

OIL CONSERVATION DIVISION

NEW MEXICO  
LAND DEPARTMENT

P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

Form C-102  
Revised 10-1-78

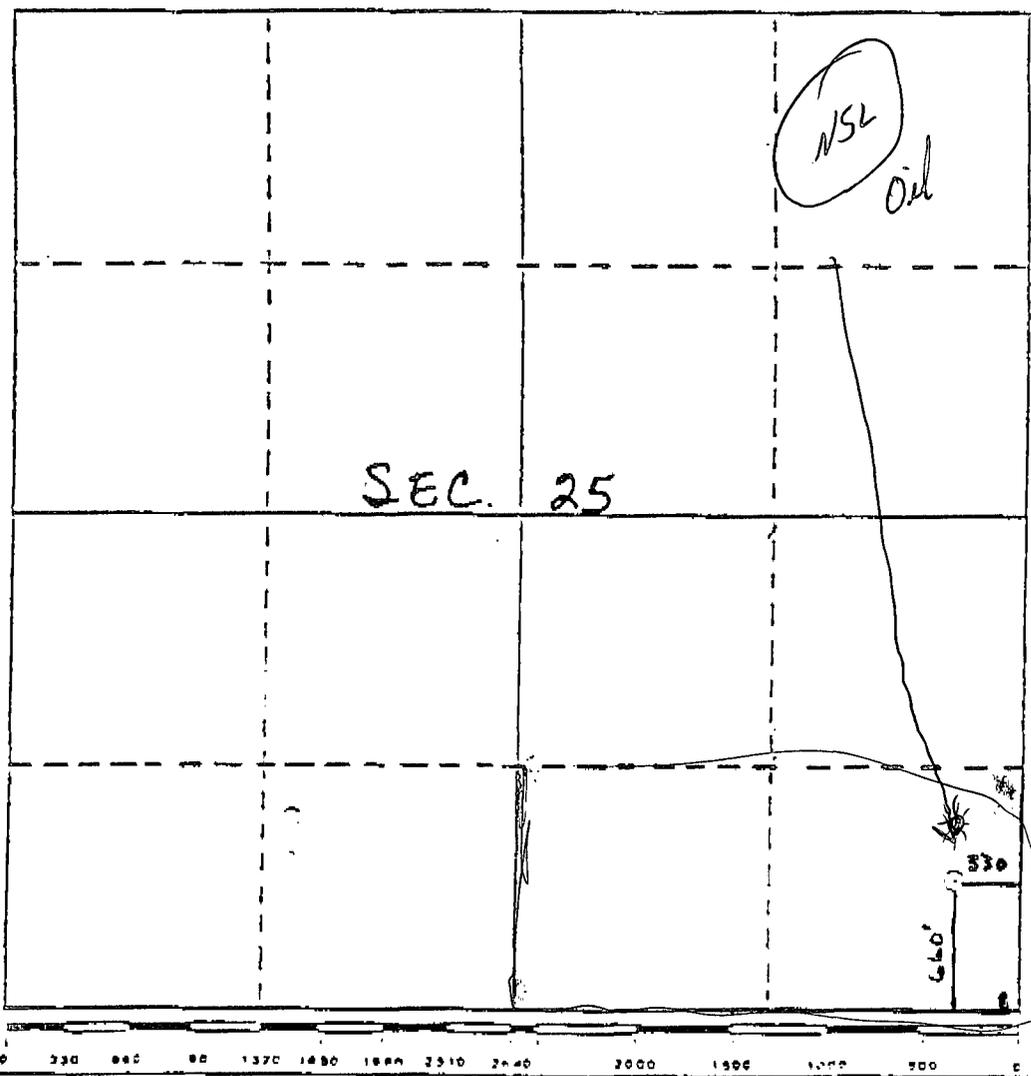
All distances must be from the outer boundaries of the Section.

Operator <b>BANNON ENERGY INC.</b>		Lease <b>MESA 25</b>		Well No. <b>5</b>
Unit Letter <b>P</b>	Section <b>25</b>	Township <b>T24N</b>	Range <b>7W</b>	County <b>RIO ARRIBA</b>
Actual Footage Location of Well: <b>660</b> feet from the <b>SOUTH</b> line and <b>330</b> feet from the <b>EAST</b> line				
Ground Level Elev. <b>6752</b>	Producing Formation <b>Gallup</b>	Pool <b>Escrito</b>	Dedicated Acreage: <b>80</b> 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 interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation NSL-2701

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this plat 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 interests, has been approved by the Division.



**CERTIFICATION**

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

*Burdley W. Falgout*  
Name  
Operating Agent

Bannon Energy, Inc.  
Position  
Company

July 26, 1989  
Date

---

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.

**REGISTERED SURVEYOR**  
NEW MEXICO  
9679

Date Surveyed  
**JUNE 28, 1989**

Registered Land Surveyor  
**HOWARD S. DAGGETT**

Certificate No.  
**9679**

*Reading*

**BANNON ENERGY INCORPORATED**

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

September 18, 1989

Frank Chavez  
New Mexico Oil Conservation Division  
1000 Rio Brazos, New Mexico 87410

Re: Rededication of Acreage  
S1/2 Section 25 T24N, R7W  
Rio Arriba County, New Mexico

Dear Mr. Chavez

Enclosed please find copies of C102's for two existing wells (Mesa 25-2 and Mesa 25-3R) and two proposed wells (Mesa 25-4 and Mesa 25-5).

We request 80 acre dedication for each of the four (4) wells as shown on the plats. Please approve at your earliest convenience in order to expedite our APD process on the proposed wells.

Should you have any questions or need further information, please call Brad Salzman at (505) 326-0550.

Sincerely

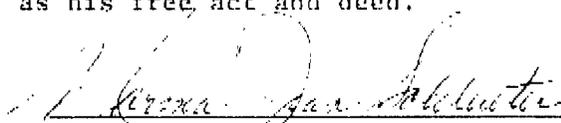
*Brad Salzman*

Brad Salzman  
Agent, Bannon Energy, Inc.

BS/ck

STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF SAN JUAN )

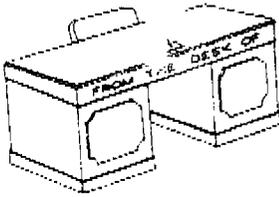
On this 18th. day of September, 1989, before me personally appeared B. W. SALZMAN, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

November 6, 1989

My Comm. Expires 11-6-89



BRAD W. SALZMAN

FRANK,

THIS IS THE ORIGINAL ACCESS  
DEDICATION PLOT THAT WAS IN  
OUR WELL FILE WHEN BANKSON  
PURCHASED THE WELL.

I'm NOT SURE IF IT'S NEEDED OR  
NOT, BUT I SENT YOU A COPY  
ANYWAY

THANKS,

BRAD

**BANNON ENERGY INCORPORATED**

OIL CONSERVATION DIVISION  
RECEIVED

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

'90 FEB 28 AM 8 57

RETURN RECEIPT REQUESTED  
P 117 123 792

February 26, 1990

J.A. Cole Production  
P.O. Box 191  
Farmington, NM 87499

Re: Non-Standard Location - Mesa 25-5  
Section 25 T24N-R7W  
Unit P-790' FSL x 330' FEL  
Escrito Associated Gallup Pool  
Rio Arriba County, New Mexico

This letter is to notify you of Bannon Energy, Inc.'s request for approval of non-standard location to drill the above referenced well as stated above. The well was restaked at this location due to topographic restrictions and BCO's request.

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

Sincerely



W. J. Holcomb  
Agent, Bannon Energy

WJH:ck

xc: BCO  
Michael Stogner - Santa Fe  
Oil Conservation - Aztec

# BANNON ENERGY INCORPORATED

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

RETURN RECEIPT REQUESTED  
P 117 123 794

February 26, 1990

T. H. McElvain Oil & Gas Properties  
P.O. Box 2148  
Santa Fe, New Mexico 87504-2148

Re: Non-Standard Location - Mesa 25-5  
Section 25 T24N-R7W  
Unit P-790' FSL x 330' FEL  
Escrito Associated Gallup Pool  
Rio Arriba County, New Mexico

This letter is to notify you of Bannon Energy, Inc.'s request for approval of non-standard location to drill the above referenced well as stated above. The well was restaked at this location due to topographic restrictions and BCO's request.

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

Sincerely



W. J. Holcomb  
Agent, Bannon Energy

WJH:ck

xc: BCO  
Michael Stogner - Santa Fe  
Oil Conservation - Aztec

# BANNON ENERGY INCORPORATED

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

RETURN RECEIPT REQUESTED  
P 117 123 793

February 26, 1990

Dugan Production  
P.O. Box 5820  
Farmington, New Mexico 87499

Re: Non-Standard Location - Mesa 25-5  
Section 25 T24N-R7W  
Unit P-790' FSL x 330' FEL  
Escrito Associated Gallup Pool  
Rio Arriba County, New Mexico

This letter is to notify you of Bannon Energy, Inc.'s request for approval of non-standard location to drill the above referenced well as stated above. The well was restaked at this location due to topographic restrictions and BCO's request.

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

Sincerely,



W. J. Holcomb  
Agent, Bannon Energy

WJH:ck

xc: BCO  
Michael Stogner - Santa Fe  
Oil Conservation - Aztec



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 location; Mesa 25-5, 790' FSL - 330'  
FEL, P-25-T24N-R7W, Escrito Gallup Associated  
Pool, Rio Arriba County, New Mexico.

Dear Mr. Holcomb:

Your application of for the subject well dated February 6, 1990 appears to be for an amendment to Division Administrative Order NSP-1586(L) dated November 6, 1989, which in part authorized an unorthodox location for said Mesa 25 Well No. 5 to be drilled 660 feet from the South line and 330 feet from the East line (Unit P) of said Section 25. This application does not adequately show why this location needs to be moved. Please provide us with a more detailed plat showing the "topographical restrictions" restricting you from the 660-330 location. Also submit copies of any and all correspondence between you and the U.S. Bureau of Land Management concerning this location.

It also appears that all offset operator were not notified, the previous order showed that R.W. Warner, Dugan Production Corporation, T.H. McElvair, BCO Inc. and Cole Production were contacted; however, in this instance only BCO was contacted. Why? Please provide a plat to support your answer.

I appreciate your cooperation in this matter, and should you have any questions please contact me. Also, please refer to Memorandum No. 3-89 for future reference. Thank you.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

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  
US Bureau of Land Management - Farmington

11/13/89

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/

**BANNON ENERGY INCORPORATED**

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

OIL CONSERVATION DIVISION

RECEIVED

'90 FEB 12 AM 9 07

February 6, 1990

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

Re: Non-Standard Location - Mesa 25-5  
Section 25 T24N-R7W  
Unit P-790' FSL x 330' FEL  
Escrito Associated Gallup Pool  
Rio Arriba County, New Mexico

Dear Mr. Stogner

This letter is presented to request a non-standard location for the above referenced well. The well was staked at this location due to topographic restrictions.

Enclosed are copies of certified letters to offset operators, a C-102 and a topo map of the area.

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  
Agent, Bannon Energy

WJH/ck

Enclosures

xc: Ernie Busch, Aztec OCD

# BANNON ENERGY INCORPORATED

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

RETURN RECEIPT REQUESTED  
P 117 123 791

February 6, 1990

B.C.O., Inc.  
135 Grant  
Santa Fe, New Mexico 87501

Re: Non-Standard Location - Mesa 25-5  
Section 25 T24N-R7W  
Unit P-790' FSL x 330' FEL  
Escrito Associated Gallup Pool  
Rio Arriba County, New Mexico

This letter is to notify you of Bannon Energy, Inc.'s request for approval of non-standard location to drill the above referenced well as stated above. The well was staked at this location due to topographic restrictions.

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  
Agent, Bannon Energy

WJH:ck

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

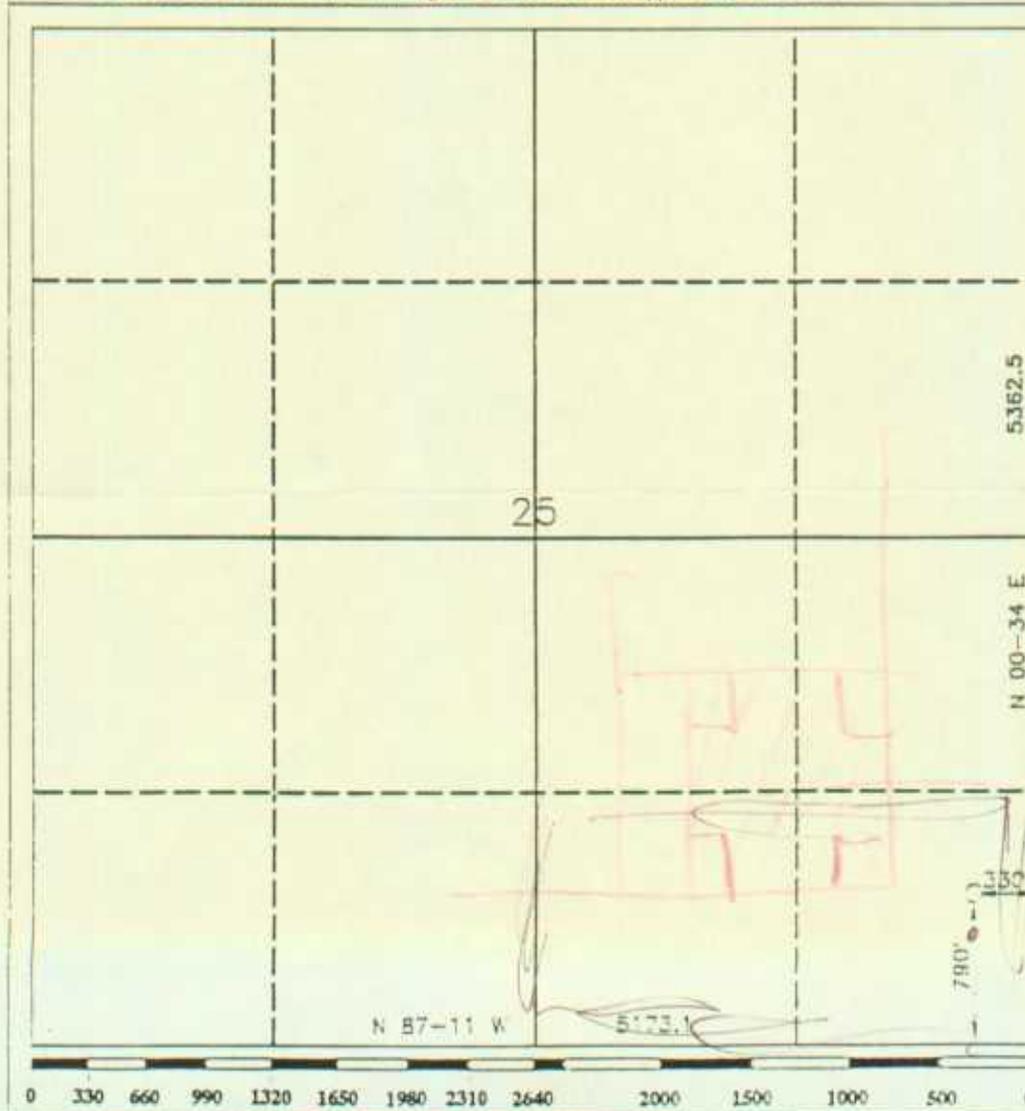
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator <b>BANNON ENERGY INC.</b>		Lease <b>BANNON MESA</b>		Well No. <b>25-5</b>
Unit Letter <b>P</b>	Section <b>25</b>	Township <b>T. 24 N.</b>	Range <b>R. 7 W.</b>	County <b>RIO ARRIBA</b>
Actual Footage Location of Well: <b>790</b> feet from the <b>SOUTH</b> line and <b>330</b> feet from the <b>EAST</b> line.				
Ground level Elev. <b>6742.80</b>	Producing Formation <b>Gallup</b>	Pool <b>Escrito</b>	Dedicated Acreage: <b>80</b> 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: **11-30-89**

**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.

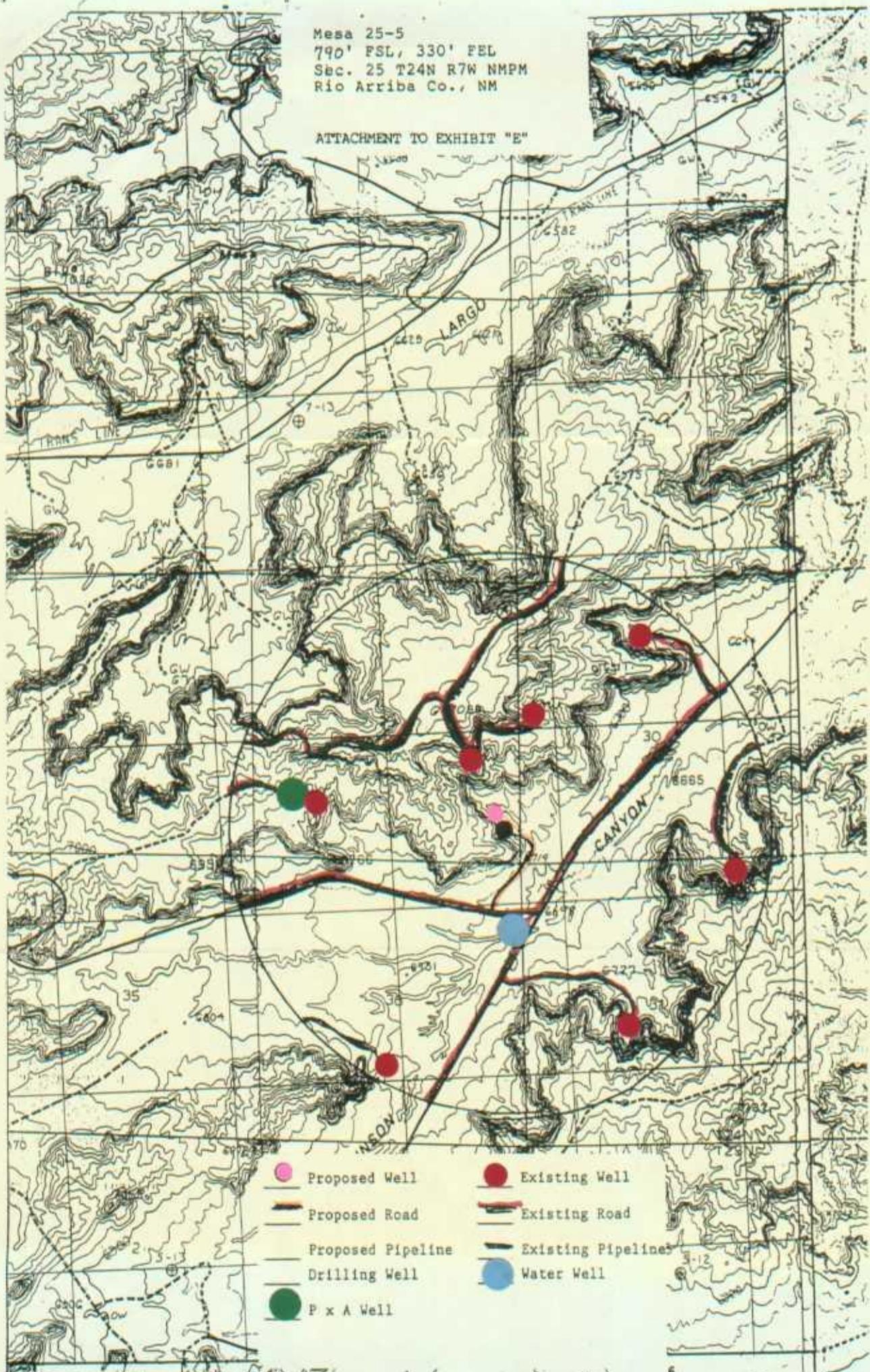
Date Surveyed: **NOV. 28, 1989**

Signature & Seal of Professional Surveyor:  
**R. HOWARD DAGGETT**

Certificate No.: **9675**

Mesa 25-5  
 790' PSL, 330' FEL  
 Sec. 25 T24N R7W NMPM  
 Rio Arriba Co., NM

ATTACHMENT TO EXHIBIT "E"



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