

NSL

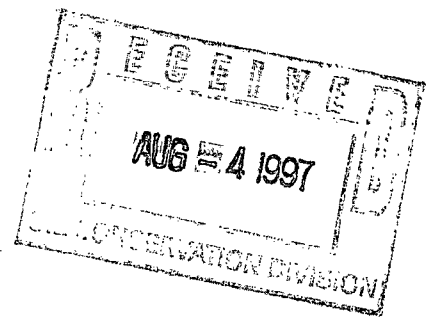
8/25/97



July 30, 1997

LOMAK
PETROLEUM, INC.

Mr. Ernie Busch
State of New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410



Re: Rincon Largo Federal #1-24
Rincon Largo Federal #2-24
Section 24-24N-7W
Rio Arriba County, Oklahoma

Dear Ernie:

The BLM has approved Lomak Production Company's applications to drill the referenced wells. Earl Beecher indicated he would forward a copy to you. If I need to furnish a copy to you or to the Division Director in Santa Fe, please advise.

As you know, Lomak requests OCD approval allowing two (2) wells to be drilled on a 160 acre proration unit, both unorthodox locations due to topographical and archaeological conditions. Plats are attached for 1) the subject spacing unit and the diagonal/adjoining spacing units and 2) topography.

Copies of waivers are attached from Dugan Production Company (both locations) and Universal Resources Corporation (1-24 well). URC has not returned the waiver for both wells, although I don't anticipate any problems.

If you have questions, please do not hesitate to call me.

Thank you for all your help.

Sincerely,

LOMAK PRODUCTION COMPANY

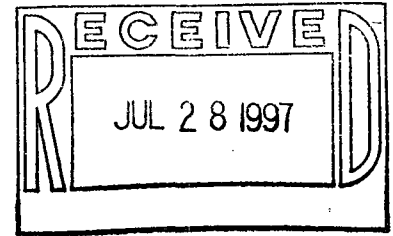
Carolyn S. Bechtold
Land Administrator

cc: Oil Conservation Division Director
2040 S. Pacheco
Santa Fe, NM 87505

File SF 078562



July 18, 1997



Land Department
Dugan Production Company
P. O. Box 420
Farmington, NM 87499

Re: Section 24-24N-7W
Rio Arriba County, New Mexico

Gentlemen:

Lomak Production Company plans to drill two (2) 5,650' Devil's Fork Associated tests: a) Rincon Largo Federal 1-24 - 2290' FSL and 475' FWL and b) Rincon Largo Federal 2-24 - 1920' FSL and 2250' FWL, both in Section 24-24N-7W, Rio Arriba County, New Mexico. Lomak's locations cannot be moved to a standard location due to topography.

According to the Bureau of Land Management, Dugan is the operator of a well in Section 26-24N-7W which has been plugged and abandoned. Dugan executed our letter dated May 19, 1977 agreeing not to protest the 1-24 location. Lomak respectfully requests Dugan to agree not to protest both Lomak's locations by executing in the space provided below and returning one (1) copy of this letter to the undersigned.

Thank you for your cooperation in this matter. Should you have any questions, please feel free to contact the undersigned.

Sincerely,

LOMAK PRODUCTION COMPANY

A handwritten signature in cursive script, reading 'Carolyn S. Bechtold'.

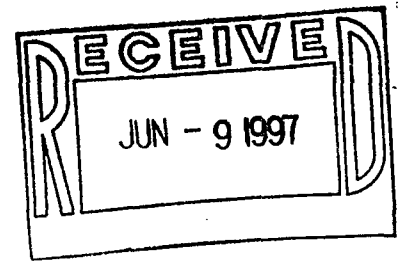
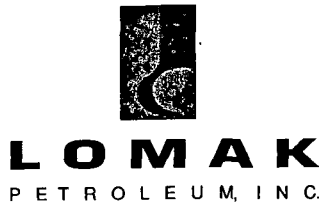
Carolyn S. Bechtold
Land Administrator

Dugan Production Company hereby agrees not to protest Lomak Production Company's location as hereinabove described.

By: A handwritten signature in cursive script, reading 'David H. Gray'.

Title: LAND MANAGER

Date: 7-22-97



May 29, 1997

Land Department
Dugan Production Company
P. O. Box 420
Farmington, NM 87499

Re: Section 24-24N-7W
Rio Arriba County, New Mexico

Gentlemen:

Lomak Production Company plans to drill a 5,650' Devil's Fork Association test at a location 2290' FSL and 475' FWL of Section 24-24N-7W, Rio Arriba County, New Mexico. Lomak's location cannot be moved to a standard location due to topography.

According to the Bureau of Land Management, Dugan is the operator of a well in Section 26-24N-7W which has been plugged and abandoned.

Lomak respectfully requests Dugan to agree not to protest Lomak's location by executing in the space provided below and returning one (1) copy of this letter to the undersigned.

Thank you for your cooperation in this matter. Should you have any questions, please feel free to contact the undersigned.

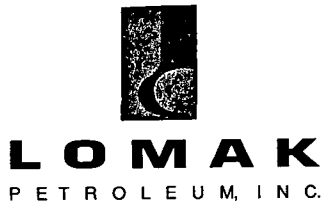
Sincerely,

LOMAK PRODUCTION COMPANY

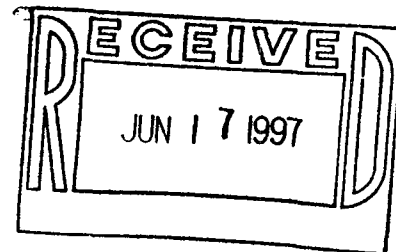
Carolyn S. Bechtold
Carolyn S. Bechtold
Land Administrator

Dugan Production Company hereby agrees not to protest Lomak Production Company's location as hereinabove described.

By: *John Alexander*
Title: *VP*
Date: *6/2/97*



May 29, 1997



Mr. Al Stennett
Universal Resources Corporation
1331 - 17th Street, Suite 800
Denver, CO 80202

Re: Section 24-24N-7W
Rio Arriba County, New Mexico

Dear Al:

Lomak Production Company plans to drill a 5,650' Devil's Fork Association test at a location 2290' FSL and 475' FWL of Section 24-24N-7W, Rio Arriba County, New Mexico. Lomak's location cannot be moved to a standard location due to topography.

According to the Bureau of Land Management, Universal is the operator of three (3) wells in Section 23-24N-7W and two (2) wells in Section 26-24N-7W, offsetting our proposed location. Petroleum Information indicates these wells are inactive.

Lomak respectfully requests Universal to agree not to protest Lomak's location by executing in the space provided below and returning one (1) copy of this letter to the undersigned.

Thank you for your cooperation in this matter. Should you have any questions, please feel free to contact the undersigned.

Sincerely,

LOMAK PRODUCTION COMPANY

A handwritten signature in cursive script, reading 'Carolyn S. Bechtold'.

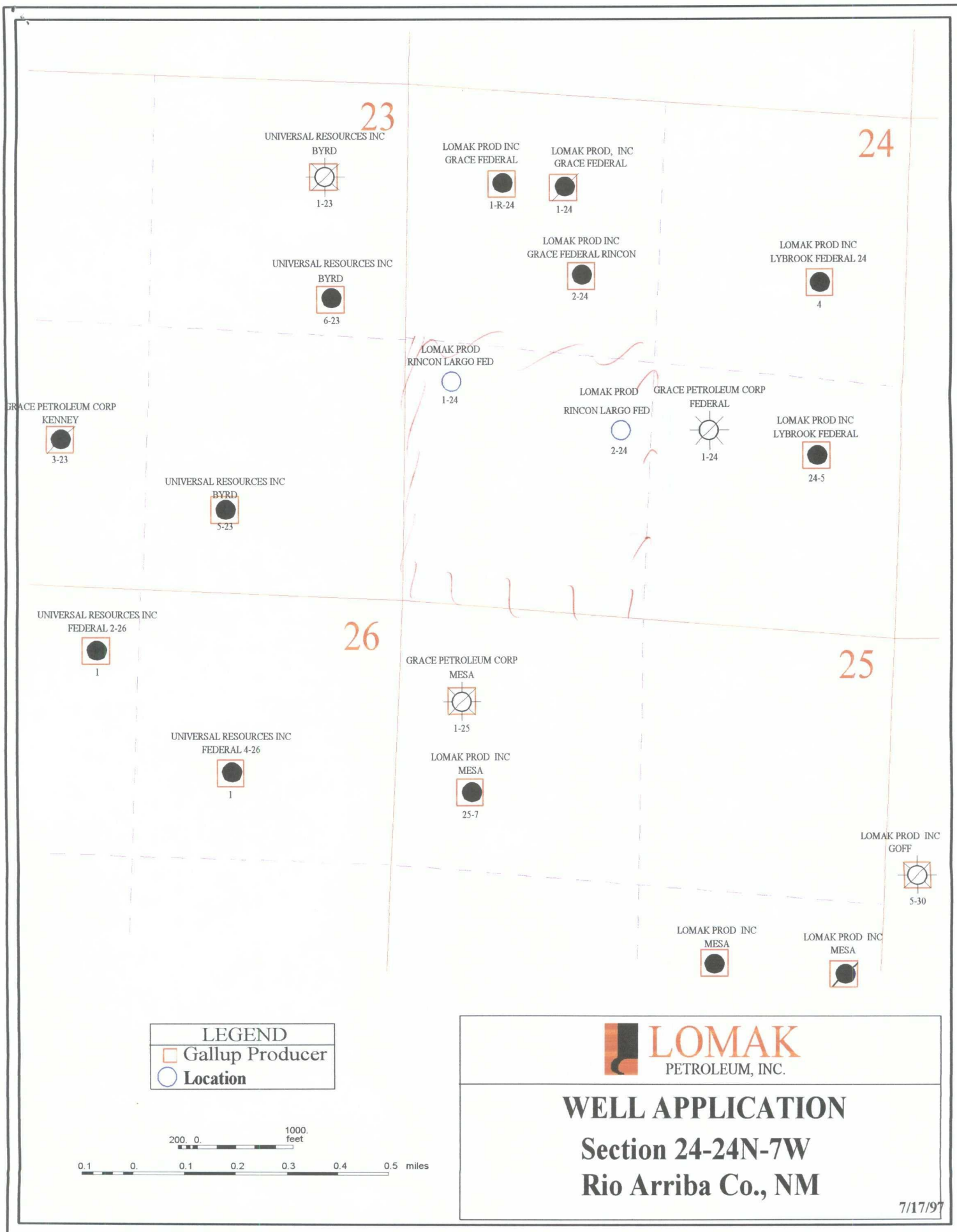
Carolyn S. Bechtold
Land Administrator

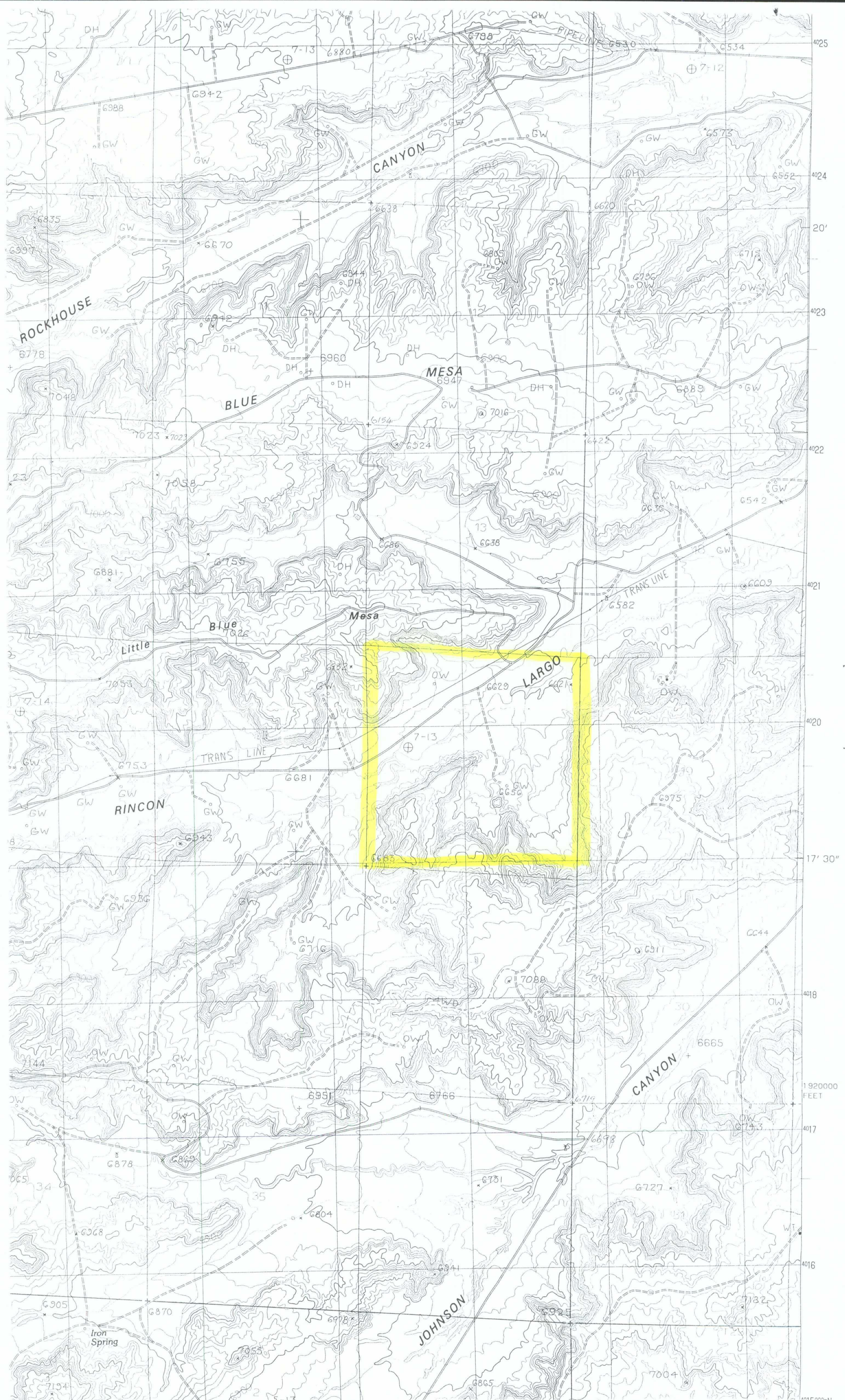
Universal Resources Corporation hereby agrees not to protest Lomak Production Company's location as hereinabove described.

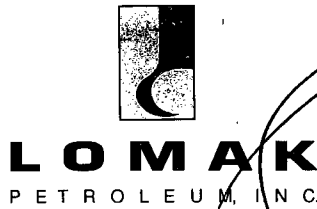
By: A handwritten signature in cursive script, likely of the General Manager.

Title: General Manager

Date: 6-12-97







AUG 14 1997

August 12, 1997

New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, NM 87505

Re: Rincon Largo Federal 24 #1
Rincon Largo Federal 24 #2
Section 24-24N-7W
Rio Arriba County, Oklahoma

Gentlemen:

We recently forwarded an application to drill for the referenced wells. Attached is the final waiver executed by Universal Resources Corporation.

Please advise if you require additional information.

Sincerely,

LOMAK PRODUCTION COMPANY

A handwritten signature in cursive script that reads 'Carolyn S. Bechtold'.

Carolyn S. Bechtold
Land Administrator

Enclosure

cc: New Mexico Oil Conservation Division, Aztec, NM



LOMAK
PETROLEUM, INC.

May 29, 1997

Mr. Al Stennett
Universal Resources Corporation
1331 - 17th Street, Suite 800
Denver, CO 80202

Re: Section 24-24N-7W
Rio Arriba County, New Mexico

Dear Al:

Lomak Production Company plans to drill two (2) 5,650' Devil's Fork Associated tests: a) Rincon Largo Federal 1-24 - 2290' FSL and 475' FWL and b) Rincon Largo Federal 2-24 - 1920' FSL and 2250' FWL, both in Section 24-24N-7W, Rio Arriba County, New Mexico. Lomak's locations cannot be moved to a standard location due to topography.

According to the Bureau of Land Management, Universal is the operator of three (3) wells in Section 23-24N-7W and two (2) wells in Section 26-24N-7W, offsetting our proposed location. Universal executed our letter dated May 19, 1977 agreeing not to protest the 1-24 location. Lomak respectfully requests Universal to agree not to protest both Lomak's locations by executing in the space provided below and returning one (1) copy of this letter to the undersigned.

Thank you for your cooperation in this matter. Should you have any questions, please feel free to contact the undersigned.

Sincerely,

LOMAK PRODUCTION COMPANY

Carolyn S. Bechtold
Land Administrator

Universal Resources Corporation hereby agrees not to protest Lomak Production Company's location as hereinabove described.

By: 

Title: Cliff Lawman

Date: 8/8/97

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

5. LEASE DESIGNATION & SERIAL NO.

NM-95616

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

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

1a. TYPE OF WORK **DRILL** ☒ **DEEPEN** ☐

7. UNIT AGREEMENT NAME

N/A

b. TYPE OF WELL OIL WELL ☒ GAS WELL ☐ OTHER ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☐

2. NAME OF OPERATOR

LOMAK PRODUCTION COMPANY 405-947-3139 Ms. Carolyn Bechtold

8. FARM OR LEASE NAME, WELL NO.

Rincon Largo Federal 1-24

3. ADDRESS AND TELEPHONE NO.

3030 N.W. Expressway, Suite 1850, Oklahoma City, OK 73112

9. API WELL NO.

Not Assigned

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At Surface

2290' FSL, 475' FWL, L, Section 24, T24N, R7W

10. FIELD AND POOL, OR WILDCAT
Devil's Fork Assoc.

At proposed prod. zone Same

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA
Sec. 24, T24N, R7W

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

7.5 miles NW of Counselors Trading Post

12. COUNTY OR PARISH
Rio Arriba

13. STATE
NM

15. DISTANCE FROM PROPOSED
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg unit line, if any)

475'

16. NO. OF ACRES IN LEASE

200

17. NO. OF ACRES ASSIGNED
TO THIS WELL

N/A 160

18. DISTANCE FROM PROPOSED LOCATION
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

appx. 1800'

19. PROPOSED DEPTH

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4.

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6648' Graded Ground

22. APPROX. DATE WORK WILL START
July 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24#	300'	325 ex
7-7/8"	4-1/2"	11.6#	5,650'	2175 ft ³

- Operations will be conducted under BLM Bond No. NM2399.
- Federal Right-of-Way needed for access.
- Surface at well and along new access is BLM administered.
- Cultural resource inventory conducted, report filed with BLM July 3, 1996.
- Reference attached drilling and surface use plans.

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS"

RECEIVED
BLM
070 FARMINGTON, NM
97 JUN -6 PM 3:31

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  Jennifer Head
J.A. Rohn Consulting (505) 325-0777

TITLE Agent for Lomak Production Company

DATE 6-2-97

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

JUL 25 1997

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 Dist. Engineer

DATE

JUL 25 1997

*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.

OPERATOR

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Arisla, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

97 JUN -6 PM 3:31

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name	
Property Code		Property Name		Well Number	
		Rincon Largo Federal		1-24	
OGRID No.		Operator Name		Elevation	
		Tomak Production Company		6648'	

10 Surface Location

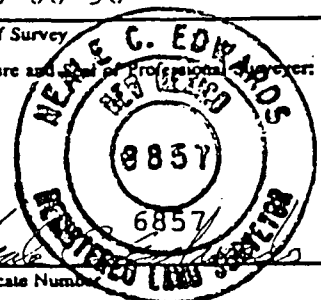
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
L	24	24 N	7 W		2290	South	475	West	R.A.

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	5227.20'		17 OPERATOR CERTIFICATION
2656.50'			I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
			Signature <u>Jennifer Head</u>
			Printed Name <u>JENNIFER HEAD</u>
			Title <u>Agent</u>
			Date <u>June 2, 1997</u>
475'	24		18 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 belief.
			6-06-96
			Date of Survey
2714.58'			Signature and Seal of Professional Surveyor
2290			
	5126.22'		Certificate Number

LOMAK PRODUCTION COMPANY
Rincon Largo Federal 1-24
L Section 24, T24N, R7W
Rio Arriba County, New Mexico
Federal Oil & Gas Lease NM-95616

DRILLING PROGRAM

1) Estimated Tops of Geological Markers and Water, Oil, Gas or other Mineral Bearing Formations

<u>Formation</u>	<u>Depth</u>	<u>Water/Minerals</u>
San Jose	Surface	
Ojo Alamo	1,364'	Water
Picture Cliffs	1,914'	
Cliffhouse	3,434'	Water
Point Lookout	4,254'	
Mancos	4,474'	Oil and Gas
Gallup	5,284'	
TOTAL DEPTH	5,650'	

670 PSI

Water
Water

All shows of fresh water will be reported on the tour sheet and protected.

2) Casing Program

<u>HOLE SIZE</u>	<u>SETTING DEPTH</u>		<u>SIZE</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>THREAD</u>	<u>CONDITION</u>
	<u>From</u>	<u>To</u>					
12-1/4"	0	300'	8-5/8"	24#	J-55	ST&C	New
7-7/8"	300'	5,650'	4-1/2"	11.6#	K-55	ST&C	New

3) Cementing Program

8-5/8" Surface Csg: Estimate \pm 325 sx Class "B" w/ 3% CaCl and 1/4# Flocele/sx.

4-1/2" Casing: Cement w/20 bbls mud flush, 1,750 ft³ 65-35 Poz, 12% Gel and 6#/sx Gilsonite, followed by 400 ft³ 50-50 Poz, 2% Gel and 10% Salt. Cement to Surface.

Exact cement volumes will be determined after open hole logging.

4) Mud Program

The mud system will be gel-chemical with adequate stocks of sorptive agents on site to handle possible spills of fuel and oil on the surface. Heavier muds will be on location to be added if pressure requires.

<u>INTERVAL</u>	<u>TYPE</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>FLUID LOSS</u>	<u>ADDITIVES</u>
0-300'	Gel-Water	9.0	50	NC	Lime
300'-5,650'	Chem. Mud	9.0	38-40	6 cc	P-1000

5) Operator's Minimum Specifications for Pressure Control:
(Please reference attached drawings for control equipment.)

BOP's will be hydraulically tested to the full working pressure after nipping up and after any use under pressure. Pipe rams will be operationally checked each 24-hour period, as will blind rams each time pipe is pulled out of the hole. Such checks of BOP's will be noted in the daily drilling reports.

Accessories to the BOP will include floor safety valve and choke manifold with pressure rating equivalent to the BOP stack. Upper kelly cock will be in use with handle available on drill floor.

6) Auxiliary Equipment

- a) A float will be used at the bit at all times.
- b) The mud system will be monitored visually.
- c) A stabbing valve will be available on the rig floor and will fit all rotary connections.

7) Testing, Logging and Core Programs:

Cores: None

DST's: None

Logging Program: CNL/FDC-GR and DIL from surface casing to TD.

8) Anticipated Abnormal Pressures or Temperatures:

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area at the depths anticipated in this well. Bottom hole pressure expected is 1300 psi maximum.

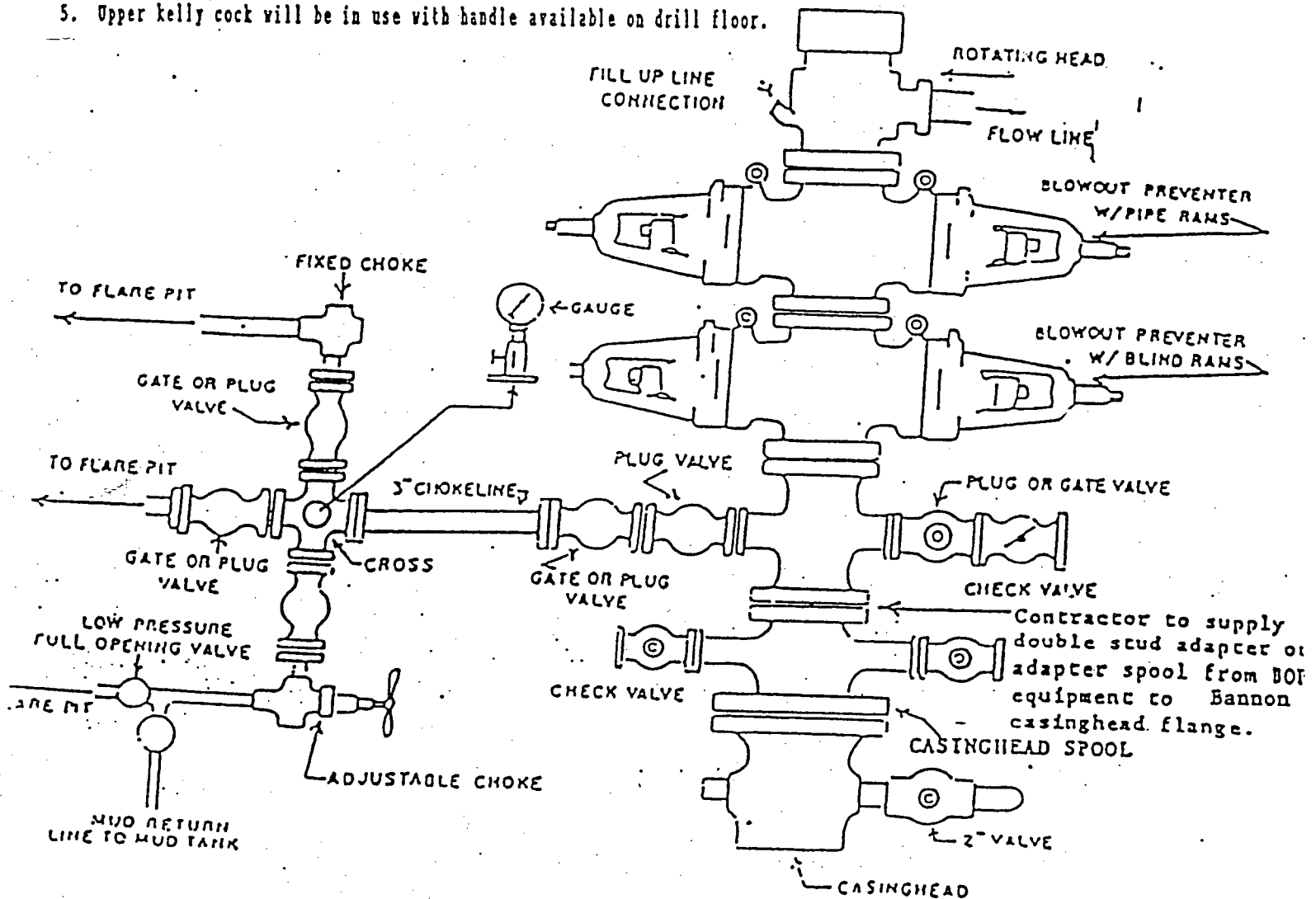
No H₂S gas or other hazardous fluids or gases have been found, reported or are known to exist at these depths in this area.

9) Anticipated Starting Date and Duration:

Dirt work start-up: Fall 1997
Spud: Fall 1997
Duration: 15 days total drilling and completion time

FARRINGTON DISTRICT BLOWOUT PREVENTER REQUIREMENTS

1. Blowout Preventers and Master Valve to be fluid operated, and all fittings must be in good condition. Handwheels must be installed prior to drilling out.
2. Equipment through which bit must pass shall be as large as the inside diameter of the casing that is being drilled through.
3. All fittings to be flanged, (except for flare line).
4. Full opening safety valve and inside BOP valve must be available on rig floor at all times with proper connection or sub for drill pipe and drill collars.
5. Upper kelly cock will be in use with handle available on drill floor.



BLOWOUT PREVENTER HOOKUP

API Series 4 2000

Operation of BOP by closing both pipe and blind rams will be tested each trip or, on long runs, pipe rams will be closed once each 24 hours.

SURFACE USE PLAN

LOMAK PRODUCTION COMPANY

Rincon Largo Federal 1-24
L Section 24, T24N, R7W
Rio Arriba County, New Mexico
Federal Oil & Gas Lease NM-95616

1) EXISTING ROADS

- (a) Refer to topographic map for location of well and access route.
- (b) Proceed north from the Sunterro Gas Plant at Lybrook, New Mexico, on a well-travelled oil field road for one mile to a fork. Proceed west from the fork and continue on the main oil field road for 7.1 miles to a left "U" turn. Continue in a southwesterly direction up Rincon wash for 4.1 miles. New construction will begin on the left (south) side of the road.
- (c) Refer to the topographic map for the location of existing roads within a two mile radius of the well.
- (d) Existing road will be maintained in the same or better condition as existed prior to the commencement of operations and said maintenance will continue until final well abandonment and reclamation of the wellsite.

2) NEWLY CONSTRUCTED ACCESS ROADS

- (a) All new road to be constructed is on BLM administered lands. Appx. one half of the road will be off-lease.
- (b) No definable topsoil is present along the access road.
- (c) Newly constructed road will total approximately 500 feet in length, with appx. 250 feet of new construction occurring off-lease. The new road will be ditched and crowned (3:1 slopes) with a 14 foot travel surface. The total disturbed width will be appx. 26 feet. One 96" culvert will be installed in the wash crossing. No other drainage control structures are needed.
- (d) The need for road surfacing material in the event of production is not anticipated at this time. Should such be deemed necessary, prior approval will be obtained from the BLM.
- (e) All equipment and vehicles will be confined to the access road, pad and areas specified in this APD.
- (f) The new road is essentially level with a slight grade increase at the drainage crossing. The maximum grade is estimated at 3%.

3) LOCATION OF EXISTING WELLS

Existing wells within a one mile radius of the proposal are shown on the topographic map. There are 9 producing wells, 3 P&A'd locations, and Lomak's other proposed (staked and filed) well, the Rincon Largo Federal 2-24.

4) EXISTING/PROPOSED FACILITIES FOR PRODUCTIVE WELL

- (a) The proposed location of production facilities on the well pad will be submitted via Sundry Notice for approval prior to installation of said facilities. Production facilities (including dikes) will be placed on the cut portion of the pad and be located so as to maintain minimum distances between equipment and tanks for safety purposes. Facilities will be located a minimum of 25' from the toe of the back cut.
- (b) All permanent above-ground structures not subject to safety considerations will be painted as directed by the BLM.
- (c) A dike will be constructed around any tank(s). The dike will be constructed of compacted subsoil, be impervious, hold 1.5 times the capacity of the largest tank, and be independent of the back cut.
- (d) An application has been made for construction of an off-lease production line.

5) LOCATION & TYPE OF DRILLING WATER SUPPLY

Water for drilling operations will be hauled over existing roads from the San Juan River at Bloomfield. No additional federal authorizations will be required for this activity.

6) CONSTRUCTION MATERIALS

- (a) No construction material will be needed for well pad construction; surface and subsurface spoil material will suffice.
- (b) If production is established, construction materials which may be required for the surfacing of the access road and for installation of the production facilities will be purchased from a supplier having a permitted source of materials.
- (c) No construction materials will be taken from Federal lands without prior approval from the appropriate Surface Management Agency.

7) METHODS FOR HANDLING WASTE DISPOSAL

- (a) The reserve pit will be designed to prevent the collection of surface runoff and will be constructed with a minimum of 1/2 the total depth below the original ground surface on the lowest point within the pit. Drilling gel will be worked into the bottom and sides of the reserve pit to function as a seal.

Prior to use, the reserve pit will be fenced on three sides, the fourth side will be fenced at the time the rig is removed. Drilling fluids, cuttings and produced water will be contained in the reserve pit (trash will be placed in the trash cage). Fluids in the reserve pit will be allowed to evaporate prior to pit burial.

- (b) Garbage and other trash will be contained in a portable trash cage and hauled off the location to an authorized disposal site. Any trash on the pad will be cleaned up prior to the rig move off location and hauled to an authorized disposal site.
- (c) Sewage will be handled in self-contained, chemically treated portable toilets and the contents hauled off location to an authorized sanitary disposal facility.
- (d) Any hydrocarbons produced during completion work will be contained in test tanks and removed from location at a later date.

8) ANCILLARY FACILITIES

There will be no ancillary facilities associated with this project.

9) WELL SITE LAYOUT

- (a) Please refer to "Well Site Layout" and "Well Pad Cross Sections". SEE CHANGES BELOW TO PAD LAYOUT.
- (b) No definable topsoil is present at the location.
- (c) The east side of the well pad will be shortened by 10 feet to avoid impacting a large cottonwood tree. No fill material is to be placed around the tree. Soil material and overburden will not be pushed over side slopes or into drainages. All soil material disturbed will be placed in an area where it can be retrieved.
- (d) No blowdown pit will be constructed and corner "6" will be rounded off to avoid impacting the dry wash.

- (e) Plans for lining of the reserve pit are presented in **Item 7)** above.
- (f) Cut and fill slopes on the pad will be constructed no steeper than 1-1/2:1.
- (g) All equipment and vehicles will be confined to the access road, pad and area specified in this APD.

10) SURFACE RECLAMATION PLANS

(a) Well Site and Newly Constructed Access Road

The reserve pit will be allowed to dry prior to the commencement of backfilling work. No attempts will be made to backfill the reserve pit until the pit is free of standing water. Rat and mouse holes will be filled and compacted from bottom to top immediately upon release of the drilling rig from the location.

Dry Hole - In the event of a dry hole, the well site and newly constructed access road will be restored to their approximate original contour. For the well pad, this will consist of pushing fill material into the cuts and up over the backslope. For the access road, all culverts and the road crown and ditches will be removed. Wing ditches will be reshaped to their approximate original contour. Existing drainages will be restored to approximate original bank configuration and bottom depth.

- 1) Care will be taken during reshaping of the pad and access road area to insure there will be no depressions that will trap water or form ponds.
- 2) All newly disturbed areas will be seeded as provided below.

Producing Well - All areas of the well pad which are not needed for production operations will be reshaped and seeded as provided below. Backslopes and foreslopes will be reduced as practical and scarified with the contour.

- (b) Seed Mixture - Seed will be applied with a drill along the reshaped contour at a rate and with a mixture recommended by the BLM. If hand broadcast, the recommended rate will be doubled. Hand broadcasting will occur on areas too steep for machinery, with the seed raked to assure adequate cover.
- (c) Reclamation operations for the well pad are expected to require one week and will begin when the fluids in the reserve pit have evaporated. Seeding will take place either during the fall (prior to ground frost) or spring (after frost leaves the ground) months. If the well is a producer, restoration of un-needed portions of the pad will commence as soon as practical after the installation of production facilities.

- (d) Any hydrocarbons floating on the surface of the reserve pit will be removed as soon as possible after drilling operations are completed.
- (e) If any oil is on the pit and is not removed within one week after drilling operations cease, the pit containing the oil or other adverse substances will be flagged overhead or covered with wire or plastic mesh to protect migrating birds.

11) **SURFACE OWNERSHIP**

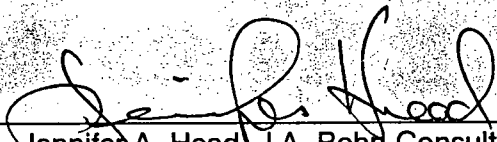
The surface along the new access and at the well site is BLM administered.

12) **OTHER INFORMATION**

A Class III Cultural Resource Inventory of the well location was completed by DCA. A copy of the report was submitted to the BLM Farmington District Office Archaeologist on July 3, 1996.

13) **CERTIFICATION**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site 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 that the work associated with operations proposed herein will be performed by Lomak Production Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

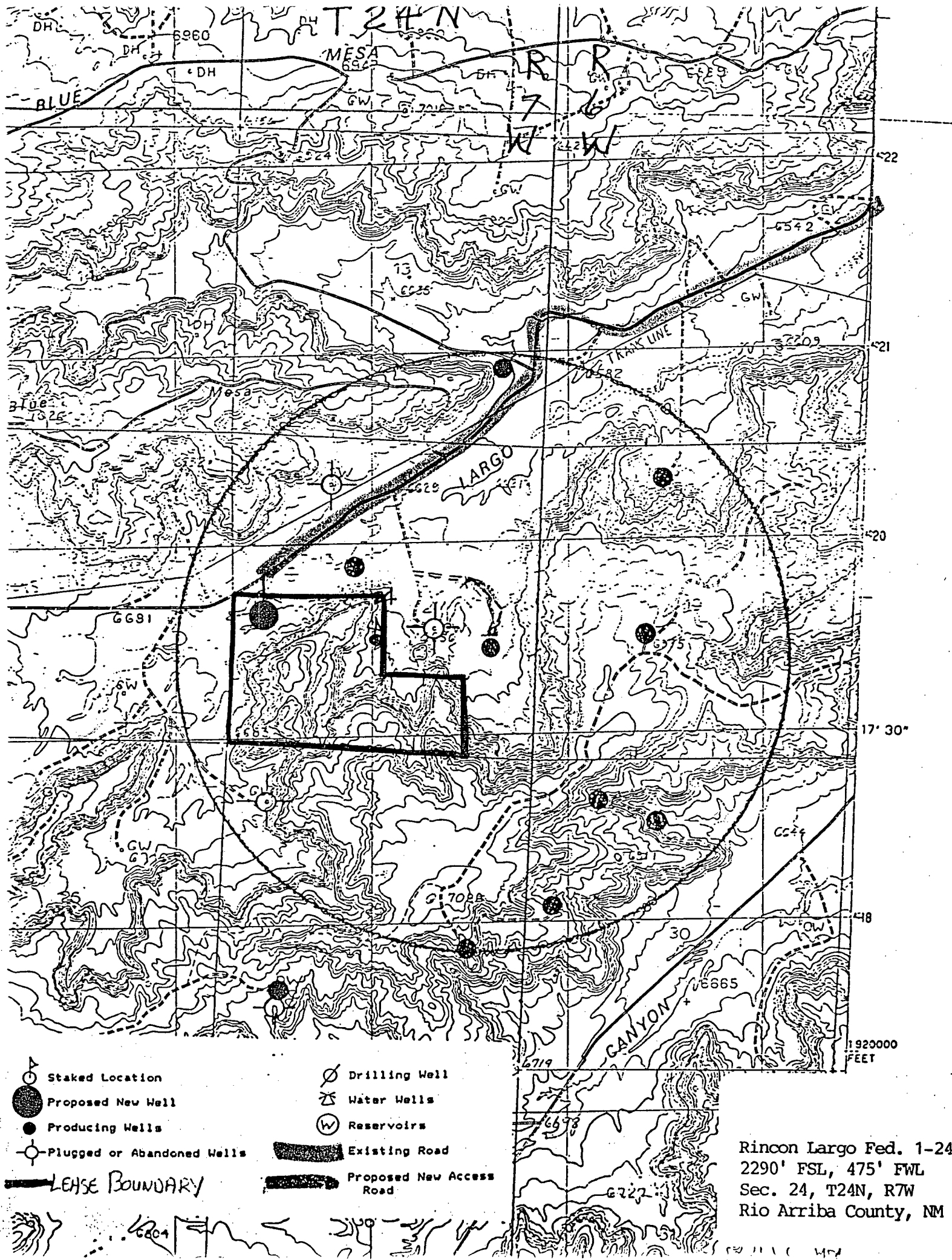


Jennifer A. Head, J.A. Rohn Consulting
Agent for Lomak Production Company

DATE 6-2-97

14) **LESSEE OR OPERATOR REPRESENTATIVE**

Please direct questions to: Carolyn Bechtold
Lomak Production Company
405-947-3139



- | | |
|----------------------------|--------------------------|
| Staked Location | Drilling Well |
| Proposed New Well | Water Wells |
| Producing Wells | Reservoirs |
| Plugged or Abandoned Wells | Existing Road |
| LEHSE BOUNDARY | Proposed New Access Road |

Rincon Largo Fed. 1-24
2290' FSL, 475' FWL
Sec. 24, T24N, R7W
Rio Arriba County, NM

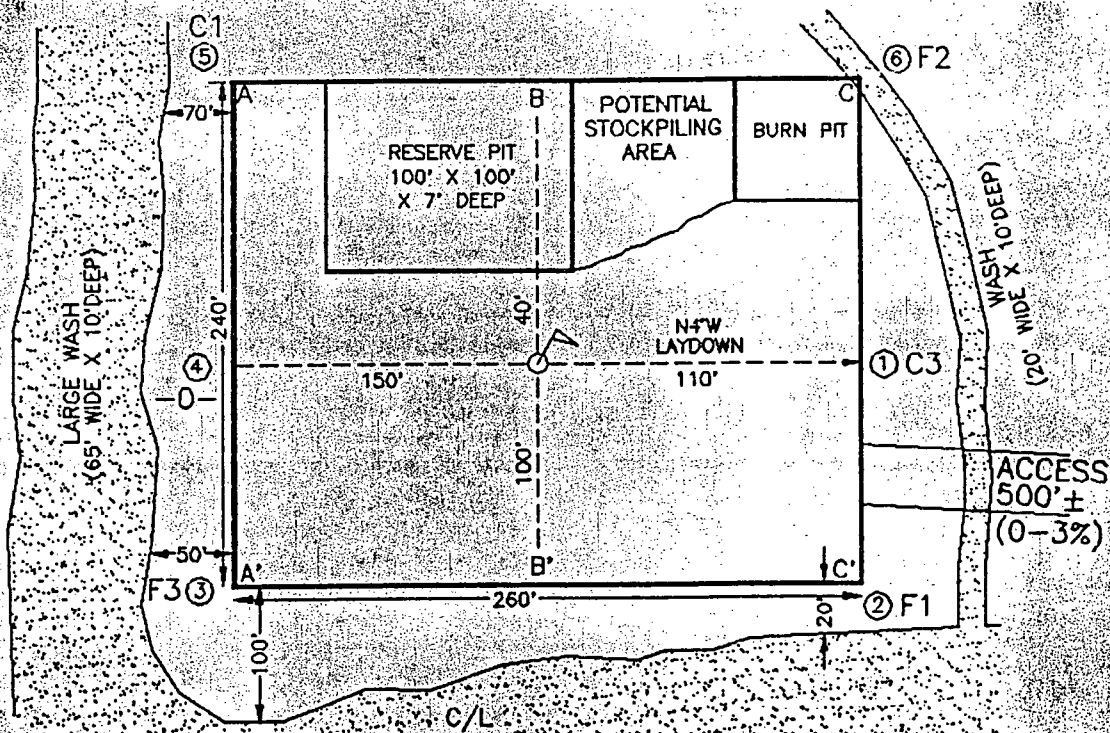


P.O. BOX 6612
FARMINGTON, NEW MEXICO 87499
(505) 325-2654

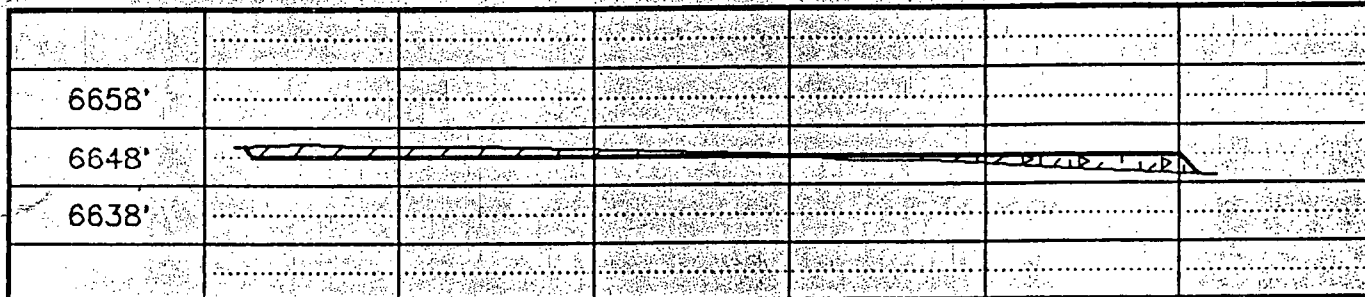
SURVEYS, INC.

OPERATOR NAME: Lotak Production Company
WELL NAME: RINCON LARGO FEDERAL #1-24
FOOTAGE: 2290' FSL 475' FWL
SECTION: 24 T 24 N, R 7 W, NMPM
COUNTY: RIO ARRIBA STATE: NEW MEXICO
ELEVATION: 6648' DATE: 6/7/96

BASIS OF ELEVATION:
GRACE PETROLEUM KILLAYNEY
#1-24 DRYHOLE MARKER IN
THE NW 1/4 OF THE SE 1/4
OF SECTION 24, T24N, R7W,
NOTED AS 6656' ON CROW
MESA EAST QUADRANGLE.

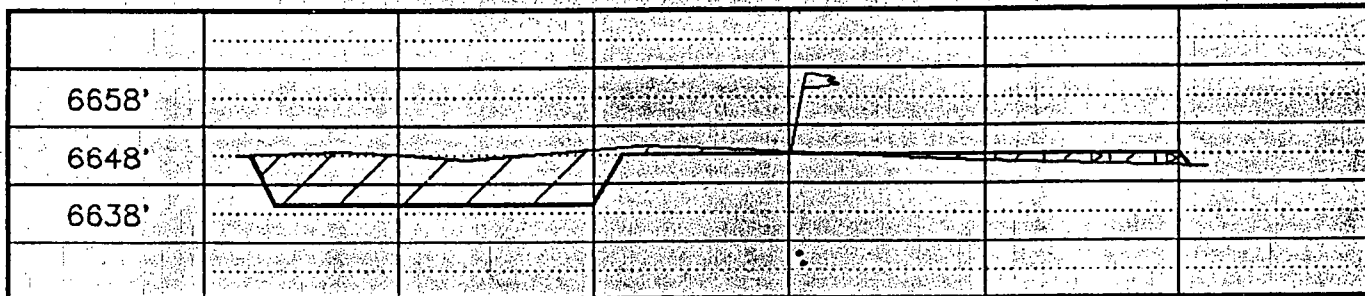


A-A'



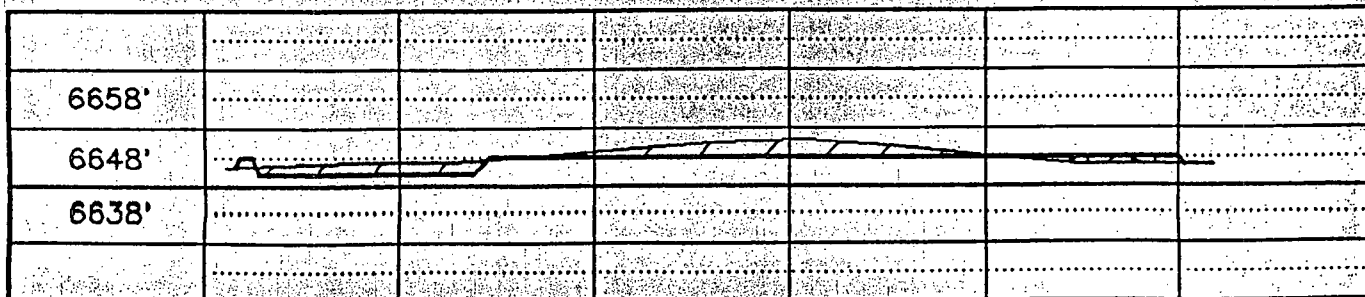
B-B'

C/L



C-C'

C/L



BLM CONDITIONS OF APPROVALOperator LOMAK Production CompanyWell Name 1-24 Rincon Largo FederalLegal Location 2290' FSL/ 475' FWLSec. 24 T. 24 N. R. 7 W.Lease Number NM-95616Field Inspection Date 6/25/96

The following conditions of approval will apply to this well unless a particular Surface Managing Agency or private surface owner has supplied to BLM and the operator a contradictory environmental stipulation. The failure of the operator to comply with these requirements may result in the assessment of liquidated damages or penalties pursuant to 43 CFR 3163.1 or 3163.2. A copy of these conditions of approval shall be present on the location during construction, drilling and reclamation activity.

An agreement between operator and fee land owner will take precedence over BLM surface stipulations unless (In reference to 43 CFR Part 3160) 1) BLM determines that the operator's actions will affect adjacent Federal or Indian surface, or 2) the operator does not maintain well area and lease premises in a workmanlike manner with due regard for safety, conservation and appearance, or 3) no such agreement exists, or 4) in the event of well abandonment, minimal Federal restoration requirements will be required.

-
1. Shorten up east side by 10 feet to eliminate pushing dirt onto cottonwood tree.
 2. Use gel or bentonite in bottom of reserve pit to seal bottom.
 3. The operator or his contractor will contact the BLM Farmington District Office, Environmental Compliance Statt at (505) 599-8900 approximately 48 hours prior to construction activities.
 4. The northwest corner of the well pad will be rounded off to avoid wash.
 5. All above ground structures shall be painted to blend with the natural color of the landscape. The paint used shall be: Munsell Soil Color 5Y 6/1 (Slate Gray)

I. LOCATION AND ACCESS ROAD

1. Well area and lease premises will be maintained in a workmanlike manner with due regard to safety, conservation and appearance. All liquid waste, completion fluids and drilling products associated with oil and gas operations will be contained and then buried in place, or removed and deposited in an approved disposal site.
2. Surface disturbance and vehicular traffic will be limited to the approved location and approved access road.
3. Mud pits and blow pits will be constructed so as not to leak, break or allow discharge of liquids or produced solids. At least half of the capacity of the reserve pit must be in cut. The top of the outside wall of reserve pit should be smoothed-off with a minimum of one blade width. The pit should have adequate capacity to maintain 2 feet of free board. Pits are not to be located in natural drainages. Pit walls are to be "walked down" by a crawler type tractor following construction and prior

to usage. Any plastic material used to line pits must be removed to below-ground level before pits are covered. The final grade of reserve pit (after reclamation) shall allow for drainage away from pit area.

4. All unguarded pits (reserve/production/blow pits) containing liquids will be fenced with woven wire. Drilling pits will be fenced on three sides and once the rig leaves location, the fourth side will be fenced. All fencing must be a legal fence in accordance with New Mexico State Law. Liquids in pits will be allowed to evaporate, or be properly disposed of, before pits are filled and recontoured. (This office will be notified 24 hours prior to fluid hauling). Under no circumstances will pits be cut and drained. Aeration of pit fluids must be confined within pit area. Upon completion of the well the reserve pit will be covered with screening or netting and remained covered until the pit is reclaimed. All production pits 16 feet in diameter or larger will be covered with screening or netting.

5. No gravel or other related minerals from new or existing pits on Federal land will be used in construction of roads, well sites, etc., without prior approval from the Surface Managing Agency.

6. Berms or firewalls will be constructed around all storage facilities sufficient in size to contain the storage capacity of tanks, or the combined capacity of tanks if a rupture could drain more than one tank. Berm walls will be compacted with appropriate equipment to assure proper construction.

7. All roads on public land must be maintained in good passable condition.

8. A proposed use of pesticide, herbicide or other possible hazardous chemical on BLM land shall be cleared for use prior to application.

II. CULTURAL RESOURCES (ARCHAEOLOGY)

1. DISCOVERY OF CULTURAL RESOURCES IN THE ABSENCE OF MONITORING: If, in its operations, *operator/holder* discovers any previously unidentified historic or prehistoric cultural resources, then work in the vicinity of the discovery will be suspended and the discovery promptly reported to the BLM District Manager. BLM will then specify what action is to be taken. If there is an approved "discovery plan" in place for the project, then the plan will be executed. In the absence of an approved plan, the BLM will evaluate the significance of the discovery and consult with the State Historic Preservation Officer in accordance with 36 CFR Section 800.11. Minor recordation, stabilization, or data recovery may be performed by BLM or a permitted cultural resources consultant. If warranted, more extensive treatment by a permitted cultural resources consultant may be required of the *operator/holder* prior to allowing the project to proceed. Further damage to significant cultural resources will not be allowed until any required treatment is completed. Failure to notify the BLM about a discovery may result in civil or criminal penalties in accordance with the Archeological Resources Protection Act of 1979 (as amended).

2. DISCOVERY OF CULTURAL RESOURCES DURING MONITORING: If monitoring confirms the presence of previously unidentified cultural resources, then work in the vicinity of the discovery will be suspended and the monitor will promptly report the discovery to the BLM District Manager. BLM will then specify what action is to be taken. If there is an approved "discovery plan" in place for the project, then the plan will be executed. In the absence of an approved plan, the BLM will evaluate the significance of the discovery and consult with the State Historic Preservation Officer in accordance with 36 CFR Section 800.11. Minor recordation, stabilization, or data recovery may be performed by BLM or a permitted cultural resources consultant. If warranted, more extensive treatment by a permitted cultural resources consultant may be required of the *operator/holder* prior to allowing the

project to proceed. Further damage to significant cultural resources will not be allowed until any required treatment is completed.

3. DAMAGE TO SITES: If, in its operations, *operator/holder* damages, or is found to have damaged any previously documented or undocumented historic or prehistoric cultural resources, excluding "discoveries" as noted above, the *operator/holder* agrees at his/her expense to have a permitted cultural resources consultant prepare and have executed a BLM approved data recovery plan. Damage to cultural resources may result in civil or criminal penalties in accordance with the Archeological Resources Protection Act of 1979 (as amended).

III. RESEEDING AND ABANDONMENT

SEED MIX NO. 2--BLM

Crested Wheatgrass(<u>Agropyron desertorum</u>)	3 lbs
Fourwing Saltbush (dewinged)(<u>Atriplex canescens</u>)	2 lbs
Russian Wildrye (<u>Elymus junceus</u>)	2 lbs
Indian Ricegrass(<u>Orysopsis hymenoides</u>)	2 lbs
Western Wheatgrass(<u>Agropyron smithii</u>)	2 lbs

Species shall be planted in pounds of pure live seed per acre:

Present Pure Live Seed (PLS) = Purity X Germination/100

Two lots of seed can be compared on the basis of PLS as follows:

<u>Source No. One (poor quality)</u>		<u>Source No. two (better quality)</u>	
Purity	50 percent	Purity	80 percent
Germination	40 percent	Germination	63 percent
Percent PLS	20 percent	Percent PLS	50 percent
5 lb. bulk seed required to make 1 lb. PLS.		2 lb. bulk seed required to make 1 lb. PLS.	

The seed mixture used must be *certified*. There shall be NO primary or secondary noxious weeds in the seed mixture.

Seed labels from each bag shall be available for inspection while seeding is being accomplished.

Seeding shall be accomplished between July 1 and September 15 (later date may be extended on a case-by-case basis with Authorized Officer approval).

Compacted areas shall be ripped to a depth of twelve inches and disked to a depth of six inches before seeding. Seed with a disk-type drill with two boxes for various seed sizes. The drill rows shall be eight to ten inches apart. The seed shall be planted at not less than one-half inch deep or more than one inch deep. The seeder shall be followed with a drag, packer, or roller to ensure uniform coverage of the seed, and adequate compaction. Drilling shall be done on the contour where possible, not up and down the slope.

Where slopes are too steep for contour drilling a "cyclone" hand seeder or similar broadcast seeder shall be used. Seed shall then be covered to the depth described above by whatever means is practical, i.e. hand raked. If the seed is not covered, the prescribed seed mixture amount (pounds/acre/PLS) will be doubled.

Seeding shall be repeated if a satisfactory stand is not obtained as determined by the Authorized Officer upon evaluation after the second growing season.

If, upon abandonment of wells, the retention of access road is not considered necessary for the management and multiple use of the natural resources, it will be ripped a minimum of 12" in depth. After ripping, water bars will be installed. All ripped surfaces are to be protected from vehicular travel by construction of a dead end ditch and earthen barricade at the entrance to these ripped areas. (Reseeding of affected areas may be required.)

EXHIBIT A

PROJECT

Location(s)

T. 24 N., R. 7 W., Sec. 24

T. N., R. W., Sec.

EA LOG NO. NM-070-96-429

Lease NO. NM-95616

File Code 2800

ROAD STIPULATIONS

Project

Construct Access Road to #1-24 Rincon Largo Federal Oil Well

Applicant

LOMAK Production Company

Address

3030 N.W. Expressway, Suite 1850, Oklahoma City, OK 73112

BLM Office:

Farmington District Office - Phone No.: (505) 599-8900

The following stipulations and/or mitigating measures will be implemented during (1) the various stages (if specified) of project development/operation and (2) up to **30** years after construction is completed for this project. If problems arise during or after field work is completed, the applicant/contractor(s) is required to promptly notify the Bureau's authorized representative. Consultation between the applicant/contractor(s) and the Bureau's authorized representative may result in additional field work being required of the applicant/contractor(s) to fully implement one or more of the following stipulations.

A. CONSTRUCTION AND MAINTENANCE

SPECIAL:

1. Right-of-way clearing shall be a maximum width of *14 feet*.
2. Crowning and ditching on both sides of the road is required. The road cross section will conform to the cross section diagrams available from BLM. The crown shall have a grade of approximately two percent (i.e., two inch crown on a 14 foot wide road).
3. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. A 96 inch diameter culvert shall be placed at locations discussed during the onsite inspection.

STANDARD:

1. The Holder shall conduct all activities associated with the construction, operation, and termination of the right-of-way within the authorized limits of the right-of-way.
2. A copy of these stipulations, including exhibits and the Plan(s) of Operation (if required), shall be on the project area and available to persons directing equipment operation.
3. Disposal of all liquid and solid waste produced during operation of this right-of-way shall be in an approved manner so it will not impact the air, soil, water, vegetation or animals.
4. Holder shall not violate applicable air and water quality standards or related facility siting standards established by or pursuant to applicable Federal and State law.
5. The Holder shall minimize disturbance to existing fences and other improvements on public land. Holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The Holder will contact the owner of any improve-

ments prior to disturbing them. When necessary to pass through a fence line, the fence shall be H-braced on both sides of the passageway prior to cutting the fence.

6. Construction sites shall be maintained in a sanitary condition at all times; waste materials at those sites shall be disposed of promptly at an appropriate waste disposal site. "Waste" means all discarded matter including, but not limited to, human waste, trash, garbage, refuse, oil drums, petroleum products, ashes and equipment.

7. Holder shall maintain the ROW in a safe, useable condition, as directed by the AO (Authorized Officer). (A regular maintenance program shall include, but is not limited to, soil stabilization.)

8. The Holder shall be responsible for weed control on disturbed areas within the limits of the right-of-way. The Holder is responsible for consultation with the AO and/or local authorities for acceptable weed control methods within limits imposed in the grant stipulations.

9. Use of pesticides and herbicides shall comply with the applicable Federal and State laws. Pesticides and herbicides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of the Interior. Prior to the use of pesticides, Holder shall obtain from the AO written approval of a plan showing the type and quantity of material to be used, pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary by the AO. Emergency use of pesticides shall be approved in writing by the AO prior to use.

10. Unless otherwise approved in writing by the Authorized Office, this road will be designed and constructed to conform with the BLM, New Mexico road construction/maintenance policy.

11. Public access along this road will not be restricted by the Holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on the public land will not be locked or closed to public use unless specifically determined by the Authorized Officer.

12. Unless otherwise approved in writing by the Authorized Officer, drainage dip location for grades over two (2) percent shall be determined by the formula:

$$\text{Spacing Interval} = \frac{400}{\text{road slope \%}} + 100'$$

Example: For a road with a four (4) percent slope.

$$\text{Spacing Interval} = \frac{400}{4\%} + 100' = 200 \text{ feet}$$

13. Unless otherwise approved in writing by the Authorized Officer, all turnout ditches shall be graded to drain water with a one (1) percent minimum to three (3) percent maximum ditch slope. The spacing interval for turnout ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road grade:

SPACING INTERVAL FOR TURNOUT DITCHES

<u>Percent Slope</u>	<u>Spacing Interval</u>
0 - 4%	150 - 350 feet
4 - 6%	125 - 250 feet
6 - 8%	100 - 200 feet
8 - 10%	75 - 150 feet

14. Maintain the road so that user traffic remains within the right-of-way and erosion is mitigated. Roads and road segments where serious erosional damage is occurring will be handled on a case-by-case basis. "Flat blading" will be avoided where practical. A typical exemption would be where bedrock is exposed at the surface. The road(s) will be maintained so that over time a proper road prism and good drainage is achieved. Maintenance will include drainage dips, turnout ditches, crowning and/or out-sloping/in-sloping, low water crossings and vehicle turnouts. Cattleguards and culverts will be cleaned and repaired or replaced. Surfacing may be required.

15. Failure of the Holder to share maintenance costs in dollars, equipment, materials or man-power proportionate to the Holder's use with the other authorized users may be adequate grounds to terminate the right-of-way grant. The determination as to whether this has occurred and the decision to terminate shall rest with the Authorized Officer. Upon request, the Authorized Officer shall be provided with copies of any maintenance agreement entered into.

B. CULTURAL RESOURCES ARCHEOLOGY

1. **DISCOVERY OF CULTURAL RESOURCES IN THE ABSENCE OF MONITORING:** If, in its operations, operator/holder discovers any previously unidentified historic or prehistoric cultural resources, then work in the vicinity of the discovery will be suspended and the discovery promptly reported to the BLM District Manager. The BLM will then specify what action is to be taken. If there is an approved "discovery plan" in place for the project, then the plan will be executed. In the absence of an approved plan, the BLM will evaluate the significance of the discovery and consult with the State Historic Preservation Officer in accordance with 36 CFR Section 800.11. Minor recordation, stabilization or data recovery may be performed by the BLM or a permitted cultural resources consultant. If warranted, more extensive treatment by a permitted cultural resources consultant may be required of the operator/holder prior to allowing the project to proceed. Further damage to significant cultural resources will not be allowed until any required treatment is successfully completed. Failure to notify the BLM about a discovery may result in civil or criminal penalties in accordance with the Archeological Resources Protection Act of 1979 (as amended).

2. **DISCOVERY OF CULTURAL RESOURCES DURING MONITORING:** If monitoring confirms the presence of previously unidentified cultural resources, then work in the vicinity of the discovery will be suspended and the monitor will promptly report the discovery to the BLM District Manager. The BLM will then specify what action is to be taken. If there is an approved "discovery plan" in place for the project, then the plan will be executed. In the absence of an approved plan, the BLM will evaluate the significance of the discovery and consult with the State Historic Preservation Officer in accordance with 36 CFR Section 800.11. Minor recordation, stabilization, or data recovery may be performed by BLM or a permitted cultural resources consultant. If warranted, more extensive treatment by a permitted cultural resources consultant may be required of the operator/holder prior to allowing the project to proceed. Further damage to significant cultural resources will not be allowed until any required treatment is completed.

3. **DAMAGE TO SITES:** If, in its operations, operator/holder damages, or is found to have damaged, any previously documented or undocumented historic or prehistoric cultural resources, excluding "discoveries" as noted above, the operator/holder agrees at his/her expense to have a permitted cultural resources consultant prepare and have executed a BLM approved data recovery plan. Damage to cultural resources may result in civil or criminal penalties in accordance with the Archeological Resource Protection Act of 1979 (as amended).

C. ABANDONMENT

1. Ninety days prior to termination of the ROW, the Holder shall contact the Authorized Officer to arrange a joint inspection of the ROW. This inspection will be held to agree to an acceptable termination (and rehabilitation) plan. This plan shall include, but is not limited to, removal of facilities, drainage structures, or surfacing material, recontouring, topsoiling or seeding. The AO must approve the plan in writing prior to the Holder's commencement of any termination actions.

D. GENERAL

1. After complying with all restoration stipulations, submit a "proof of restoration" letter if this road has been approved as a right-of-way. Proof of restoration letters shall be filed with BLM, Farmington District, 1235 La Plata Highway, Farmington, NM 87401 not later than 2 years after completion of construction.

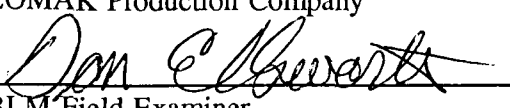
2. The Holder of this right-of-way agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on this ROW (unless the release or threatened release is wholly unrelated to Holder's activity in this ROW). This agreement applies without regard to whether a release is caused by the Holder, their agent, or unrelated third parties.

3. The Holder(s) shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, Holder(s) shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, et seq.) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release of spill of any toxic substances shall be furnished to the AO concurrent with the filing of reports to involved Federal agency or State government.

4. The Holder of this right-of-way grant, or the Holder's successor in interest, shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and the regulations of the Secretary of the Interior issued pursuant thereto.

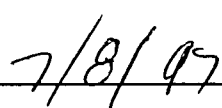
On behalf of LOMAK Production Company, I have reviewed these stipulations and conditions and agree with them.

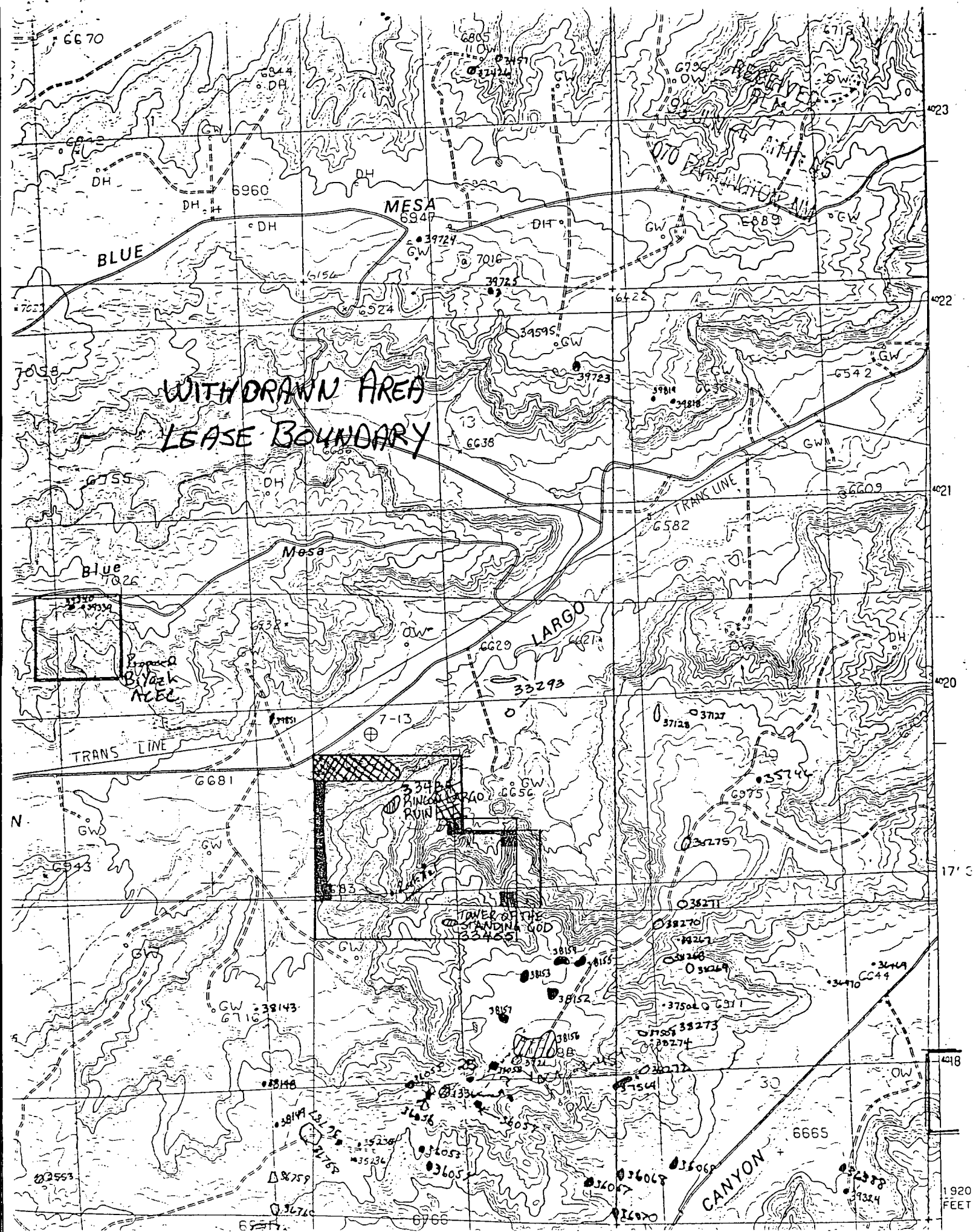
LOMAK Production Company


BLM Field Examiner

Date

Date







United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

JUN 13 1996

IN REPLY REFER TO:

3162.5-1 (NM07600)
NM-95616 (WC)

Bannon Energy Incorporation
Attention: Robyn Longren
3934 FM 1960 West, Suite 240
Houston, TX 77068-3539

Dear Ms. Longren:

In reference to the request made by Jennifer Head, agent for Bannon, requesting an exception to the stipulations for no surface occupancy (NSO) for Federal lease NM-95616. This lease includes the SW1/4, and SWSE, of section 24, T. 24 N., R. 7 W.. In consultation with our Archeological staff, the legal description of this lease is larger than the actual special management area (SMA), which requires a NSO stipulation for leasing. Due to the terrain adjacent to the SMA and due to the fact that Bannon's proposal will be outside of the SMA, the Farmington District, Bureau of Land Management (BLM) is granting an exemption to the lease stipulation for lease NM-95616. This exemption includes that portion of the lease in the N1/2NWSW and the SENESW of section 24, T. 24 N., R. 7 W..

This exemption is in conformance with the Resource Management Plan Amendment/Final Environmental Impact Statement for oil and gas leasing in the Farmington District, 1991.

If there are any other questions concerning this matter please contact Don Ellsworth at (505) 599-6315.

Sincerely

Joel E. Farrell
Assistant District Manager for Resources

1 Enclosure

cc:

Jennifer A. Head, P.O. Box 2011, Farmington, NM 87499-2011
Peggy Gaudy, BLM, Farmington District Office

UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION & SERIAL NO. NM-95616	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A	
2. NAME OF OPERATOR LOMAK PRODUCTION COMPANY 405-947-3139 Ms. Carolyn Bechtold		7. UNIT AGREEMENT NAME N/A	
3. ADDRESS AND TELEPHONE NO. 3030 N.W. Expressway, Suite 1850, Oklahoma City, OK 73112		8. FARM OR LEASE NAME, WELL NO. Rincon Largo Federal 21131 24 #2	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At Surface 1920' FSL, 2250' FWL, K, Section 24, T24N, R7W At proposed prod. zone Same		9. API WELL NO. Not Assigned 30-039-25715	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 7.5 miles NW of Counselors Trading Post		10. FIELD AND POOL, OR WILDCAT Devil's Fork 17610	
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg unit line, if any) 313'	16. NO. OF ACRES IN LEASE 200	11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 24, T24N, R7W	
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. appx. 1800'	19. PROPOSED DEPTH 5,650'	12. COUNTY OR PARISH Rio Arriba	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6696' Graded Ground		13. STATE NM	
23. PROPOSED CASING AND CEMENTING PROGRAM		17. NO. OF ACRES ASSIGNED TO THIS WELL 160	
20. ROTARY OR CABLE TOOLS Rotary		22. APPROX. DATE WORK WILL START Fall 1996	
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH
12-1/4"	8-5/8"	24#	300'
7-7/8"	4-1/2"	11.8#	5,850'
			QUANTITY OF CEMENT
			325 ex
			2175 ft³

- Operations will be conducted under BLM Bond No. NM2399.
- Federal Right-of-Way needed for access.
- Surface at well and along new access is BLM administered.
- Cultural resource inventory conducted, report filed with BLM July 3, 1996
- Reference attached drilling and surface use plans.

DRILLING OPERATIONS AUTHORIZED ARE
 SUBJECT TO COMPLIANCE WITH ATTACHED
 "GENERAL REQUIREMENTS"

RECEIVED
 JUL 28 1997

OIL CON. DIV.
 DIST. 3

RECEIVED
 BLM
 97 JUN -6 PM 3:32
 070 FARMINGTON, NM

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 J.A. Rohn Consulting (505) 325-8777 TITLE Agent for Lomak Production Company DATE 6-2-97

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE **JUL 25 1997**

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 E. J. Rohn TITLE Agent for Lomak Production Company DATE **JUL 25 1997**

*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.

S. J. Rohn (505) 325-8777

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

RECEIVED
OIL CONSERVATION DIVISION BLM
PO Box 2088
Santa Fe, NM 87504-2088
JUN -6 PM 3:32

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

070 FARMINGTON, NM

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-25715	Pool Code 17610	Pool Name Devil's Fort Solby Assoc.
Property Code 21131	Property Name Rincon Largo Federal 24	Well Number 2
OGRID No. 154060	Operator Name Tomak Production Company	Elevation 6696'

10 Surface Location

UL or lot no. K	Section 24	Township 24 N	Range 7 W	Lot Idn	Feet from the 1920	North/South line South	Feet from the 2250	East/West line West	County R.A.
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

12 Dedicated Acres 160	13 Joint or Infill J W/H1	14 Consolidation Code	15 Order No.
---------------------------	------------------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	5227.20'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature: [Signature] Printed Name: JENNIFER HEAD Title: Agent Date: June 2, 1997
2656.50'	RECEIVED JUL 28 1997 OIL CON. DIV. DIST. 3	
2714.58'	24	18 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 belief. Date of Survey: 6-06-96 Signature and Seal of Professional Surveyor: [Signature] Certificate Number: 8857
	5126.22'	



NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6170 Fax (505) 334-6170

GARY E. JOHNSON
GOVERNOR

JENNIFER A. SALISBURY
CABINET SECRETARY

DRILL CUTTINGS SAMPLES

A representative of the US Geological Survey has informed the Aztec OCD Office that they have enough samples from the Fruitland formation to establish a basin-wide map for vitrinite reflectance. However, they do not have enough from the Menefee Coal interval of the Mesaverde formation.

As a condition of approval to drill, you are required to submit four 4" X 6" sample bags of drill cuttings from the Menefee Coal interval if it is penetrated and drilling conditions permit. If a geologist is used, a copy of that recording from 50' above to 50' below the coal intervals will be submitted. The following information will be included:

Operator Name, Well Name and Number, Footage Location, Section, Township and Range,
Date Taken, Name & Address of your Company Recipient of the Analysis Copy

Submit samples, information and geologist to the following address:

Mr Vito Nuccio
US Geological Survey
PO Box 25046 MS 939 DFC
Lakewood CO 80225

These samples will be analyzed for vitrinite reflectance values and added to a data base available from the USGS in periodic reports.

This information will be used to evaluate coals and coal gas potentials in the San Juan Basin.



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

GARY E. JOHNSON
GOVERNOR

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178 Fax (505) 334-6170

JENNIFER A. SALISBURY
CABINET SECRETARY

The Flaring of Oil & Gas During Well Cleanup and Before Production

Recent field inspections by the Aztec OCD Office reveal that many new wells are being flared directly to pits, resulting in the loss of a substantial amount of oil and, sometimes, spraying out of the pit onto the ground and vegetation.

To prevent waste and protect the environment, all flowback of new wells capable of producing liquid hydrocarbons will be restricted to the use of separation equipment and the flowback of oil to storage tanks where reasonably possible. After initial flowback has been achieved and the well has cleaned up sufficiently, the use of separators and tanks will be required.

On the initial flowback, swirls, diverters or other acceptable devices will be required on all blowdown lines to assure that oil does not splash out of the pit.

This memorandum became effective on June 1, 1986.



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

GARY E. JOHNSON
GOVERNOR

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178 Fax (505) 334-6170

JENNIFER A. SALISBURY
CABINET SECRETARY

SAN JUAN BASIN OCD CASING CEMENTING POLICY

1. Cement must be circulated around surface pipe. If cement cannot be circulated, the top of the cement column shall be determined by temperature survey or other method approved by the Aztec OCD Office.
2. All subsequent casing strings shall be cemented a minimum of 100' into the next shallower string.

If cement is not circulated on any string, the cement top shall be determined by temperature survey, CBL, or other method approved by the Aztec OCD Office.

3. Minimum surface pipe requirements:

Well Depth

Surface Pipe

0-3000

120'

3001-5000

200'

5001-8000

320'

8001 +

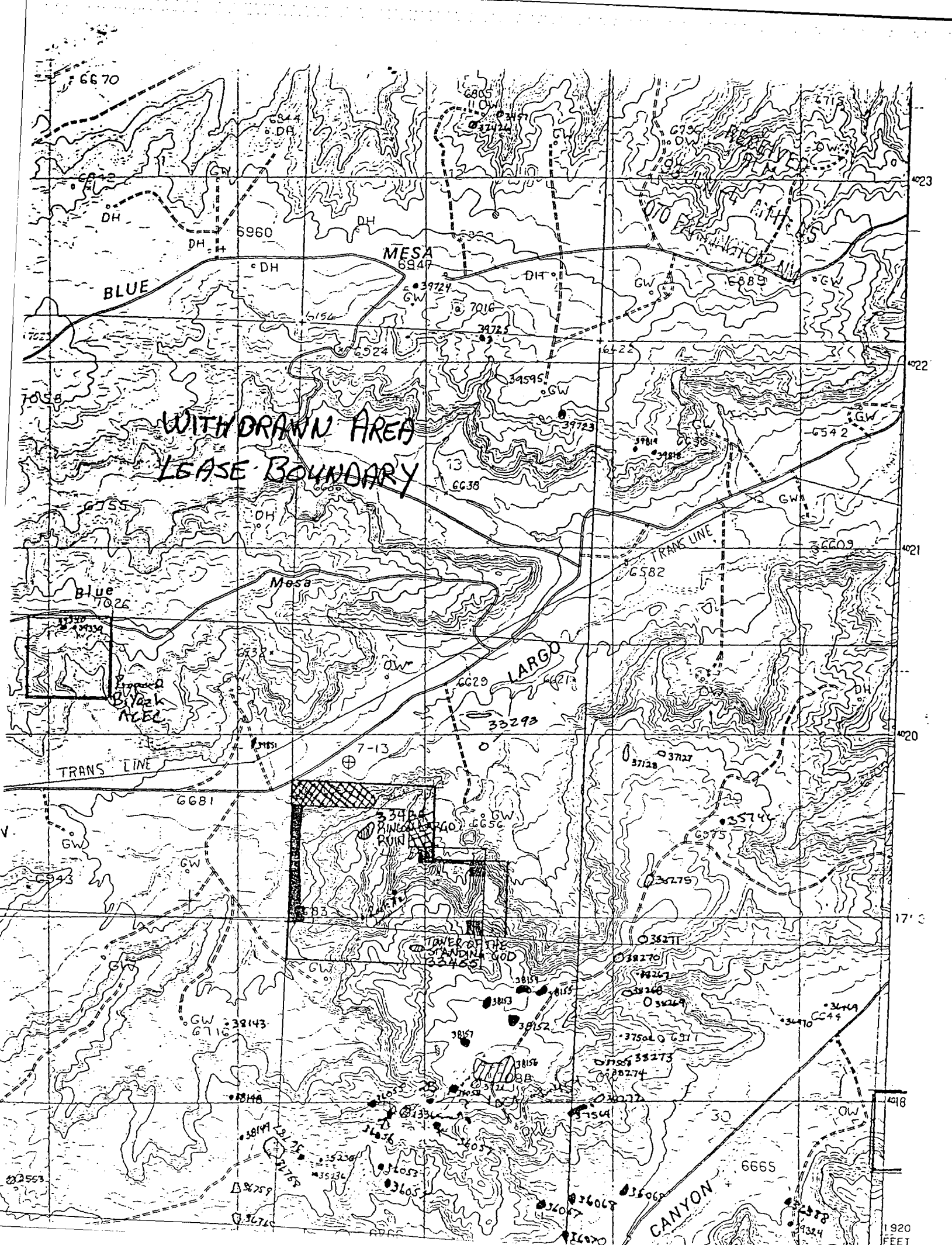
Consult with District Office

Wells drilled in valley fill areas must have surface pipe set at least 50' below the fill.

Minimum requirements may be modified as necessary to comply with Rule 106 and Rule 107. Special pool rules may apply.

Proposed casing plans may be modified by the Aztec District Office to address special conditions.

No C-104 will be approved for a well until all pressure tests and cement tops are reported in compliance with Rule 1103B.(2)





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

JUN 13 1996

IN REPLY REFER TO:

3162.5-1 (NM07600)
NM-95616 (WC)

Bannon Energy Incorporation
Attention: Robyn Longren
3934 FM 1960 West, Suite 240
Houston, TX 77068-3539

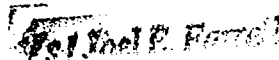
Dear Ms. Longren:

In reference to the request made by Jennifer Head, agent for Bannon, requesting an exception to the stipulations for no surface occupancy (NSO) for Federal lease NM-95616. This lease includes the SW1/4, and SWSE, of section 24, T. 24 N., R. 7 W.. In consultation with our Archeological staff, the legal description of this lease is larger than the actual special management area (SMA), which requires a NSO stipulation for leasing. Due to the terrain adjacent to the SMA and due to the fact that Bannon's proposal will be outside of the SMA, the Farmington District, Bureau of Land Management (BLM) is granting an exemption to the lease stipulation for lease NM-95616. This exemption includes that portion of the lease in the N1/2NWSW and the SENESW of section 24, T. 24 N., R. 7 W..

This exemption is in conformance with the Resource Management Plan Amendment/Final Environmental Impact Statement for oil and gas leasing in the Farmington District, 1991.

If there are any other questions concerning this matter please contact Don Ellsworth at (505) 599-6315.

Sincerely



Joel E. Farrell
Assistant District Manager for Resources

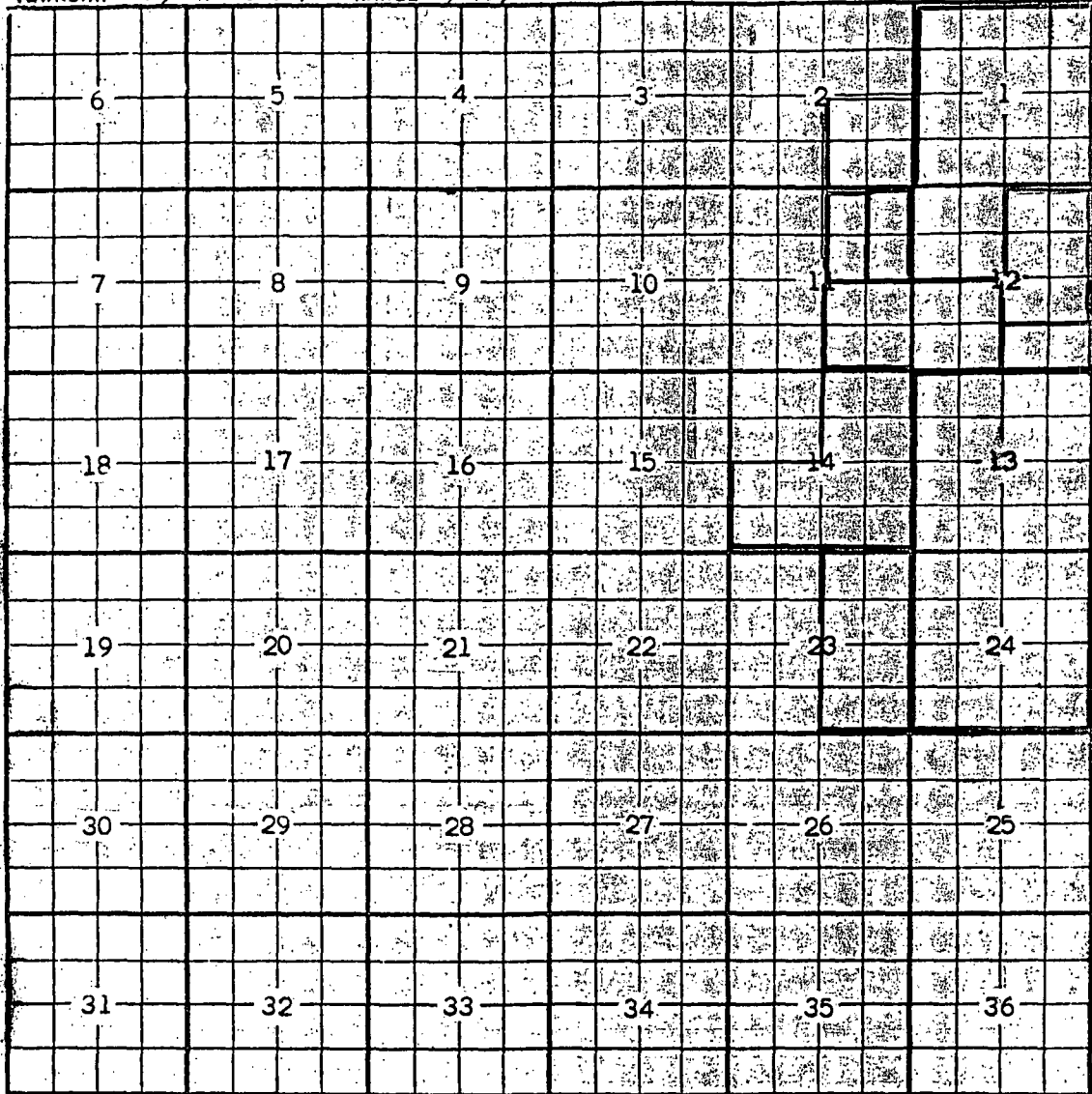
1 Enclosure

cc:

Jennifer A. Head, P.O. Box 2011, Farmington, NM 87499-2011
Peggy Gaudy, BLM, Farmington District Office

County Rio Arriba Pool Devils Fork - Gallup Associated

TOWNSHIP 24 North RANGE 7 West NEW MEXICO PRINCIPAL MERIDIAN



Redefined: All Secs. 13 & 24 (R-1641-A 6-10-60)

Ext: $\frac{SE}{4}$ Sec. 11; $\frac{SW}{4}$ Sec. 12 (R-1721, 8-1-60) - $\frac{E}{2}$ $\frac{NE}{4}$ Sec. 11 (R-1825)

- $\frac{S}{2}$ $\frac{SE}{4}$ Sec. 12; $\frac{E}{2}$ & $\frac{SW}{4}$ Sec. 14; $\frac{E}{2}$ Sec. 23 (R-1858, 2-1-61)

Ext: $\frac{W}{2}$ $\frac{NE}{4}$ Sec. 11, $\frac{NE}{4}$ and $\frac{N}{2}$ $\frac{SE}{4}$ Sec. 12 (R-7185, 1-13-83)

Ext: All Sec. 1, $\frac{NW}{4}$ Sec. 12 (R-7764, 1-8-85)

Ext: $\frac{SE}{4}$ Sec. 2 (A-8022, 8-22-85)

CMD :
OG6C101

ONGARD
C101-APPLICATION FOR PERMIT TO DRILL

09/15/97 18:30:52
OGOMES -EMGG

OGRID Idn : 154060 API Well No: 30 39 25715 APD Status(A/C/P): A
Opr Name, Addr: LOMAK PRODUCTION COMPANY Aprvl/Cncl Date : 07-25-1997
500 THROCKMORTON, STE 2104
FORT WORTH, TX 76102

Prop Idn: 21131 RINCON LARGO FEDERAL 24 Well No: 2

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn	: K	24	24N	07W			FTG 1920 F S	FTG 2250 F W
OCD U/L	: K		API County	: 39				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 6696

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 5650 Prpsd Frmtn : DEVILS FRK GP ASSOC

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD :
OG6G101

ONGARD
C101-APPLICATION FOR PERMIT TO DRILL

09/15/97 18:30:39
OGOMES -EMGG

OGRID Idn : 154060 API Well No: 30 39 25716 APD Status(A/C/P): A
Opr Name, Addr: LOMAK PRODUCTION COMPANY Aprvl/Cncl Date : 07-25-1997
500 THROCKMORTON, STE 2104
FORT WORTH, TX 76102

Prop Idn: 21131 RINCON LARGO FEDERAL 24 Well No: 1

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn	: L	24	24N	07W			FTG 2290 F S	FTG 475 F W
OCD U/L	: L		API County	: 39				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 6648

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 5650 Prpsd Frmtn : DEVILS FRK GP ASSOC

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/15/97 18:30:13
OGOMES -EMGG
PAGE NO: 2

Sec : 24 Twp : 24N Rng : 07W Section Type : **NORMAL**

L 40.00 Federal owned A	K 40.00 Federal owned A	J 40.00 Federal owned	I 40.00 Federal owned A
M 40.00 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

PF01 **HELP**
PF07 **BKWD**

PF02
PF08 **FWD**

PF03 **EXIT**
PF09 **PRINT**

PF04 **GoTo**
PF10 **SDIV**

PF05
PF11

PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/15/97 18:30:20
OGOMES -EMGG
PAGE NO: 1

Sec : 24 Twp : 24N Rng : 07W Section Type : **NORMAL**

D 40.00 Federal owned A	C 40.00 Federal owned	B 40.00 Federal owned	A 40.00 Federal owned
E 40.00 Federal owned	F 40.00 Federal owned A	G 40.00 Federal owned	H 40.00 Federal owned A

M0002: This is the first page

PF01 **HELP**
PF07 **BKWD**

PF02
PF08 **FWD**

PF03 **EXIT**
PF09 **PRINT**

PF04 **GoTo**
PF10 **SDIV**

PF05
PF11

PF06
PF12