



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

GARREY CARRUTHERS
GOVERNOR

December 17, 1990

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

RECEIVED

DEC 18 1990

OIL CON. DIV
DIST 3

Bannon Energy, Inc.
c/o A.R. Kendrick
Box 516
Aztec, NM 87410-0516

RE: Administrative Application for a non-standard oil well location. Federal 31 Well No. 4; 1288' FNL - 1246' FEL, A-31-T24N-R7W, Lybrook Gallup Oil Pool, Rio Arriba County, New Mexico.

Dear Mr. Kendrick:

Reference is made to the subject application date November 2, 1990. After review of this filing by both the Santa Fe and Aztec Offices of the OCD, it has been determined that due to the extreme nature of the unorthodox location, this matter should be set for hearing before an Examiner for further consideration.

Therefore, this application shall be placed on the next available docket for the Examiner Hearing scheduled for January 10, 1991.

Should you wish to make application to directionally drill this well from the proposed surface location to a legal bottomhole location in the NE/4 NE/4 of said Section 31, the Division would consider such matter administratively.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: **Oil Conservation Division - Aztec**
US Bureau of Land Management - Farmington



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

ARREY CAPRUTHERS
GOVERNOR

1000 INDIANAZO ROAD
AZTEC, NEW MEXICO 87410
(505) 334-0178

Date: 11-26-90

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

Arthur M. Stogner

Re: Proposed HC _____
Proposed DHC _____
Proposed NSL X _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated 11-5-90
for the Hannon Energy Inc. Federal 31 #4
Operator Lease & Well No.

A-31-24N-7W and my recommendations are as follows:
Unit, S-T-R

Directionally Drill

Yours truly,

Paul B. Burch

A. R. KENDRICK

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

November 2, 1990

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

Re: Application for Non-Standard Location
Bannon Energy, Inc.
Federal 31 #4, 1288' FNL 1246' FEL
A-31-T24N-R7W
Lybrook Gallup Oil Pool
Rio Arriba County

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.

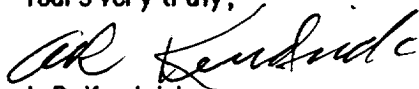
Also enclosed is a copy of a letter from the archaeologist who documented the sites on the mesa.

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

RECEIVED
NOV 5 1990
OIL CON. DIV.
DIST. 3

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 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

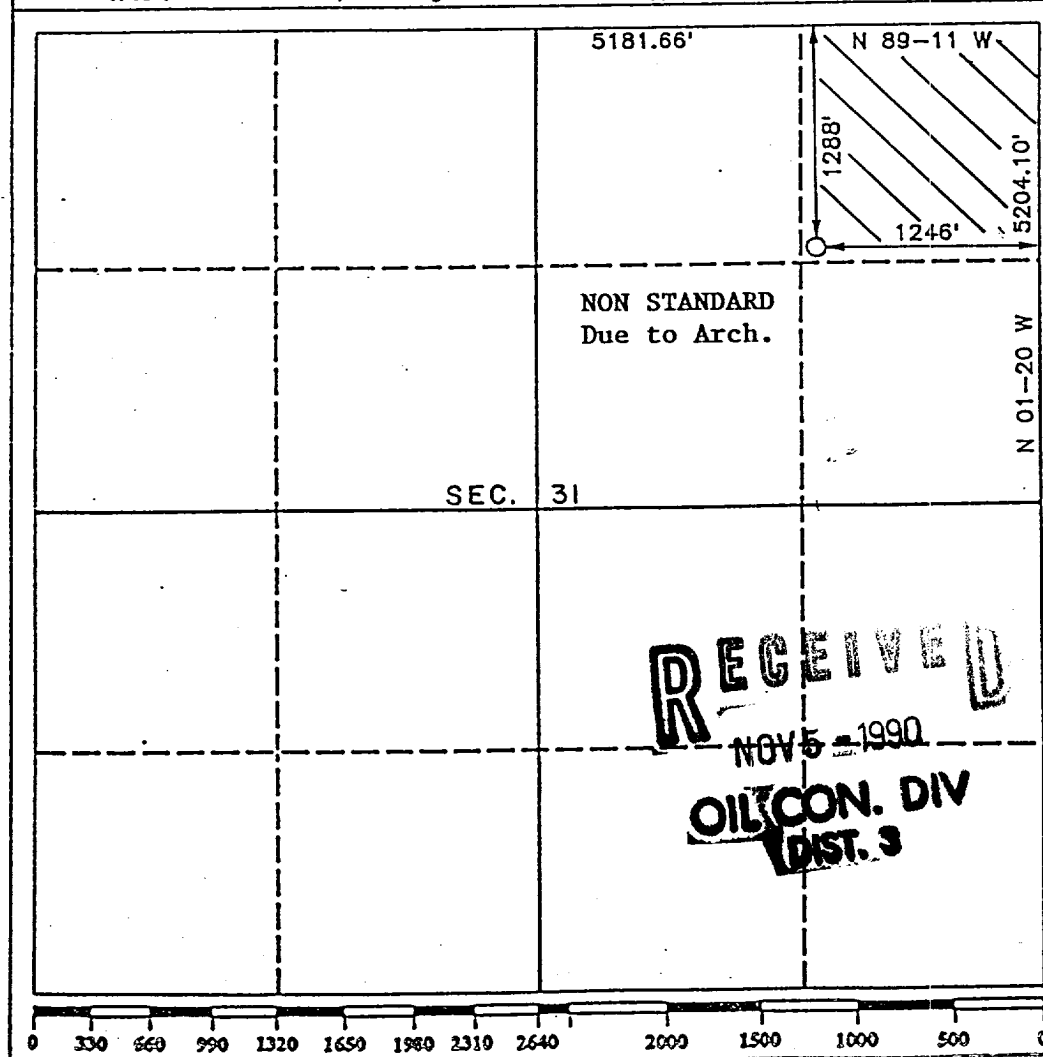
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator BANNON ENERGY, INC		Lease FEDERAL 31		Well No. 4
Unit Letter A	Section 31	Township T.24 N.	Range R.7 W.	County RIO ARriba COUNTY
Actual Footage Location of Well: 1288 feet from the NORTH line and 1246 feet from the EAST line				
Ground level Elev. 7017	Producing Formation Gallup	Pool Lybrook	Dedicated Acreage: 40 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 communization, 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 communization, 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
Robert G. Chenault
Printed Name

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

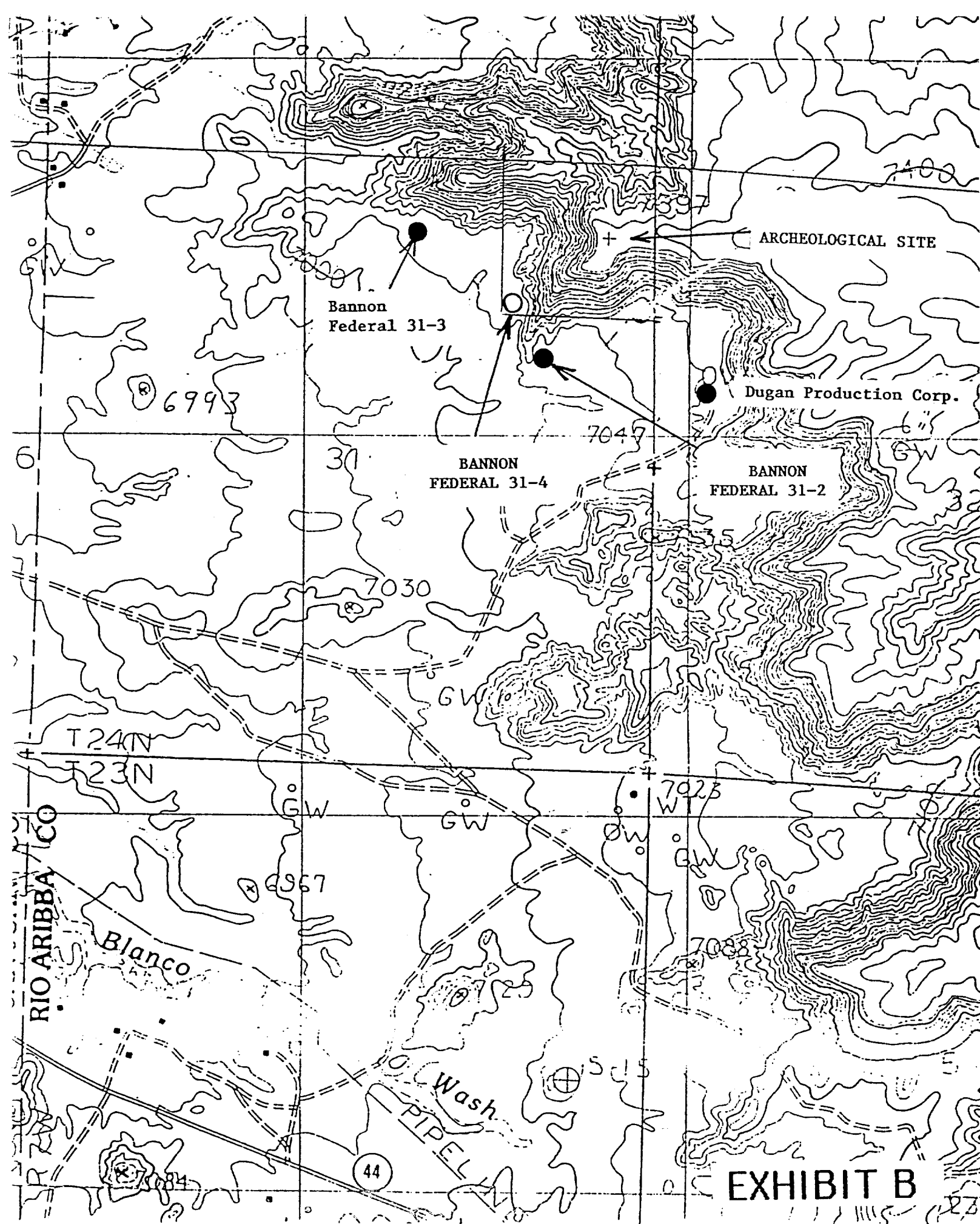
SURVEYOR CERTIFICATION

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

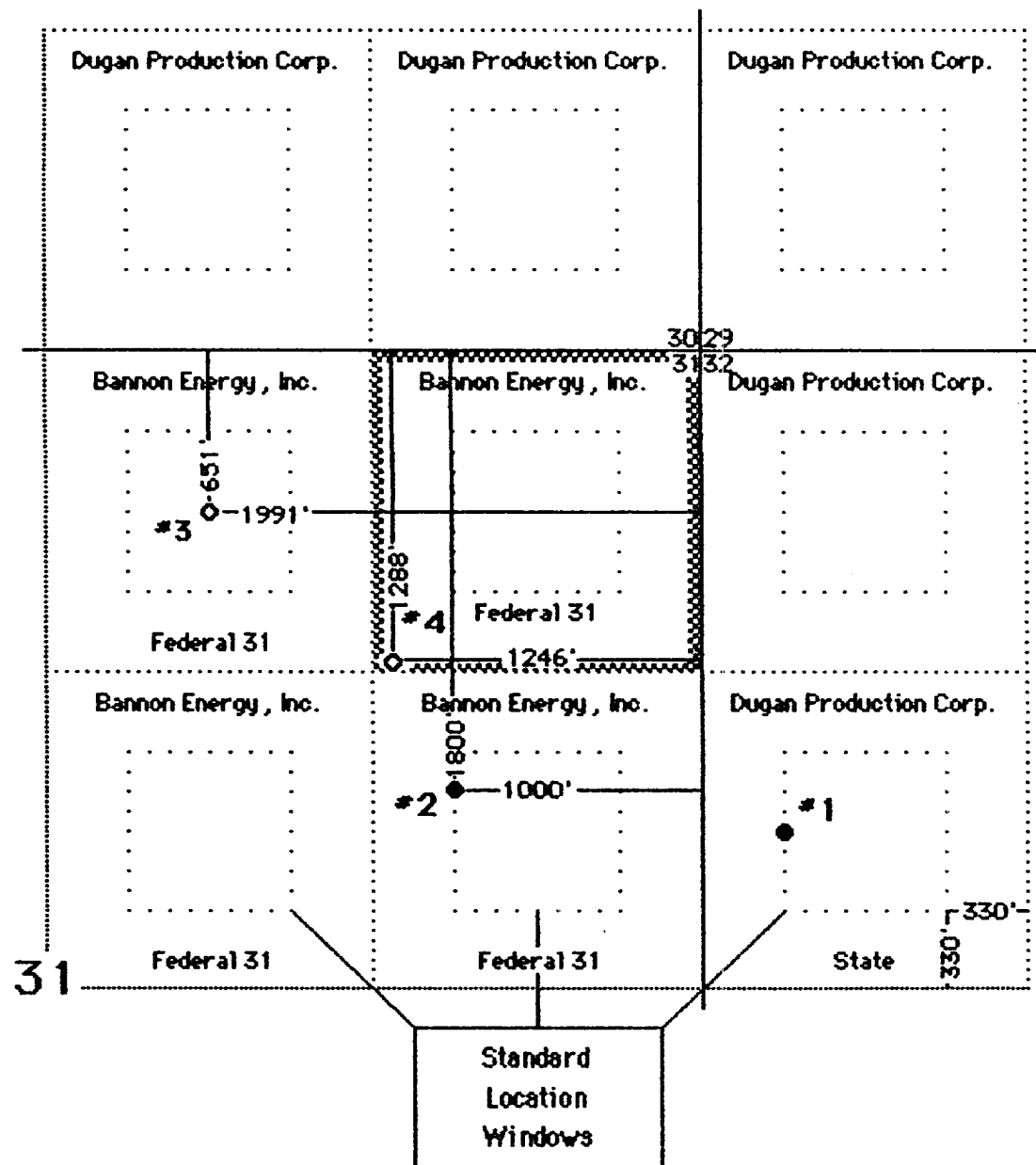
Signature & Seal of Professional Surveyor
Howard Daggett
Certificate No.
9678
PROFESSIONAL LAND SURVEYOR

EXHIBIT A



PLAT OF OWNERS, WELLS & WINDOWS

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



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

SUBMIT IN INK
(Other instructions on
reverse side)

Form approved
Budget Bureau No. 1004-0136
Expires August 31, 1985

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK			5. LEASE DESIGNATION AND SERIAL NO. NM 33005	
1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME Navajo Indian Tribe	
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"/>			7. UNIT AGREEMENT NAME	
2. NAME OF OPERATOR Bannon Energy, Inc. c/o Holcomb Oil & Gas			8. FARM OR LEASE NAME Federal 31	
3. ADDRESS OF OPERATOR P.O. Box 2058, Farmington, NM 87499			9. WELL NO. 4	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1286' FNL 125' FEL At proposed prod. zone			10. FIELD AND POOL OR WILDCAT Lybrook Gallup	
11. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 4 miles NW of Lybrook			11. SEC. T. R. M. OR BLK. AND SURVEY OR AREA Unit A Sec. 31 T24N R7W	
12. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 7055' GL			12. COUNTY OR PARISH Rio Arriba	
13. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 7055' GL			13. STATE NM	
14. NO. OF ACRES IN LEASE			17. NO. OF ACRES ASSIGNED TO THIS WELL	
15. PROPOSED DEPTH 5800'			20. ROTARY OR CABLE TOOLS Rotary	
21. 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 | "F" Drill Rig Layout |
| "B" Ten Point Compliance Program | "G" Completion Program Layout |
| "C" Blowout Preventor Diagram | "H" Location Profile |
| "D" Multi-point requirements of APD | |
| "E" Site specific checklist for roads (Attachment to "E" - Topo map) | 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 W. J. Holcomb 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

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 a false statement.

**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 Cellup 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