

A. R. KENDRICK

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

October 29, 1990

RECEIVED
OIL CONSERVATION DIVISION
77 450

1990 OCT 31 AM 8 53

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

Re: Application for Non-Standard Proration Unit
Bannon Energy, Inc.
Lybrook Federal 24 #5
1791' FSL 869' FEL Sec. 24-T24N-R7W
Devils Fork Gallup Associated Oil Pool
Rio Arriba County, New Mexico

Dear Mr. Stogner:

We, on behalf of Bannon Energy Inc., request approval of a 120-acre non-standard proration unit to consist of the north half of the southeast quarter and the southeast quarter of the southeast quarter (N/2 SE/4 and SE/4 SE/4) of Section 24, Township 24 North, Range 7 West, Devils Fork Gallup Associated Oil Pool.

The reason for the request is that the southwest quarter of the southeast quarter (SW/4 SE/4) of Section 24 has "high value cultural resources present"; therefore, a request for the acreage to be advertised for leasing was denied.

IF, the acreage is to be advertised for leasing in the future, there will be no fair way to:

1. Establish a lease price for the acreage; or
2. Allocate the costs of planning, permitting, drilling and risk incurred in the accomplishment of a successful well on the leased lands.

The enclosed plat shows the owners or operators of offset wells, all of which have been notified by certified mail at his mailing. Their names and addresses are shown on an attached list.

If further information is needed, please contact me.

Yours very truly,


A. R. Kendrick

attachments

ATTACHMENTS

Application for Non-Standard Proration Unit
Bannon Energy, Inc.
Lybrook Federal 24 #5
1791' FSL 869' FEL Sec. 24-T24N-R7W
Devils Fork Gallup Associated Pool

The following are attached:

1. Copy of the Application for Permit to Drill
2. Copy of Form C- 102, Well Location and Acreage Dedication Plat
3. Plat showing the offset owners and/or operators and the offset wells with proration units outlined.
4. Plat showing the Gallup formation pools in the area.
5. List of Names and addresses of the offset operators and/or owners.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT *32-259-24920*

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

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 In., 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
 1791' FSL, 869' FEL Sec. 24, T24N-R7W (Unit I)
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 7 1/2 miles NW of Counselors Trading Post

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 869'
 18. NO. OF ACRES IN LEASE 120

19. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1822'
 19. PROPOSED DEPTH 5800'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 6671 GR
 This section is subject to technical and procedural review pursuant to 43 CFR 31.101-1

5. LEASE DESIGNATION AND SERIAL NO.
 NM83502
 6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 7. UNIT AGREEMENT NAME
 8. FARM OR LEASE NAME
 Lybrook Federal 24
 9. WELL NO.
 5
 10. FIELD AND POOL, OR WILDCAT
 Devil's Fork Assoc.
 11. SEC., T., R., M., OR BLE. AND SURVEY OR AREA
 NE-SE Sec. 24
 T24N-R7W
 12. COUNTY OR PARISH
 Rio Arriba
 13. STATE
 NM

17. NO. OF ACRES ASSIGNED TO THIS WELL
 120 160

20. ROTARY OR CABLE TOOLS
 Rotary

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

23. and appeal pursuant to 43 CFR 31.101-1 (PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	GENERAL 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 and 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 gass 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.

SIGNED *R. A. Chabaud* TITLE *Vice Pres. - Operations* DATE *9-6-90*

(This space for Federal or State office use)

PERMIT NO. **RECEIVED** APPROVAL DATE

APPROVED BY *[Signature]* TITLE

CONDITIONS OF APPROVAL **SEP 24 1990**

OIL CON. DIV.
DIST. 3

*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

RECEIVED
 DISTRICT I
 SEP 15 1990
 4:09
 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

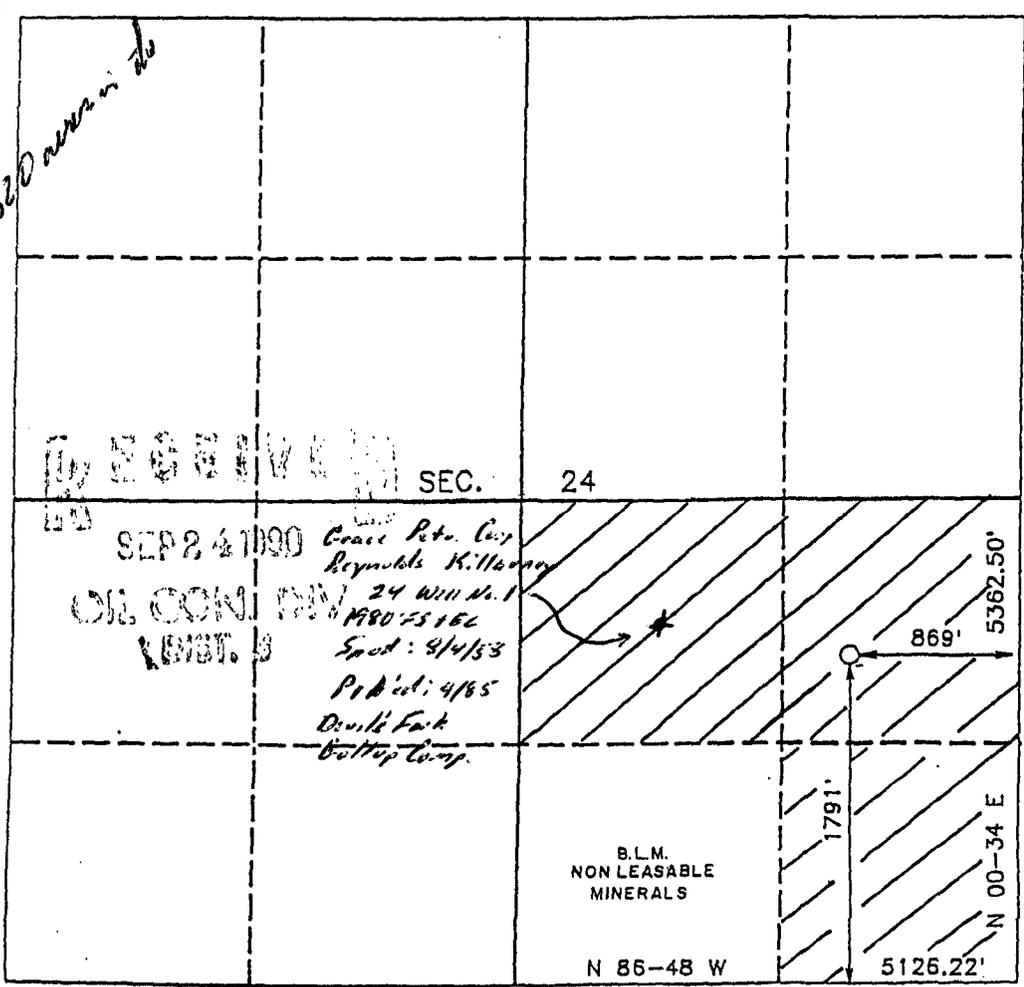
WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator BANNON ENERGY, INC.		Lease LYBROOK FEDERAL 24		Well No. 5
Unit Letter I	Section 24	Township T.24 N.	Range R.7 W.	County RIO ARRIBA COUNTY
Actual Footage Location of Well: 1791 feet from the SOUTH line and 869 feet from the EAST line				
Ground level Elev. 6671	Producing Formation Gallup	Pool Devil's Fork Assoc.	Dedicated Acreage: 120 Acres	

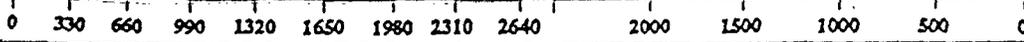
- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated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

OK Standard
 5/2

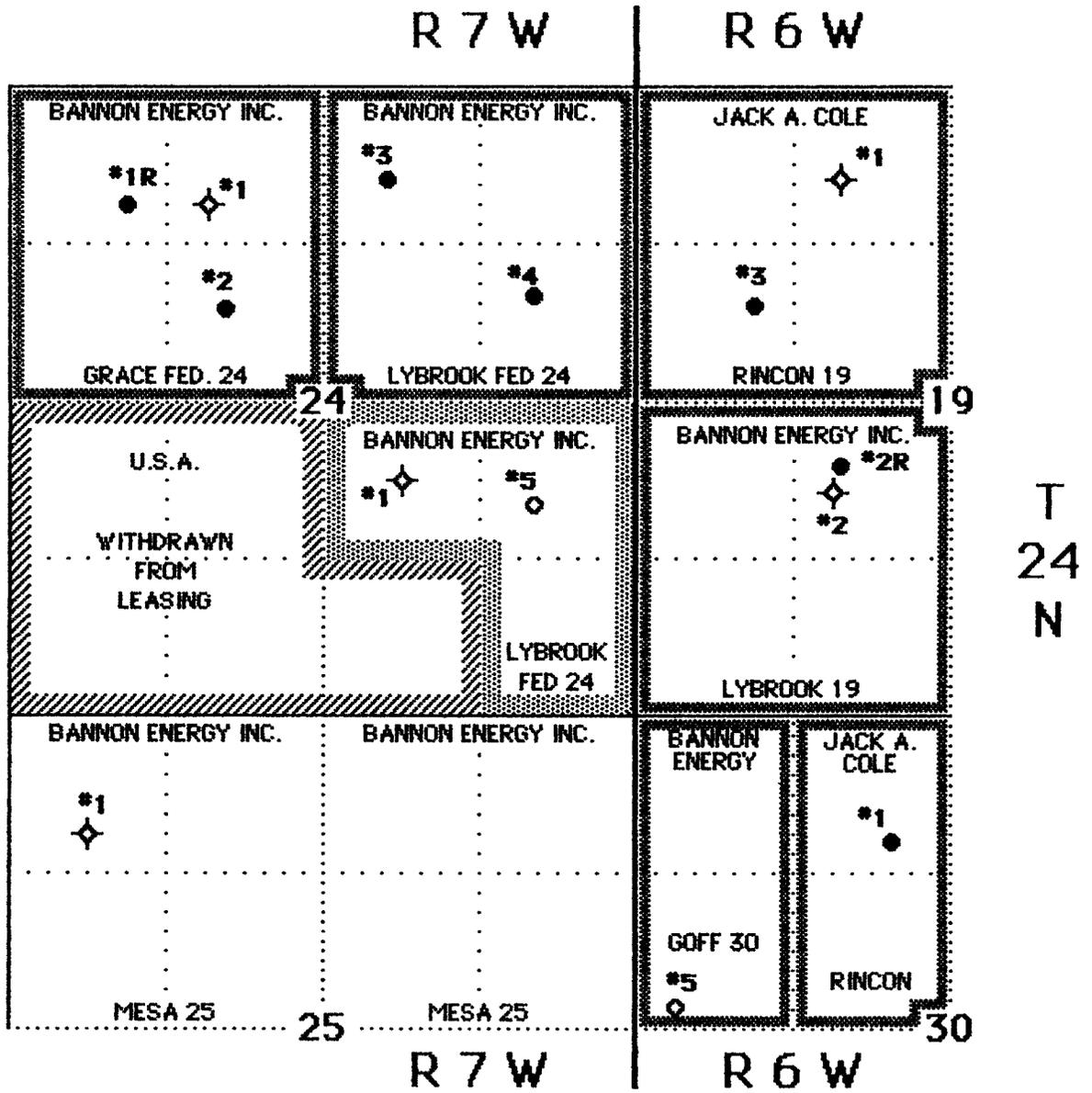


OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
 Signature: *R.A. Chabaud*
 Printed Name: **R.A. Chabaud**
 Position: **Vice Pres. - Operation**
 Company: **Bannon Energy Inc**
 Date: **9-6-90**

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: **AUGUST 15 1990**
 Signature & Seal of Professional Surveyor: *R. Howard Daggett*
R. HOWARD DAGGETT
 Registered Professional Land Surveyor
 Certificate No. **9679**



Application for Non-Standard Proration Unit
Bannon Energy Inc. Lybrook Fed. 24 #5
1791' FSL 869' FWL Sec. 24-T24N-R7W
Devils Fork Gallup Assoc. Pool

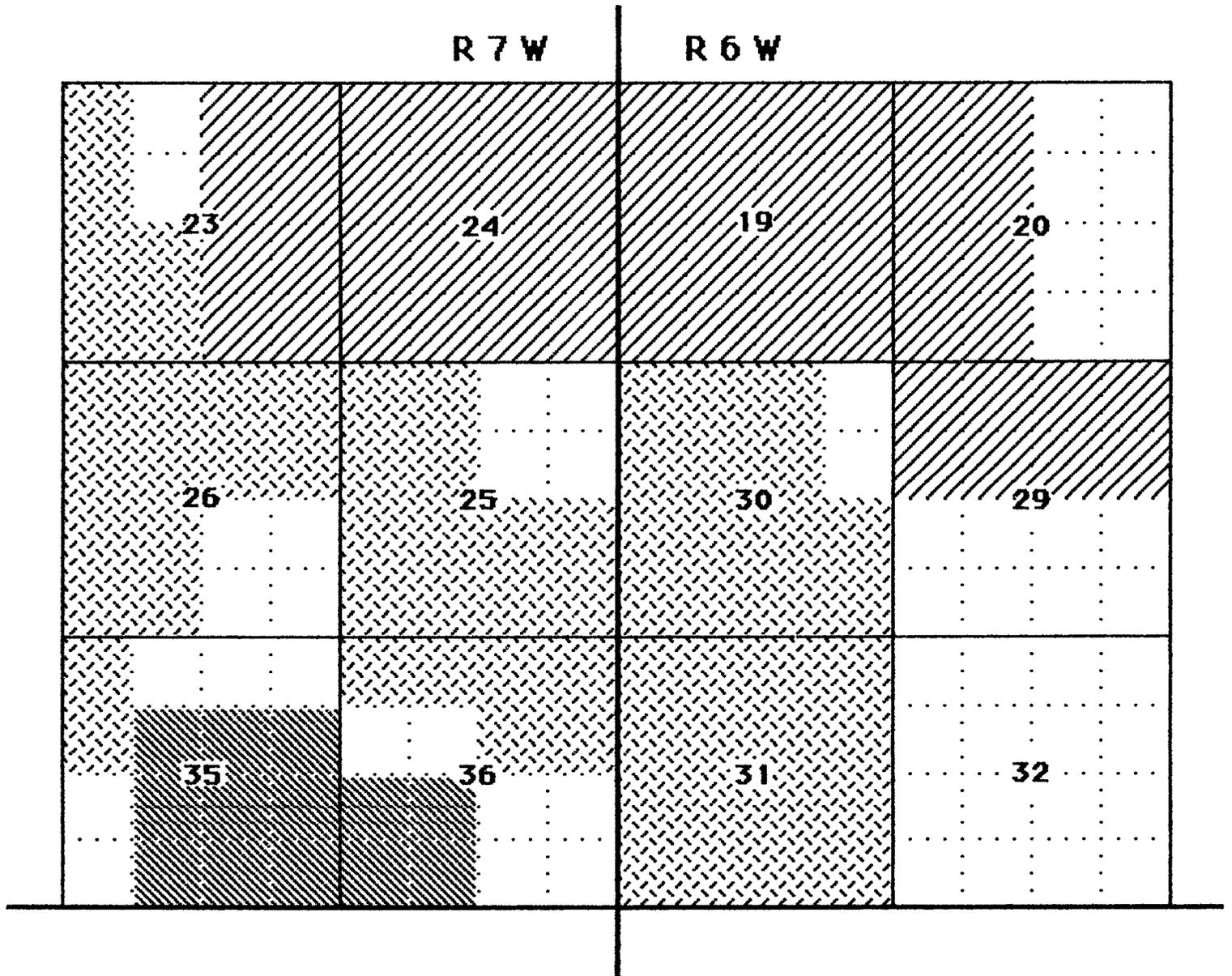


POOL PLAT

Township 24 North

R 7 W

R 6 W



Devils Fork Gallup Pool

Escrito Gallup Pool

Lybrook Gallup Pool

NAMES AND ADDRESSES OFFSET OWNERS AND OPERATORS

Application for Non-Standard Proration Unit
Bannon Energy, Inc.
Lybrook Federal 24 #5
1791' FSL 869' FEL Sec. 24-T24N-R7W
Devils Fork Gallup Associated Pool

Jack A. Cole ●
P. O. Box 191
Farmington, New Mexico 87499-0191

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

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

● Notified by Certified Mail

Jack A. Cole
P. O. Box 191
Farmington, New Mexico 87499-0191

OIL CONSERVATION DIVISION
RECEIVED
'90 NOV 1 AM 8 46

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

Re: **Waiver of Objection**

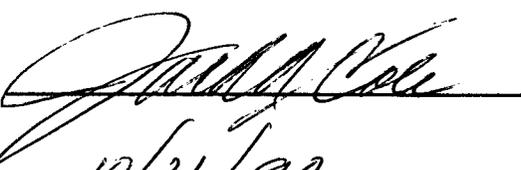
To: Application for Non-Standard Proration Unit
Bannon Energy, Inc.
Lybrook Federal 24 #5
1791' FSL 869' FEL
SEC. 24-T24N-R7W
Devils Fork Gallup Associated Pool

Gentlemen:

We, Jack A. Cole, an offset operator or owner, hereby waive objection to the application for the non-standard proration unit of the Bannon Energy, Inc. Lybrook Federal 24 #5 well to be located 1791' FSL 869' FEL of SEC. 24-T24N-R7W, Devils Fork Gallup Associated Pool, Rio Arriba, New Mexico.

Yours very truly,

JACK A. COLE

By: 

Date: 10/31/90

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to: Bureau of Land Management 1235 La Plata Highway Farmington, New Mexico 87401 NSP 24 5	4. Article Number P 551 084 348 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X <i>Chris Williams</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery <i>10-30-90</i>	

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to: Jack A. Cole P.O. Box 191 Farmington, New Mexico 98499 NSP 24 5	4. Article Number P 551 084 347 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid) FARMINGTON, N.M. OCT 30 1990 USP-J
6. Signature - Agent X <i>Mary Marti</i>	
7. Date of Delivery	

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

A. R. KENDRICK

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

OIL CONSERVATION DIVISION
RECEIVED
90 NOV 2 AM 8 54

November 1, 1990

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

Re: Application for Non-Standard Proration Unit
Bannon Energy, Inc.
Lybrook Federal 24 #5
1791' FSL 869' FEL Sec. 24-T24N-R7W
Devils Fork Gallup Associated Oil Pool
Rio Arriba County, New Mexico

Dear Mr. Stogner:

Enclosed are the Return Receipt Cards from both, the Bureau of Land Management and Jack A. Cole, the only offset operators to the subject application.

If you need further data, please contact us.

Yours very truly,


A. R. Kendrick

Enclosure

cc: Bannon Energy, Inc.



United States Department of the Interior



RECEIVED NOV 29 AM 9 50

BUREAU OF LAND MANAGEMENT
ALBUQUERQUE DISTRICT OFFICE
435 MONTANO N.E.
ALBUQUERQUE, NEW MEXICO 87107

3160 (015)

NOV 27 1990

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

Gentlemen:

The Bureau of Land Management, an offset owner, hereby waives objection to the application for the non-standard proration unit of the Bannon Energy, Inc. Lybrook Federal 24 #5 well to be located 1791' FSL 869' FEL of SEC. 24 - T. 24 N. - R. 7 W., Devils Fork Gallup Associated Pool, Rio Arriba, New Mexico.

Sincerely,

Sid Vogelwohl
Assistant District Manager
Mineral Resources



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

ARREY CARRUTHERS
GOVERNOR

90 NOV 28 AM 9 24
BUREAU OF LAND MANAGEMENT
SANTA FE, NEW MEXICO 87410
(505) 334-6170

Date: 11-24-90

Attn: M. Steyer

Oil Conservation Division
P.O. Box 2000
Santa Fe, NM 87504-2000

- Re: Proposed HC _____
- Proposed DIC _____
- Proposed NSL _____
- Proposed SWD _____
- Proposed WFX _____
- Proposed PMX _____

Gentlemen: NSP

I have examined the application dated 10-29-90

for the Praxair Energy Inc. Lybrook Fed. 24#5
Operator Lease & Well No.

J-24-24N7W and my recommendations are as follows:
Unit, S-T-R

IT IS MY UNDERSTANDING THAT AS SOON AS
IT IS A "PAYING WELL" THE BLM WILL
LEASE OUT TO THE HIGHEST BIDDER THE
OUTSTANDING 40 ACRES. I RECOMMEND
APPROVAL

Yours truly,

Ernie Brad

A. R. KENDRICK

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

December 12, 1990

DIVISION

'90 DEC 13 AM 8 50

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

Re: Application for Non-Standard Proration Unit
Bannon Energy, Inc.
Lybrook Federal 24 #5
1791' FSL 869' FEL Sec. 24-T24N-R7W
Devils Fork Gallup Associated Oil Pool
Rio Arriba County, New Mexico

Dear Mr. Stogner:

The subject application was mailed to you on October 29, 1990.

Jack A. Cole, the offset operator, mailed his waiver of objection on October 31, 1990.

The Certified Mail Return Receipt Cards were mailed to you on November 1, 1990.

The Bureau of Land Management, the owner representative of the excluded lands, mailed their waiver of objection on November 27, 1990.

In the absence of reply from your office, we assumed the application to be complete.

What further information do you need for approval of this application?

Yours very truly,


A. R. Kendrick

cc: Bannon Energy, Inc.