



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

October 11, 1990

Bannon Energy Incorporated  
c/o A.R. Kendrick  
P.O. Box 516  
Aztec, NM 87410

10160

*RE: Application for an unorthodox oil well location;  
Federal 31 Well No. 4, 1286' FNL - 129' FEL  
(Unit A) of Section 31, Township 24 North, Range  
7 West, NMPM, Lybrook Gallup Oil Pool, Rio  
Arriba County, New Mexico.*

Dear Mr. Kendrick:

The Division has received an objection from Dugan Production Corporation by letter dated October 5, 1990 (see copy attached) to the subject application. This matter will therefore be set for hearing before a Division Examiner on the next available docket, which is scheduled for November 14, 1990.

Please provide adequate notice for such an application prior to the hearing as required by Division General Rule 1207.

If you should have any questions concerning this matter, please contact me.

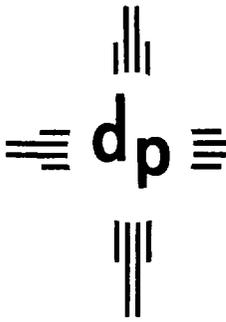
Sincerely,

A handwritten signature in cursive script, appearing to read "Michael E. Stogner".

Michael E. Stogner  
Chief Hearing Officer

MES/ag

cc: Oil Conservation Division - Aztec  
Dugan Production Corp. - Farmington  
US Bureau of Land Management - Farmington



dugan production corp. OIL AND GAS DIVISION  
RECEIVED

'90 OCT 10 AM 8 42

October 5, 1990

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

**CERTIFIED MAIL**

10/10/90

ATTN: Michael Stogner

RE: Objection to Bannon Energy Inc.'s  
Application for a Non-Standard Location  
Federal 31 #4, 1,286' FNL, 129' FEL,  
Section 31-T24N-R7W  
Rio Arriba County, New Mexico

Gentlemen:

Dugan Production Corp. hereby objects to the Application for a non standard location submitted on behalf of Bannon Energy, Inc. for the captioned well.

It is DPC's belief that the proposed location is too close to its State #1 well located in the SW/4 NW/4 of Section 32-T24N-R7W and may potentially violate correlative rights.

Thank you for your consideration in this matter.

Sincerely,

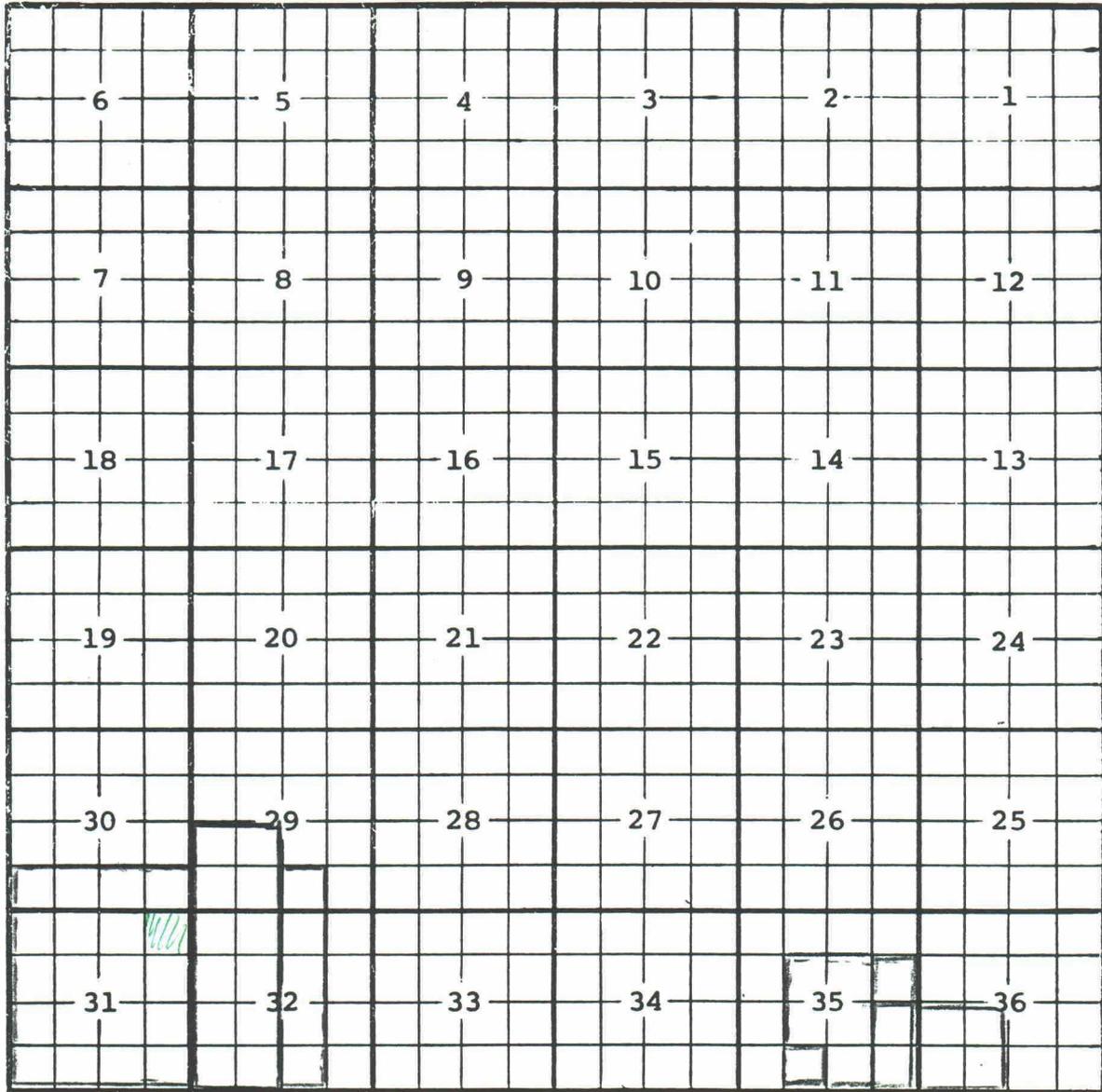
Richard Corcoran  
Land Manager

RC/mmm

cc: Bannon Energy, Inc.  
A. R. Kendrick  
Frank Chavez, NMOCD, Aztec, NM

COUNTY *Rio Arriba* POOL *Lybrook - Gallup Oil*

TOWNSHIP *24 North* RANGE *7 West* NMFM



Ext:  $\frac{SW}{4}$  Sec. 29;  $\frac{W}{2}$  Sec. 32 (R-4260, 3-1-72) Ext:  $\frac{SW}{4}$   $\frac{SE}{4}$  sec 29,  $\frac{S}{2}$   $\frac{S}{2}$  sec 30,

All sec 31,  $\frac{W}{2}$   $\frac{E}{2}$  sec 32 (R-6886, 1-22-82)

Ext:  $\frac{E}{2}$   $\frac{SE}{4}$  SEC 35 (R-8585, 1/11/88) Ext:  $\frac{SE}{4}$   $\frac{NE}{4}$  SEC 35 (R-8640, 4/8/88)

Ext:  $\frac{SE}{4}$   $\frac{SW}{4}$  SEC 35 (R-8713, 8/12/88) Ext:  $\frac{SW}{4}$  SEC 36 (R-8828, 12-22-88)

Ext:  $\frac{SW}{4}$   $\frac{NE}{4}$ ,  $\frac{SE}{4}$   $\frac{NW}{4}$ ,  $\frac{NE}{4}$   $\frac{SW}{4}$ , &  $\frac{W}{2}$   $\frac{SE}{4}$  (R-8915, 4-24-89)

# **A. R. KENDRICK**

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

September 21, 1990

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

Re: Application for Non-Standard Location  
**Bannon Energy, Inc.**  
Federal 31 #4, 1286' FNL 129' FEL  
A-31-T24N-R7W  
Lybrook Gallup Oil Pool  
Rio Arriba County

*Case 10160*

RECEIVED  
OIL CONSERVATION DIVISION  
SEP 24 1990 9 58

Gentlemen:

We, on behalf of Bannon Energy, Inc., hereby make application for approval of the location of a well to be located 1286' FNL 129' FEL of Section 31, Township 24 North, Range 7 West, Lybrook Gallup Oil Pool, Rio Arriba County, New Mexico.

The reason for this application is due to topography and to the finding of archaeological and cultural material on the standard location area.

An attempt was made to locate the well at a standard location, but the archaeological findings caused the location to be moved to the present location.

The attached exhibits show the situation at the location and surrounding area.

Also enclosed is a copy of a letter from the archaeologist who documented the sites on the mesa.

All offset operators and lease owners are being notified by certified mail at this mailing. The return cards will be provided when they are received.

It is my belief that the information contained in this application is true and correct according to the information supplied to me.

If further information is needed, please contact me.

Yours very truly,

  
A. R. Kendrick

Enclosures

xc: As shown on Exhibit F

## APPLICATION FOR NON-STANDARD LOCATION

**Bannon Energy, Inc.**  
**Federal 31 #4**  
1286' FNL 129' FEL  
A-31-T24N-R7W  
Lybrook Gallup Pool  
Rio Arriba County, New Mexico

*Case 10160*

The following exhibits are enclosed :

**EXHIBIT A** Form C-102, Well Location and Acreage Dedication Plat: shows the location of the well with respect to the section lines, the dedicated acreage, and the proration unit.

**EXHIBIT B** Enlarged copy of Topographic Map: shows the location to be adjacent to a steep hillside below a "bench" of the mesa on which archaeological sites were found.

**EXHIBIT C** Owners, Well & Windows Plat:

- Shows the ownership of offset wells.
- Shows the locations of the Federal 31 #4 and other wells within the area.
- Shows the "windows" for standard locations as provided in Rule 104.
- Shows that the #4 well is more that 660 feet from the nearest offset well.

**EXHIBIT D** Letter from Cindy J. Bunker , archaeologist, stating that a high archaeological site density exists on the mesa where a legal location would occur.

**EXHIBIT E** Copy of Application for Permit to Drill: shows the Application for Permit to Drill.

**EXHIBIT F** Names and Addresses of Offset Owners and Interested Parties.

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

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised 1-1-89

OIL CONSERVATION DIVISION

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

DISTRICT I  
 P.O. Box 1980, Hobbs, NM 88240

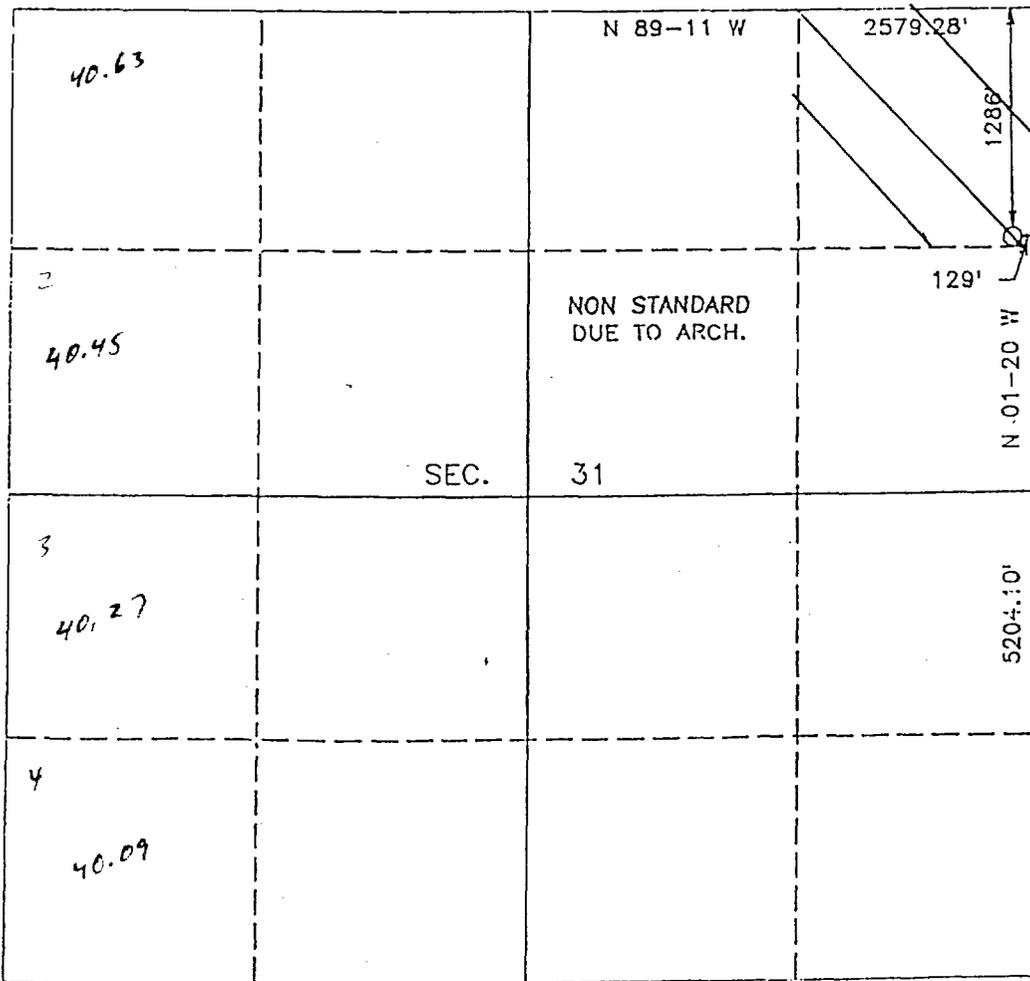
DISTRICT II  
 P.O. Drawer DD, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT  
 All Distances must be from the outer boundaries of the section

Operator <b>BANNON ENERGY, INC.</b>		Lease <b>FEDERAL 31</b>		Well No. <b>4</b>
Unit Letter <b>A</b>	Section <b>31</b>	Township <b>T.24 N.</b>	Range <b>R.7 W.</b>	County <b>RIO ARRIBA COUNTY</b>
Actual Footage Location of Well: <b>1286</b> feet from the <b>NORTH</b> line and <b>129</b> feet from the <b>EAST</b> line				
Ground level Elev. <b>7055</b>	Producing Formation <b>GALLUP</b>	Pool <b>LYBROOK</b>	Dedicated Acreage: <b>40</b> Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
  - Yes  No If answer is "yes" type of consolidation \_\_\_\_\_
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)  
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



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

Signature: *W. J. Holcomb*  
 Printed Name: **W. J. HOLCOMB**  
 Position: **AGENT**  
 Company: **BANNON ENERGY, INC.**  
 Date: **5-25-90**

**SURVEYOR CERTIFICATION**  
 I hereby certify that the well location shown on this plat was plotted from field notes 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: **MAY 24 1990**  
 Signature: *R. Howard Daggett*  
 Professional Surveyor  
 State of New Mexico  
 Certificate No. **9070**

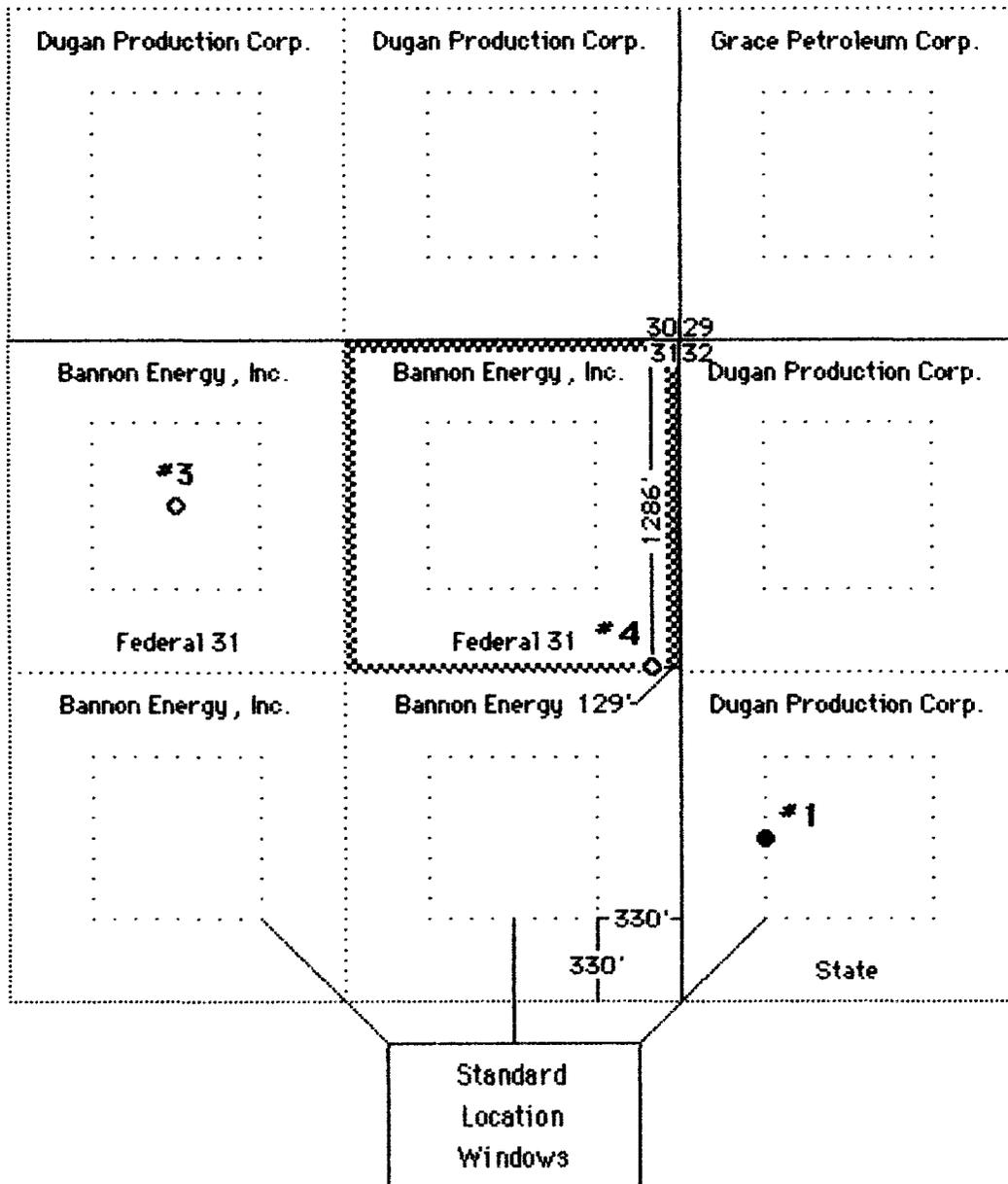
**EXHIBIT A**

*No other wells in formation*



# PLAT OF OWNERS, WELLS & WINDOWS

**Bannon Energy, Inc. Federal 31 #4**  
**1286' FNL 129' FEL Sec. 31-T24N-R7W**  
**Lybrook Gallup Oil Pool**



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# Daggett And Chenault Inc.

Oil & Gas Property Management

3539 East 30th Street • Suite 7B • Farmington, New Mexico 87401 • (505) 326-1772

September 14, 1990

Mr. Mike Stogner  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87504

RE: Bannon Federal 31-4 well pad

Dear Mr. Stogner

On September 13, 1990, Bob Larson of Daggett and Chenault, Inc., the acting permit agent for Bannon Energy, Inc., requested a letter in reference to the nonstandard location for the Bannon Federal 31-4 well pad. As the supervisory archaeologist of that project, I documented high archaeological site density in the vicinity of the original location for the Bannon Federal 31-4. Consequently, Bannon Energy relocated the well to the nonstandard location as a last resort, and in the absence of other viable options.

Archaeological clearance was recommended for the proposed nonstandard location in archaeological report DCA Technical Report No. 2027.

If you have any questions feel free to contact myself or Bob Larson at Daggett and Chenault, Inc.

Sincerely,

  
Cindy J. Bunker

CJB/ljw

EXHIBIT D

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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, Inc. c/o Holcomb Oil & Gas

3. ADDRESS OF OPERATOR  
P.O. Box 2058, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)  
At surface  
1286' FNL 125' FEL  
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE  
4 miles NW of Lybrook

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

16. NO. OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED TO THIS WELL

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

19. PROPOSED DEPTH  
5800'

20. ROTARY OR CABLE TOOLS  
Rotary

21. STATIONS. (Show whether DP, RT, GR, etc.)  
7055' GL

22. APPROX. DATE WORK WILL START  
June 30, 1990

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	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 & circulation 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 gas 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.

24. W. J. Holcomb  
SIGNED: *[Signature]* TITLE: Agent, Bannon Energy DATE: 5-25-90

(This space for Federal or State office use)

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

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY:

EXHIBIT E

\*See Instructions On Reverse Side

**NAMES AND ADDRESSES OF OFFSET OWNERS  
AND INTERESTED PARTIES**

**APPLICATION FOR NON-STANDARD LOCATION**

**BANNON ENERGY, INC.**  
**FEDERAL 31 #4**  
1286' FNL 129' FEL  
A 31-T24N-R7W  
Lybrook Gallup Oil Pool

Dugan Production Corporation •  
P. O. Box 208  
Farmington, New Mexico 87499-0208

Grace Petroleum Corporation •  
Suite 760  
143 Union Boulevard  
Lakewood, Colorado 80228

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

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

• Sent by Certified Mail, Return Receipt Requested

**EXHIBIT F**