

**Cole Production Co.**

(505) 325-1415  
P.O. Box 191  
3001 Northridge Dr.  
Farmington, New Mexico 87499

20 August 1991

Mr. Frank Chavez, Director  
Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

**RECEIVED**  
AUG 07 1991  
OIL CON. DIV.  
DIST. 3

Re: Non-Standard Location Application  
Rincon 19-4  
2390' FSL x 810' FEL Sec 19 T24N R6W  
Rio Arriba Co., NM  
Devil's Fork Gallup Pool

Dear Mr. Chavez:

Jack A. Cole requests OCD approval to drill the above referenced Gallup oil well in an unorthodox location. A mesa with steep slopes prevents us from selecting a legal surface site.

This application includes a copy of the APD which has been filed with the BLM and other attachments as per the guidelines in Bill LeMay's Memorandum No. 1-90 dated 21 March 1990. For your convenience, a list which describes the nature and purpose of each exhibit follows this letter.

The selected location for Rincon 19-4 is only non-standard with respect to our own acreage. (Please refer to Exhibits "C" and "E".) The site is too close to the north quarter-section line which defines the southeast quarter of Section 19. Meridian's correlative rights and the rights of Bannon Energy Incorporated are protected because the location is legal with respect to the required east/west distances.

The proposed wellsite is staked as far south as possible. Deep arroyos are found immediately south of the pad followed by the steep slopes of a mesa. (Please refer to Exhibit E.)

Directional drilling is not feasible to reach a legal bottom-hole location. Straight hole drilling economics are marginally profitable (rate of return less than 15%) and an additional \$48,083 in horizontal displacement costs would kill the project by bringing the rate of return down below the cost of money.

Offset operators have been notified of our application and a list of the operators, copies of the return receipts, and a sample letter are provided as Exhibit H.

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 [Signature] TITLE PETROLEUM ENGINEER DATE 24 JULY 1991

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

EXHIBIT "A"  
COPY OF APD

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

EXHIBIT "B"

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>JACK A. COLE</b>			Lease <b>RINCON</b>		Well No. <b># 19 - 4</b>
Unit Letter <b>I</b>	Section <b>19</b>	Township <b>24 NORTH</b>	Range <b>6 WEST</b>	NMPM	County <b>RIO ARriba</b>
Actual Footage Location of Well: <b>2390</b> feet from the <b>SOUTH</b> line and <b>810</b> feet from the <b>EAST</b> line					
Ground level Elev. <b>6662</b>	Producing Formation <b>GALLUP</b>		Pool <b>DEVIL'S FORK GALLUP</b>		Dedicated Acreage: <b>160</b> Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

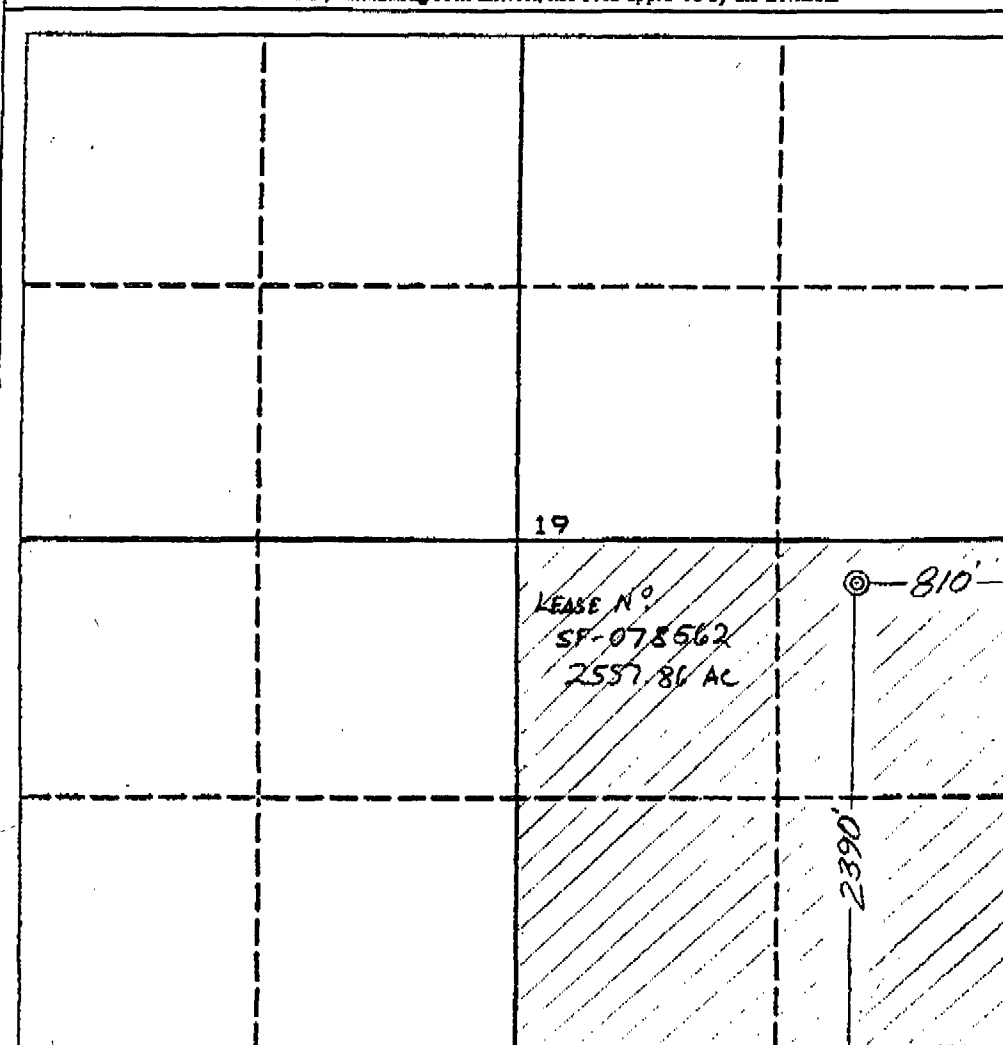
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). *N/A*

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.?

☐ 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

NEEL L. DUNCAN

Printed Name

PETROLEUM ENGINEER

Position

JACK A. COLE

Company

23 JULY 91

Date

## SURVEYOR CERTIFICATION

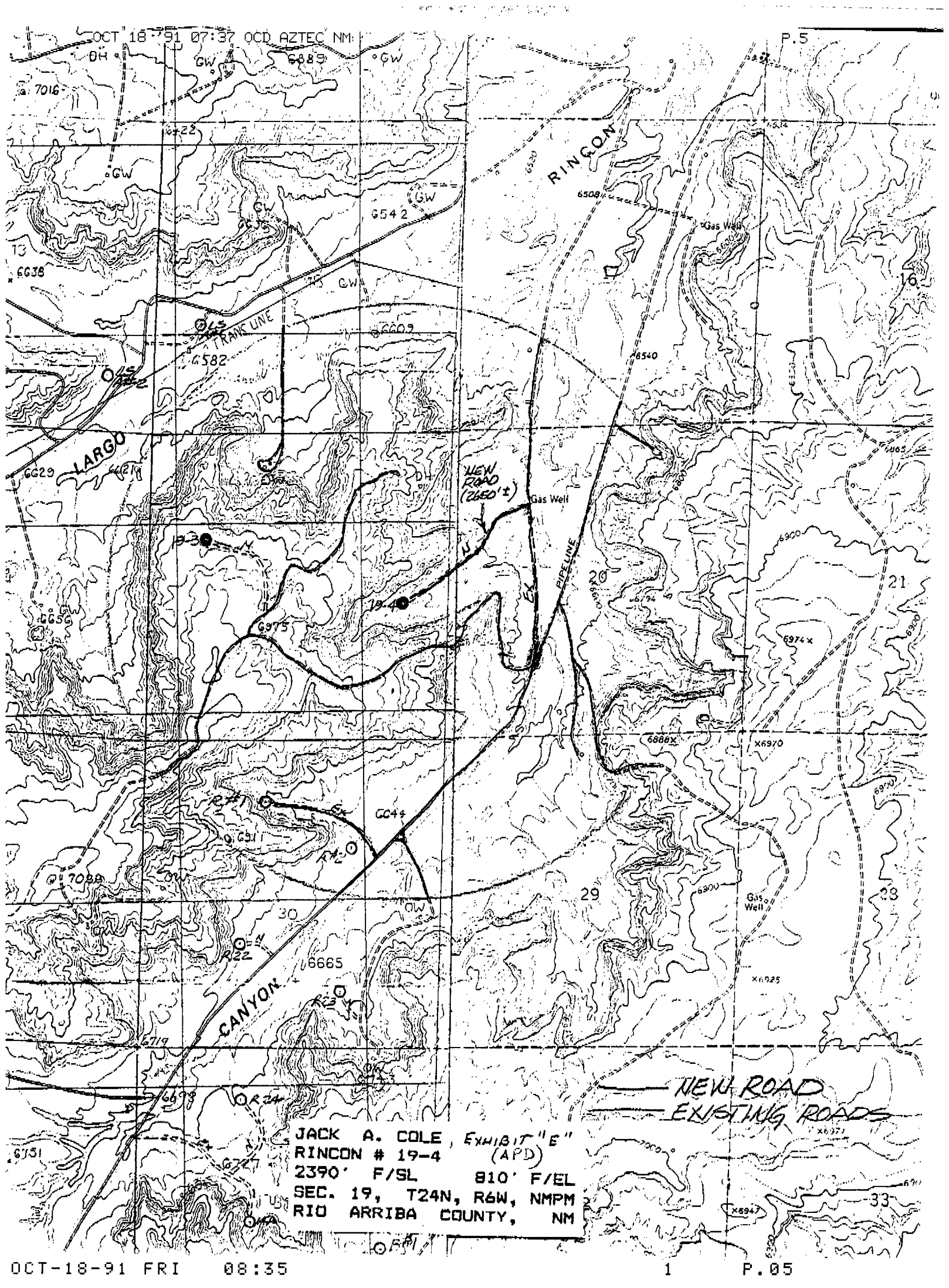
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

June 26, 1991

Signature &amp; Seal of Professional Surveyor

GARY D. VANN  
NEW MEXICO  
REGISTERED PROFESSIONAL LAND SURVEYOR  
2016  
Gary D. Vann  
2016

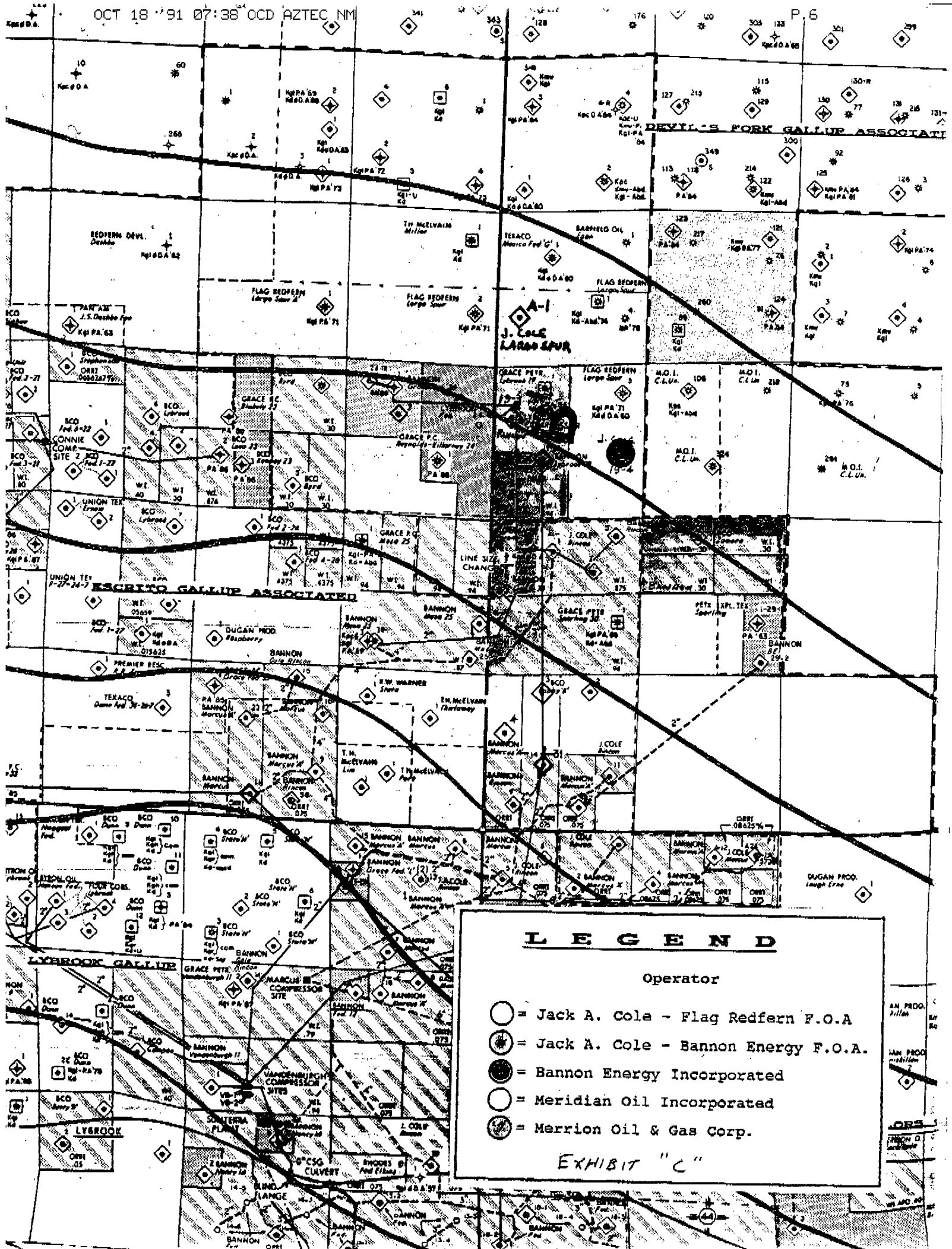


OCT 18-91 07:37 OCD AZTEC NM

P.5

JACK A. COLE, EXHIBIT "E"  
RINCON # 19-4 (APD)  
2390' F/SL 810' F/EL  
SEC. 19, T24N, R6W, NMPM  
RIO ARRIBA COUNTY, NM

NEW ROAD  
EXISTING ROADS



WI Owner Listing

Page -2-

Well: Lybrook 19-2R  
Operator: Bannon Energy Inc.

Location: NE/4 SW/4 Sec 19 T24N R6W  
NM.P.M. Rio Arriba Co., NM

1. Bannon Energy Program 90-B
2. Robert A. Belfer
3. Robert A. Belfer, Agent T-5 IRS
4. Robert A. Belfer, Agent T-7 IRS
5. BRS Exploration & Bannon Energy
6. Manana Gas Inc.
7. Western Co. of North America

Acreage: North 1/2 Sec 29  
Operator: Bannon Energy Inc.

Location: N/2 Sec 29 T24N R6W  
NM.P.M. Rio Arriba Co., NM  
(No Active Well)

1. Bannon Energy Program 88-A
2. Bannon Energy Program 88-B
3. Byrd, Hail
4. Stephenson, Donnan
5. Zamora, Matias

Well: Canyon Largo Ut #324  
Operator: Meridian Oil Inc.

Location: NE/4 SW/4 Sec 20 T24N R6W  
NM.P.M. Rio Arriba Co., NM

1. Meridian Oil Inc, Unit Operator, representing various working interests.

Well: Canyon Largo Ut #106  
Operator: Meridian Oil Inc.

Location: NE/4 NW/4 Sec 20 T24N R6W  
NM.P.M. Rio Arriba Co., NM

1. Meridian Oil Inc, Unit Operator, representing various working interests.

**CERTIFICATION:**

I certify this information is true to the best of my knowledge and belief.

  
Neel L. Duncan      25 July 91  
Date

## - EXHIBIT "D" -

UNORTHODOX LOCATION APPLICATION  
Offset Well WI Owner Listing

Well: Rincon No. 3                      Location: NE/4 NE/4 Sec 30 T24N R6W  
Operator: Jack A. Cole                      NM.P.M. Rio Arriba Co., NM

1. Cole, Jack A.; Trste of J. Cole Revocable Trust U/T/A
2. Bannon Energy Incorporated
3. BRS Exploration Co., Inc. & Bannon Energy Incorporated
4. Belfer, Robert A., Agent & Bannon Energy Incorporated
5. Weidler, Mark E. & Jacqueline
6. Holcomb Oil & Gas, Inc.
7. Ledbetter, Richard I.
8. Goff, B.J. Dr.
9. McKay, Horace F. Jr.
10. Estate of Craig, John J.
11. Payne, James Robert, Pers Reo Estate of Edith A. Payne

Well: Rincon No. 19-3                      Location: SW/4 NW/4 Sec 19 T24N R6W  
Operator: Jack A. Cole                      NM.P.M. Rio Arriba Co., NM

1. Cole, Jack A.; Trste of J. Cole Revocable Trust U/T/A
2. Bannon Energy Incorporated
3. Holcomb Oil & Gas Inc.
4. Ledbetter, Richard I.
5. Weidler, Mark E. & Jacqueline
6. Wilson, Morris
7. Tefteller, Neil
8. S&J Oil and Gas
9. Miniana Oil & Gas

Well: Largo Spur "A" No. 1                      Location: NW/4 SW/4 Sec 18 T24N R6W  
Operator: Jack A. Cole                      NM.P.M. Rio Arriba Co., NM

1. Cole, Jack A.; Trste of J. Cole Revocable Trust U/T/A
2. Bannon Energy Incorporated
3. Holcomb Oil & Gas Inc.
4. Ledbetter, Richard I.
5. Weidler, Mark E. & Jacqueline
6. Wilson, Morris
7. Tefteller, Neil
8. S&J Oil and Gas
9. Manana Gas Inc.





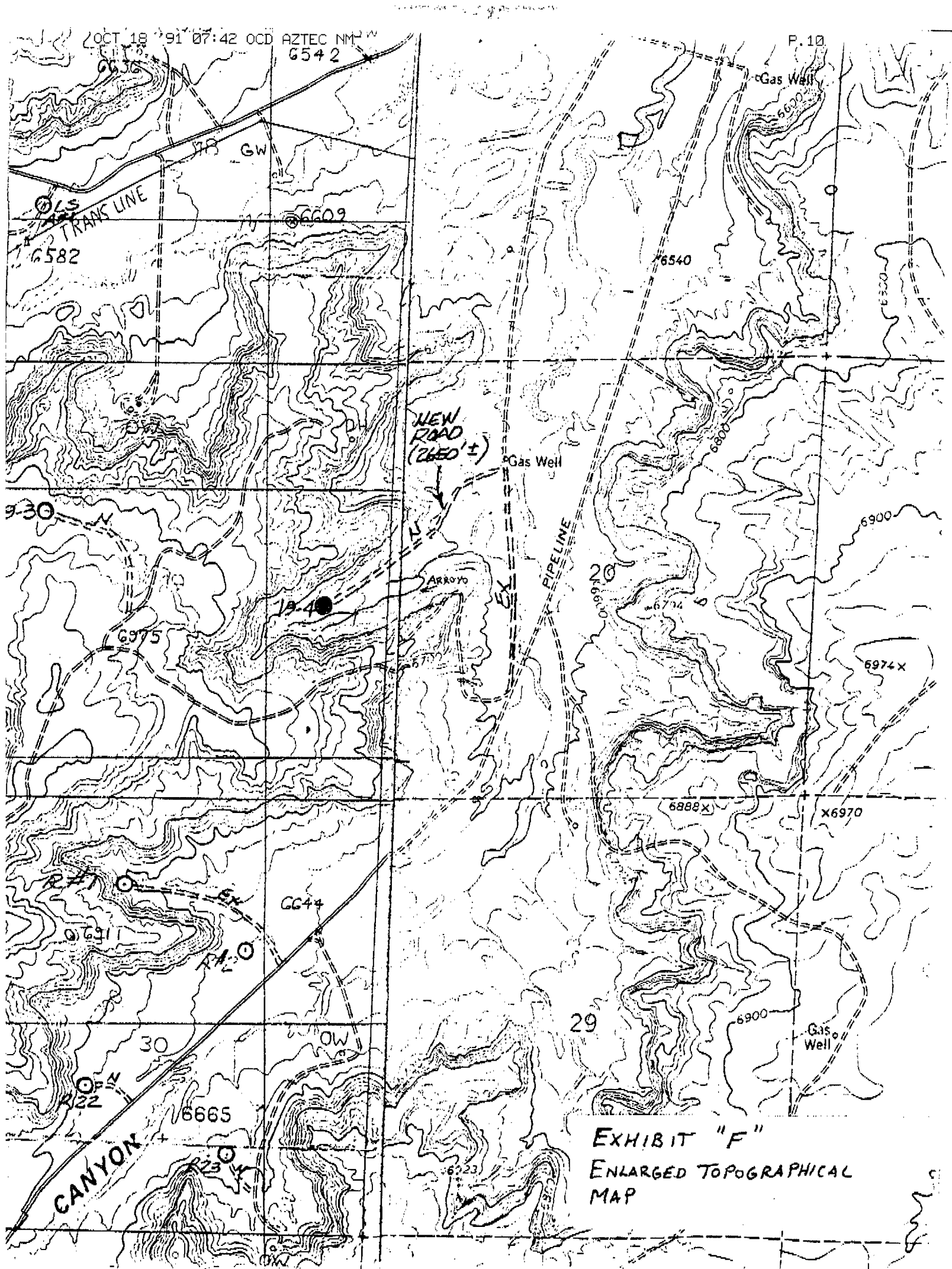


EXHIBIT "F"  
ENLARGED TOPOGRAPHICAL  
MAP





*EXHIBIT "G"*

## DIVISION OF CONSERVATION ARCHAEOLOGY

San Juan County  
Museum Association

July 18, 1991

Mr. Neel L. Duncan  
Cole Production Company  
P.O. Box 191  
Farmington, New Mexico 87499

Dear Mr. Duncan:

Our report on the archaeological survey of the proposed Rincon No. 19-4 well pad and access road is enclosed. No cultural resources were located during the survey.

We have recommended clearance for the project.

The Bureau of Land Management will review this report and make the final decision on archaeological clearance for your project.

Also enclosed is an invoice for our services. Please contact us if you have any questions concerning the report or invoice.

Sincerely,

Scott Wilcox  
Supervisory Archaeologist

cc: Resource Area Manager, Bureau of Land Management, Farmington (2)

**EXHIBIT "H"**  
**OFFSET OPERATOR NOTIFICATION**  
**Non-Standard Location Application**  
**Jack A. Cole**

I certify that notice has been given to the following operators of Jack A. Cole's application for permit to drill Rincon No. 19-3, 2390' FSL x 810' FEL, Sec 19 T24N R6W, Devil' Fork Gallup, Rio Arriba County, New Mexico:

1. Bannon Energy Incorporated  
3934 FM 1960 West, Suite 240  
Houston, Texas
2. Merrion Oil & Gas Corp.  
P.O. Box 1017  
Farmington, New Mexico 87499-1017
3. Meridian Oil Inc.  
3535 E. 30th Street  
Farmington, New Mexico 87401

Copies of the return receipt cards and a sample letter are attached.

  
Neel L. Duncan      24 July 91  
Date

**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. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: MR. VAN GOEBEL, SENIOR LANDMAN MERIDIAN OIL INC. 3535 E. 30TH. STREET FARMINGTON, NEW MEXICO 87401	4. Article Number: P 950 789 882 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 <b>DATE DELIVERED</b> .
5. Signature - Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>Caroline Curry</i>	
7. Date of Delivery	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 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. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: MR. J. GREG MERRION, PRESIDENT MERRION OIL & GAS P. O. BOX 1017 FARMINGTON, NEW MEXICO 87499-1017	4. Article Number: P 950 789 881 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 <b>DATE DELIVERED</b> .
5. Signature - Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>John Wilbur</i>	
7. Date of Delivery 8-1-91	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 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. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: MR. ROBERT D. JOHNSON, PRESIDENT BANNON ENERGY INCORPORATED 3934 F.M. 1960 WEST, SUITE 240 HOUSTON, TEXAS 77068	4. Article Number: P 950 789 883 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 <b>DATE DELIVERED</b> .
5. Signature - Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>S. O.</i>	
7. Date of Delivery 7/29/91	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

*Cole Production Co.*

EXHIBIT "H" (CONT)

(505) 325-1415  
P.O. Box 191  
3001 Northridge Dr.  
Farmington, New Mexico 87499

23 July 1991

Return Receipt Requested

Mr. J. Greg Merrion  
President  
Merrion Oil & Gas  
P.O. Box 1017  
Farmington, New Mexico 87499-1017

Re: Approval of Non-Standard Location  
Rincon No. 19-4  
2390' FSL x 810' FEL, Sec 19 T24N R6W  
Devil's Fork Gallup  
Rio Arriba Co., New Mexico

Dear Mr. Merrion:

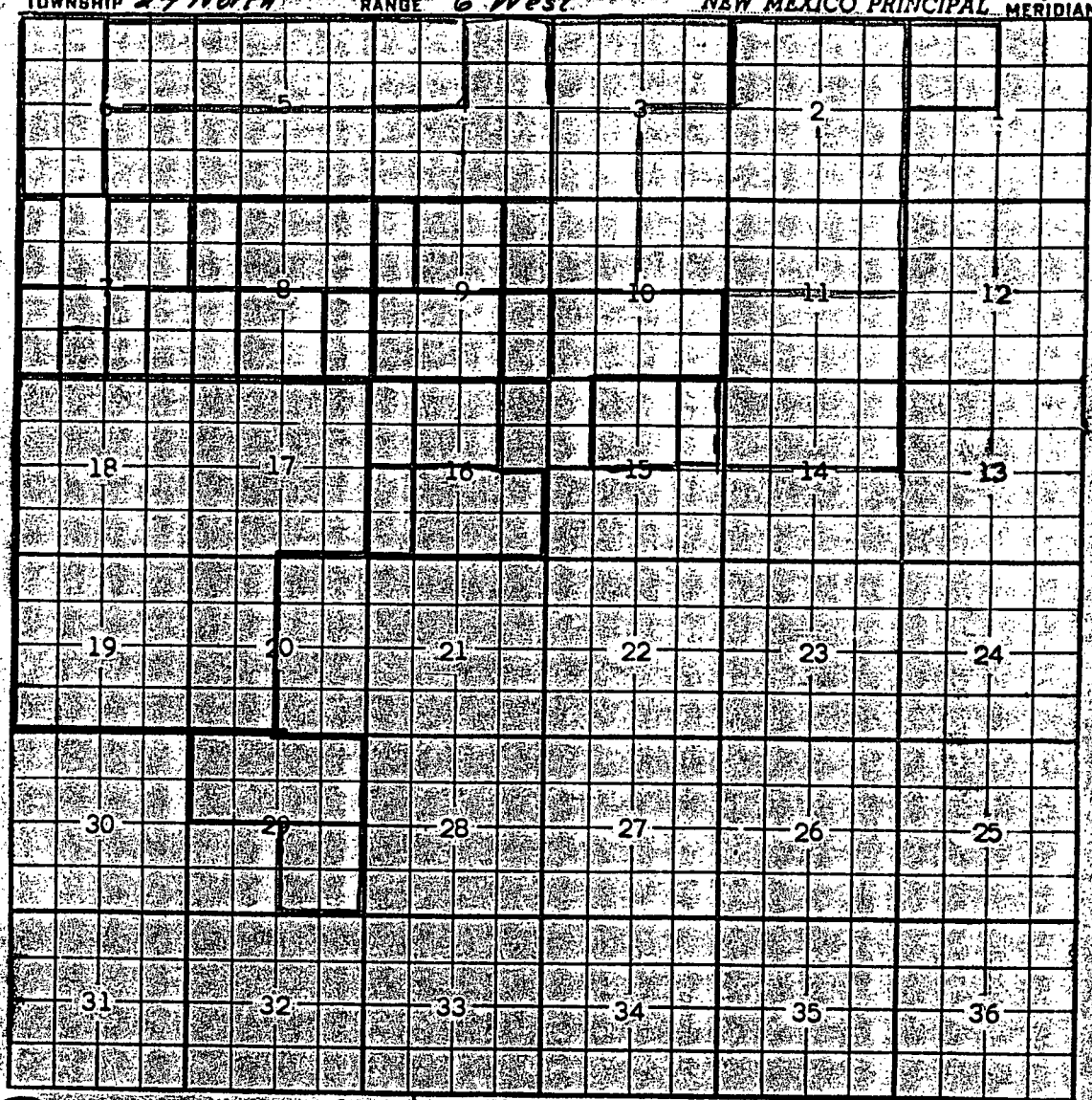
This letter is to notify you of Jack A. Cole's application for permit to drill the subject well at the non-standard location stated above due to extensive topographical constraints.

Should you have any questions please contact me at (505) 325-1415. Thank you for your consideration.

Respectfully,

Neal L. Duncan  
Engineering & Production Mgr.

County Rio Arriba Pool Devils Fork - Gallup Associated  
TOWNSHIP 24 North RANGE 6 West NEW MEXICO PRINCIPAL MERIDIAN



Description (Re-defined) All Sec. 17, 18 & 19; 1/2 Sec. 20 (R-1641-A 610-60)  
Ext. 1/2 SW 1/4 Sec. 7 (R-1858, 2-1-61) - 1/2 Sec. 29 (R-1879 3-1-61)  
1/2 SE 1/4 Sec. 7 (R-2048, 9-1-61) - 1/2 NW 1/4 & 1/2 SW 1/4 Sec. 7 (R-7140, 1-1-62)  
SE 1/4 SW 1/4 Sec. 7 (R-2173, 7-1-62) - 1/2 NW 1/4 Sec. 16 (R-7340, 11-1-62)  
E 1/2 SE 1/4 Sec. 7; 1/2 SW 1/4 Sec. 8 (R-2364, 17-1-64) - NE 1/4 Sec. 7; E 1/2 NW 1/4, W 1/2 NW 1/4, W 1/2 SW 1/4 Sec. 16 (R-2398, 1-1-63)  
E 1/2 SW 1/4 & SE 1/4 Sec. 16 (R-2428 3-1-63) - W 1/2 NW 1/4, E 1/2 SW 1/4 & W 1/2 SE 1/4 Sec. 8; SW 1/4 & W 1/2 SE 1/4 Sec. 9 (R-2528, 8-1-63)  
W 1/2 Sec. 6; E 1/2 NW 1/4 Sec. 7; E 1/2 SE 1/4 Sec. 8; W 1/2 NW 1/4 Sec. 9; S 1/2 Sec. 10;  
W 1/2 NW 1/4 Sec. 15; E 1/2 NE 1/4 Sec. 16 (R-2570, 10-1-63) - E 1/2 NW 1/4, W 1/2 NE 1/4 &  
E 1/2 SE 1/4 Sec. 9 (R-2580, 11-1-63) - E 1/2 NW 1/4 & W 1/2 NE 1/4 Sec. 15; E 1/2 NW 1/4 & NE 1/4 Sec. 8 (R-2703, 8-1-64)  
Ext. 1/4 Sec. 3; E 1/2 NE 1/4 Sec. 9; NW 1/4 Sec. 10 (R-5339, 2-1-77) Ext. All sec 2,  
1/2 & SE 1/4 sec 3; 1/2 & NE 1/4 sec 4; 1/2 sec 5; SE 1/4 sec 6; NE 1/4 sec 10; 1/2 sec 11  
(R-5353-6, 8-7-81) Ext. E 1/2 NE 1/4 Sec. 15 (R-7185, 1-13-83)  
Ext. NW 1/4 Sec. 1 (R-7420, 1-9-84) Ext. NW 1/4 Sec. 4; 1/2 Sec. 5; NE 1/4 Sec. 6; 1/2 Sec. 11;  
1/2 Sec. 14 (R-7455, 4-5-84) Ext. SE 1/4 Sec. 29 (R-9362, 12-1-90)