1

EDDY COUNTY, NEW MEXICO

SCALE: 1"=60'
DATE: 6-8-93

EXHIBIT 5



MITCHELL ENERGY CORP.

DRILLING RIG LAYOUT AND ELEVATIONS
BANDANA '30' FED. #1

EDDY COUNTY, NEW MEXICO

SCALE: 1"=60'
DATE: 7-22-93

EXHIBIT 6

ARCHAEOLOGICAL SURVEY CONSULTANTS
P.O. Drawer D
Roswell, New Mexico 88202
Phone: 505-623-5012

TO: Michael Kyte, Carlsbad Resource Area, Roswell District, Bureau of Land Management, Roswell, New Mexico.

FROM: D.M. Griffiths, ARCHAEOLOGICAL SURVEY CONSULTANTS, P.O. Drawer D, Roswell, New Mexico 88202

SUBJECT: ARCHAEOLOGICAL SURVEY of the MITCHELL ENERGY CORPORATION BANDANA POINT 30 FEDERAL WELL NO. 1 RELOCATION & ACCESS ROAD R/W. T22S, R24E, SECTION 30, NE¼NE¼ [1160 FNL, 1230 FEL]. EDDY COUNTY, NEW MEXICO.

FEDERAL LAND SURFACE
[U.S.G.S. 7.5 minute series, BANDANA POINT, N.M., 1978]

ASC Report 93-163 (Preliminary)

1. **ABSTRACT:** intensive archaeological survey of the Mitchell Energy Corporation Bandana Point 30 Federal Well No. 1 Relocation (400 ft. square, 3.67 acres), and access road R/W (6680 ft. long x 100 ft. wide, with a 150 ft. sq. delta, 15.51 acres). A total federal land surface of 19.18 acres was inspected for cultural remains.

The archaeological survey was conducted on the project on 7/12/1993, with 5.0 work hours spent on ground, during the survey (and mapping of the access road centreline).

Archaeological survey of the Mitchell Energy Corporation Bandana Point 30 Federal Well No. 1 Relocation and Access Road R/W did not reveal any cultural resources.

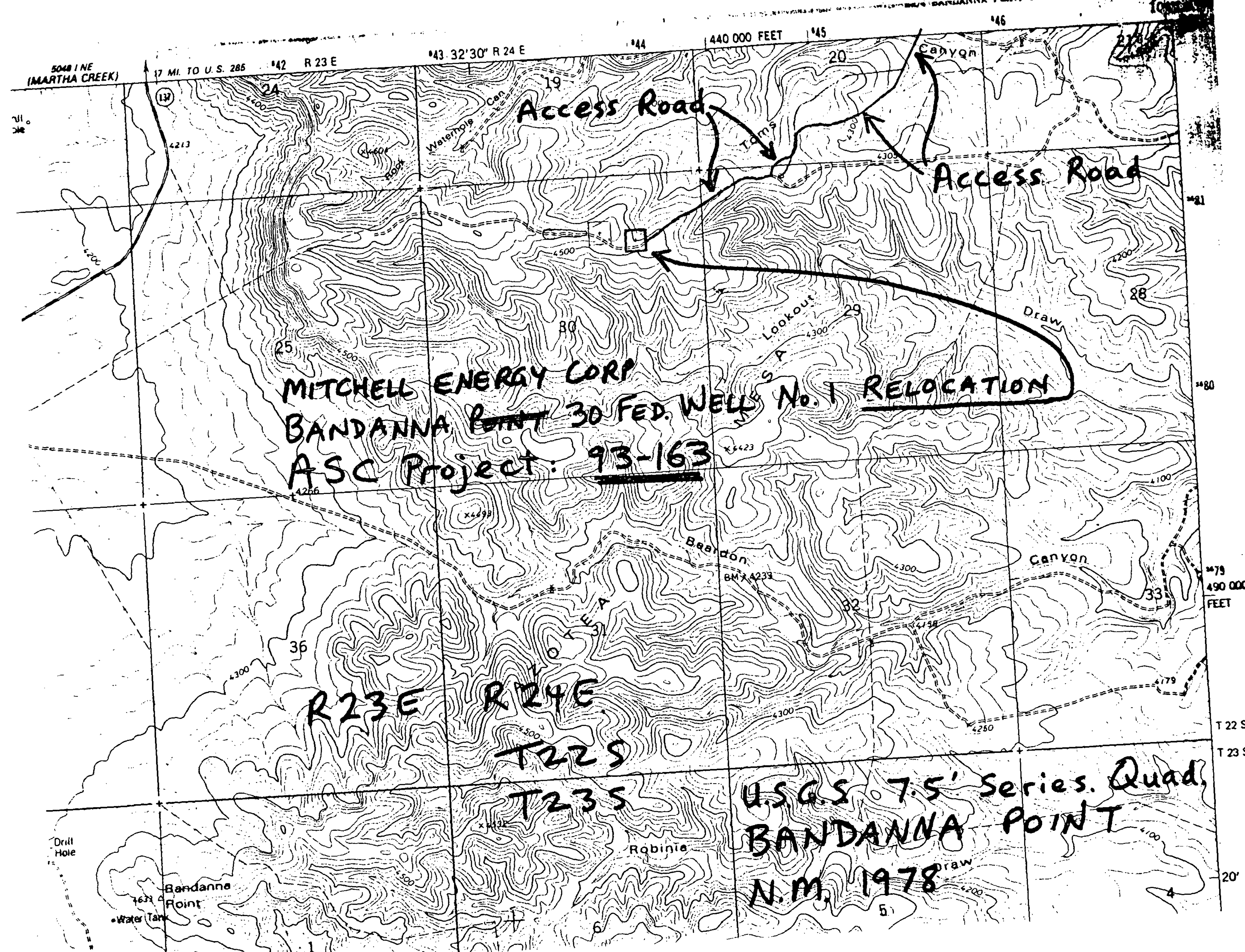
Therefore, archaeological **CLEARANCE** for the Mitchell Energy Corporation Bandana ~~Point~~ 30 Federal Well No. 1 Relocation and Access Road R/W is **RECOMMENDED.**

A final ASC Report 93-163 will be submitted at a later date.

Principal Investigator: D. M. Griffiths

Date: July 25, 1993

cc: George Tullos, Mitchell Energy Corporation (1)


5048 I NE
(MARTHA CREEK)
17 MI. TO U.S. 285
R 23 E
43 32'30" R 24 E
440 000 FEET
Access Road
Access Road
MITCHELL ENERGY CORP
BANDANNA Point 30 FED. WELL No. 1 RELOCATION
ASC Project: 93-163
Canyon
Toms
Draw
Lookout
Beardon
Canyon
BM 4233
490 000 FEET
T 22 S
T 23 S
R23E R24E
T22S
T23S
U.S.G.S. 7.5' Series. Quad.
BANDANNA POINT
N.M. 1978
Robinia
Draw
Drill Hole
Bandanna Point
Water Tank

October 26, 1993

Mr. Mike Stogner
New Mexico Oil Conservation Division
310 Old Santa Fe Trail
P.O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87504

Re: ***Application of Mitchell Energy Corporation for Non-Standard Gas Well Location***
Bandana "30" Federal Well No. 1
NE/4 NE/4 Sec. 30, T22S, R24E, N.M.P.M.
Eddy County, New Mexico

Dear Mr. Stogner:

As promised in my October 19, 1993 letter concerning the captioned matter, enclosed is a copy of the Bureau of Land Management 's October 22 letter explaining the need for an unorthodox location for the subject well.

If you have any questions, call me at 713-377-5818.

Sincerely,

MITCHELL ENERGY CORPORATION

Mark N. Stephenson
Manager
Production-Regulatory Affairs

MNS:mtb
stog1025.mns

enc.

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Carlsbad Resource Area Headquarters
P.O. Box 1778
Carlsbad, New Mexico 88221-1778

3160 (067)

OCT 2 2 1993

Mitchell Energy Corporation
Attention: George Mullen
P. O. Box 4000
The Woodlands, Texas 77387

RE: Bandana 29 Federal No. 1 - 1800' FNL & 560' FWL
Bandana 29 Federal No. 2 - 635' FSL & 950' FWL
Bandana 30 Federal No. 1 - 1160' FNL & 1230' FEL
Bandana 30 Federal No. 2 - 950' FSL & 700' FEL
Section 29 & 30, T. 22 S., R. 24 E.

Dear Mr. Mullen:

In response to your request on October 12, 1993, for a letter describing the reasons for the move of the four locations (Bandana 29 Federal Nos. 1 and 2, and the 30 Federal Nos. 1 and 2), to assist in your hearing before the New Mexico Oil Commission, I trust the following will suffice.

The Bandana 30 Federal No. 1 was moved to an unorthodox location, to the east, due to five caves and an archaeological site. The Bandana 30 Federal No. 2 and the Bandana 29 Federal Nos. 1 and 2, were moved due to topographical features (cut and fill problems).

Due to the rugged terrain, numerous cave systems and archaeological sites in these sections prove to be a problem in locating sites to drill within the orthodox spacing windows.

I hope this information will be helpful in your hearing with the NMOCD. If you need any more assistance please don't hesitate to contact us.

Sincerely,

Leo Dunton

For Richard L. Manus
Area Manager

RECEIVED

OCT 25 1993

PRODUCTION
REGULATORY AFFAIRS

Via Fax

November 2, 1993

Mr. Mike Stogner
New Mexico Oil Conservation Division
310 Old Santa Fe Trail
P.O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87504

Re: ***Application of Mitchell Energy Corporation for Non-Standard Gas Well Location***
Bandana "30" Federal Well No. 1
NE/4 NE/4 Sec. 30, T22S, R24E, N.M.P.M.
Eddy County, New Mexico

Dear Mr. Stogner:

Per our telephone conversation, enclosed are returned certified mail cards from Yates Petroleum Corp. and Collins Ware Inc. concerning the above referenced matter.

If you have any questions, call me at 713-377-5818.

Sincerely,

MITCHELL ENERGY CORPORATION

Mark N. Stephenson

Mark N. Stephenson
Manager
Production-Regulatory Affairs

MNS:mtb
bandana.mns

enc.

MITCHELL ENERGY CORPORATION 2001 TIMBERLOCH PLACE
P.O. BOX 4000, THE WOODLANDS, TEXAS 77387-4000 713/377-5500
A subsidiary of Mitchell Energy & Development Corp.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:
- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):
1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
Collins & Ware Inc.
303 Wall Street, Suite 2200
Midland, TX 79701

(Letter sent to Mike Stogner 10/19
Bandana "30" Fed. Well #1)

4a. Article Number
225 376 968

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
10/25

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

PS Form **3811**, December 1991 ☆U.S. GPO: 1992—323-402 **DOMESTIC RETURN RECEIPT**

Is your RETURN ADDRESS completed on the reverse side?

SENDER:
- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):
1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
Yates Petroleum Corp.
105 S. Fourth Street
Artesia, NM 88210

(M. Stogner 10/20 ltr.
Bandana "30" #1

4a. Article Number
225 376 969

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
10/24

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

PS Form **3811**, December 1991 ☆U.S. GPO: 1992—323-402 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt