

# **A. R. KENDRICK**

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

November 2, 1990

DIVISION

NOV 6 01 9 11

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

Re: Application for Non-Standard Location  
Bannon Energy, Inc.  
[REDACTED]; 1288' FNL 1246' FEL  
A-31-T24N-R7W  
Lybrook Gallup Oil Pool  
Rio Arriba County

*Case 10194*

Gentlemen:

We, on behalf of Bannon Energy, Inc., hereby make application for approval of the location of a well to be located 1288' FNL 1246' 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.

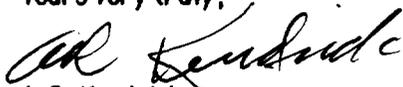
Also enclosed is a copy of a letter from the archaeologist who documented the sites on the mesa.

All offset operators 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**  
1288' FNL 1246' FEL  
A-31-T24N-R7W  
Lybrook Gallup Pool  
Rio Arriba County, New Mexico

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 than 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

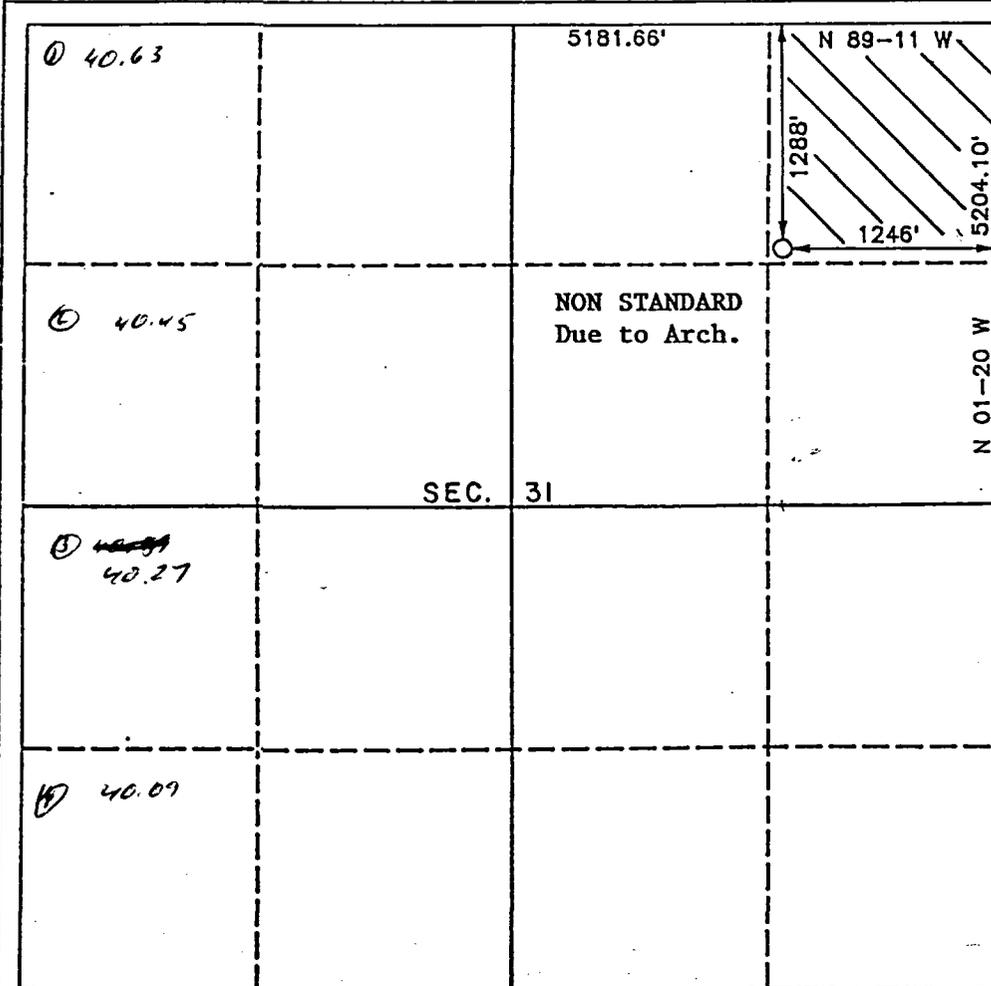
**DISTRICT III**  
 1000 Rio Brazos Rd., Aztec, NM 87410

**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>1288</b> feet from the <b>NORTH</b> line and <b>1246</b> feet from the <b>EAST</b> line				
Ground level Elev. <b>7017</b>	Producing Formation <b>Gallup</b>	Pool <b>Lybrook</b>	Dedicated Acreage: <b>40 Acres</b>	

- 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.

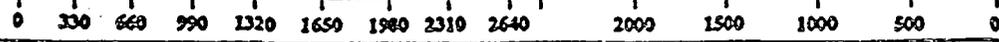
*Robert G. Chenault*  
 Signature  
**ROBERT G. CHENAULT**  
 Printed Name

Position  
**Right-of-Way Agent**  
 Company  
**Daggett & Chenault Inc.**  
 Date  
**Oct. 18, 1990**

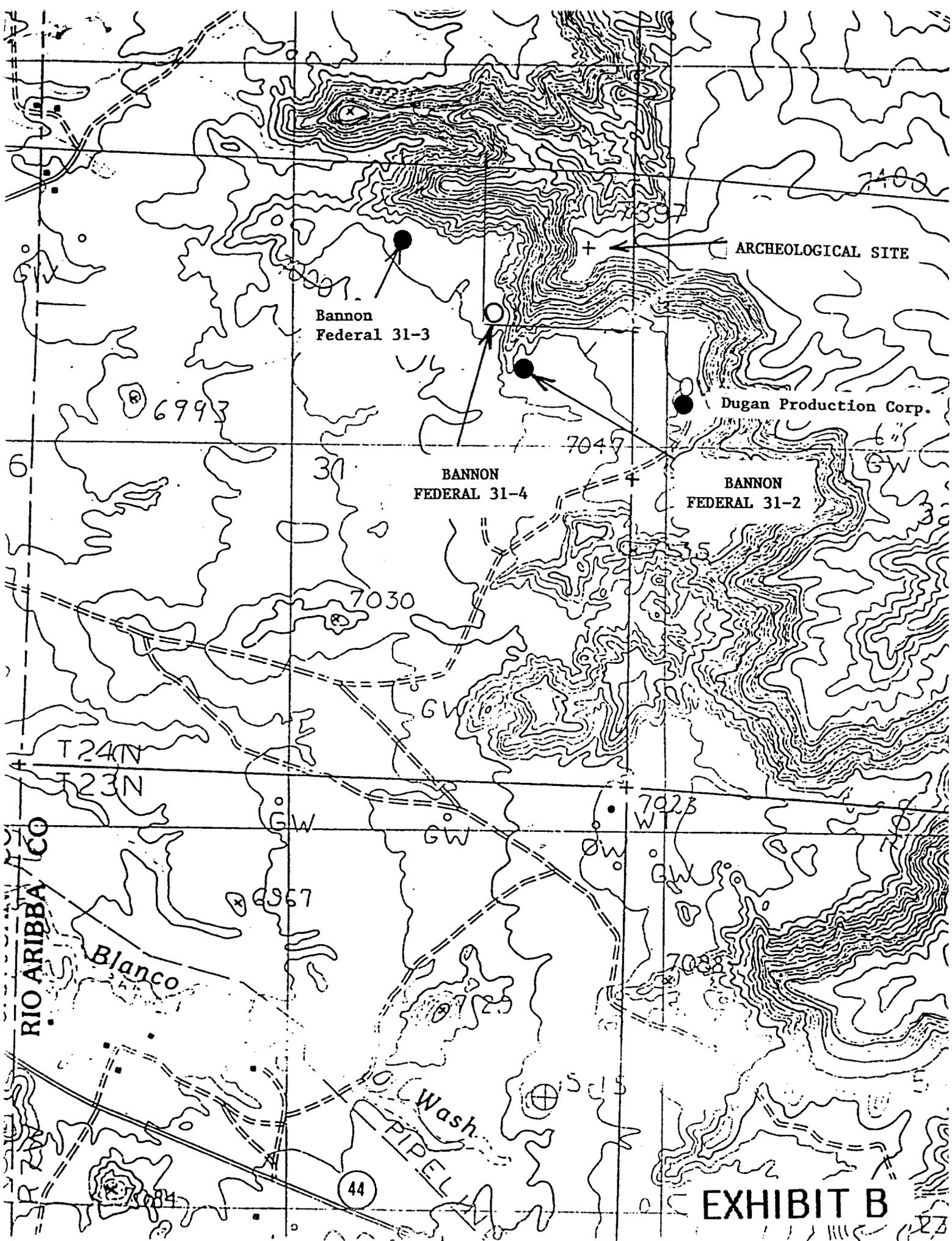
**SURVEYOR CERTIFICATION**  
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed  
**OCTOBER 11, 1990**

Signature & Seal  
*Howard B. Daggett*  
 Professional Surveyor  
 Certificate No. **9678**



**EXHIBIT A**



ARCHEOLOGICAL SITE

Bannan  
Federal 31-3

Dugan Production Corp.

BANNON  
FEDERAL 31-4

BANNON  
FEDERAL 31-2

RIO ARIBBA CO

Blanco

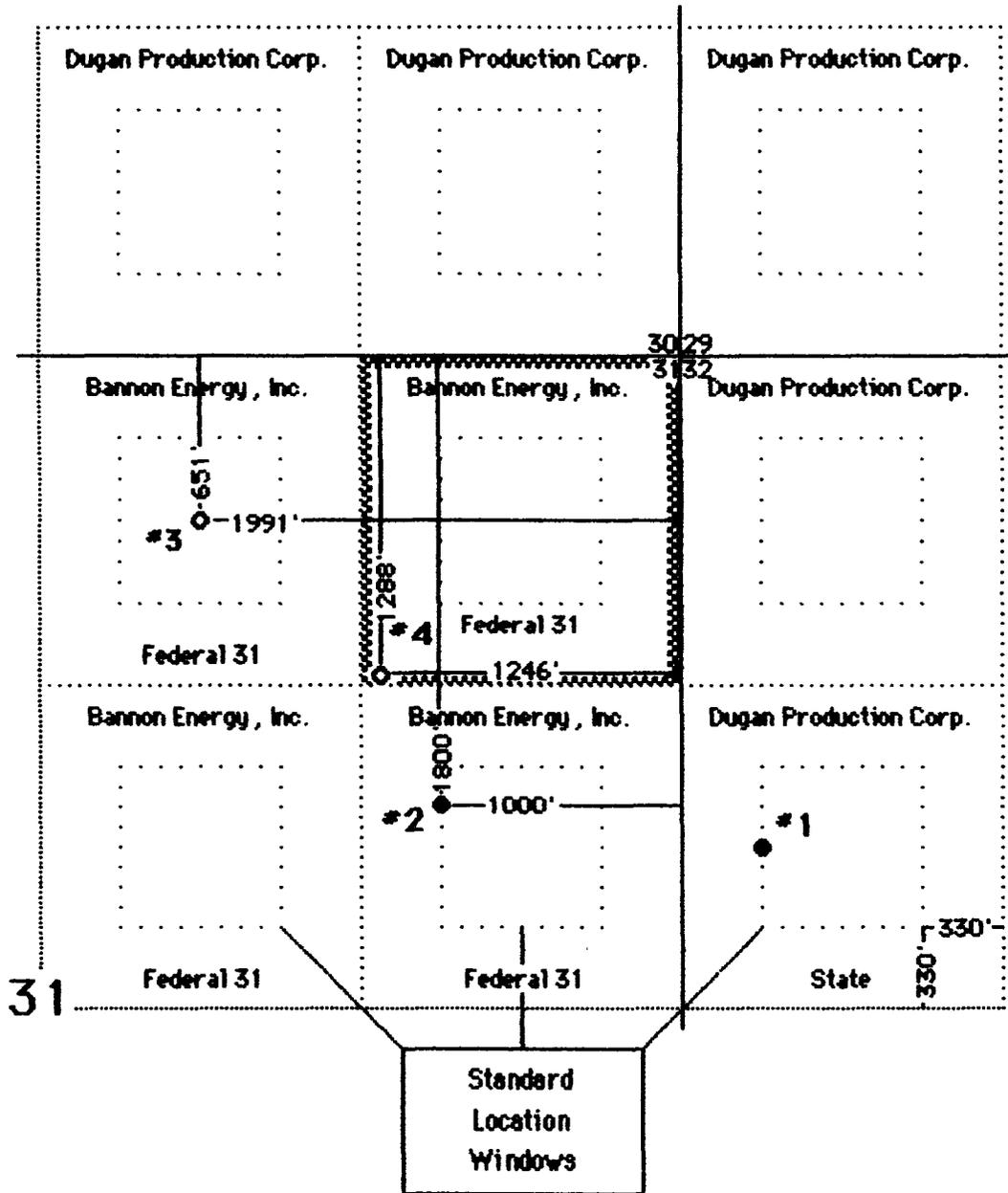
Wash  
PIPELINE

44

EXHIBIT B

# PLAT OF OWNERS, WELLS & WINDOWS

**Bannon Energy, Inc. Federal 31 #4**  
**1288' FNL 1246' FEL Sec. 31-T24N-R7W**  
**Lybrook Gallup Oil Pool**



**Daggett** **Chenault**  
**And** **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

1. TYPE OF WORK  
 DRILL       DEEPEN       PLUG BACK

2. TYPE OF WELL  
 OIL WELL       GAS WELL       OTHER       SINGLE ZONE       MULTIPLE ZONE

3. NAME OF OPERATOR  
 Bannon Energy, Inc. c/o Holcomb Oil & Gas

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

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

6. LEASE DESIGNATION AND SERIAL NO.  
 NM 33005

7. IF INDIAN, ALLOTTEE OR TRIBE NAME  
 Navajo Indian Tribe

8. UNIT AGREEMENT NAME

9. FARM OR LEASE NAME  
 Federal 31

10. WELL NO.  
 4

11. FIELD AND POOL, OR WILDCAT  
 Lybrook Gallup

12. SEC., T., R., M., OR B.L.K. AND SURVEY OR AREA  
 Unit A  
 Sec. 31 T24N R7W

13. COUNTY OR PARISH      14. STATE  
 Rio Arriba      NM

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

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

17. NO. OF ACRES IN LEASE

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. ELEVATIONS (Show whether D.F., 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 & circulate to surface.

Well to be drilled to penetrate the Gallup formation. All producing intervals in the Gallup will be stimulated as necessary.

EXHIBITS:

- "A" Location & Elevation Plat
  - "B" Ten Point Compliance Program
  - "C" Blowout Preventor Diagram
  - "D" Multi-point requirements of APD
  - "E" Site specific checklist for roads (Attachment to "E" - Topo map)
  - "F" Drill Rig Layout
  - "G" Completion Program Layout
  - "H" Location Profile
- The 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**

**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**

# Dugan Production Corporation

P. O. Box 208-420  
Farmington, New Mexico 87499-0208-CH20

RECEIVED  
OIL CONSERVATION DIVISION  
NOV 6 AM 8 43

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

Re: **Waiver of Objection**

*Case 10194*

To: Application for Non-Standard Location  
~~Bannon Energy, Inc.~~  
Federal 31 #4  
1288' FNL 1246' FEL  
Section 31, Township 24 North, Range 7 West  
Lybrook Gallup Oil Pool

Gentlemen:

We, Dugan Production Corporation, an offset owner, hereby waive objection to the application for the non-standard location of the ~~Bannon Energy, Inc.~~ Federal 31 #4 well to be located 1288' FNL 1246' FEL of Section 31, Township 24 North, Range 7 West, Lybrook Gallup Oil Pool, Rio Arriba, New Mexico.

Yours very truly,

**Dugan Production Corporation**

BY: *Thomas A. Dugan*

Date: 11-5-90