Form 3160-3 (November 1983)

UNITED STATES

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

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

(form -rly 9-331C) DEPARTMENT OF THE INTERIOR 5. LEASE DESIGNATION AND SERIAL NO. BUREAU OF LAND MANAGEMENT NM-20304 30-045-28280 6. IF INDIAN, ALLOTTER OR TRIBE NAME APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK 1a. TYPE OF WORK 7. UNIT AGREEMENT NAME DRILL X DEEPEN _ PLUG BACK South Blanco Federal Unit b. TYPE OF WELL MULTIPLE Zone WELL X 8. FARM OR LEASE NAME OIL GAS WELL OTHER South Blanco Federal Unit 2. NAME OF OPERATOR 9. WELL NO. Bannon Energy, Inc., c/o Dagget & Chenault, Inc. 3. ADDRESS OF OPERATOR *23*-4 10. FIELD AND POOL, OR WILDCAT 3935 E. 30th, Ste. 7B, Farmington, NM 87401 Lybrook-Gallup 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*) 11. SEC., T., R., M., OR BLK.

AND SURVEY OR AREA 581' FSL, 500' FEL, Unit P At proposed prod. zone Sec. 23, T24N, R8W 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE® 12. COUNTY OR PARISH! 13. STATE San Juan MM Approximately 8 miles NW of Escrito Trading Post 15. DISTANCE FROM PROPOSED 16. NO. OF ACRES IN LEASE 17. NO. OF ACRES ASSIGNED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) TO THIS WELL 500' 600 40 18. DISTANCE FROM PROPOSED LOCATION®
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. 20. ROTARY OR CABLE TOOLS 19. PROPOSED DEPTH 5800 1265' Rotary 21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6867 Ginis action is subject to technical and 22. APPROX. DATE WORK WILL START* 6867' October 1, 1990 procedural review pursuant to 43 CFR 3165.3 23. and appeal pursuage bogen casing and Gementing Program SETTING DEPTH WEIGHT PER FOOT QUANTITY OF CEMENT SIZE OF HOLE SIZE OF CASING 12-1/4" 8-5/8" 24.0 1b. J-55 300**'** Cement to Surface 7-7/8" 4-1/2" 800 sx-volume to be calculated 11.6 lb. K-55 5800 subsequent to logging and circulated 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 Pla | t |
|------------------------------|---|
|------------------------------|---|

"B" Ten Point Compliance Program

"C" Blowout Preventor Diagram

"D" Multi-Point Requirements of APD

Site Specific Checklist for Roads (Attachment to "E" - Topo Map)

"F" Drill Rig Layout

"G" Completion Program Layout

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. | | | |
|--|-----------------------------|------|--------------|
| SIGNED RAlehaband | TITLE R.A. Chabaud | V.P. | DATE 9-14-90 |
| (This space for Federal or State office use) | | | |
| PERMIT NO. DECEIVED | APPROVAL DATE | | |
| APPROVED BY | TITLE | | Dat De algo |
| CONDITIONS OF APPROVAL, IF AND 1990 | | 5. 7 | othe Keller |
| OIL CON. DIV. | | 12/ | |
| DIST. 3 *See | nstructions On Reverse Side | | |

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

POFESSIONAL

DISTRICT | P.O. Box 1980, Hoods, NM 88240

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

| P.O. Drawer DD, Arlesia, | NM 88210 | | - | | | | 1 | |
|--|--|---|--------------------|-------------------|---|---|--|----------------|
| DISTRICT III 1000 Rio Brazos Rd., Azze | sc, NM 87410 WELL LO | OCATION AND | ACREAGE I | DEDICATIO | N PLAT ection | | | |
| _ | ION ENERGY, IN | | ŠOUTH I | BLANCO | | NITS | well No. | 3 4 |
| Unit Letter Sect | 23 Township 24 | N. | R. | 8 W. | NMPM Co | Ľ NÁŽ | UAN (| COUNT |
| Actual Focuse Location of feet | of Well: SOUTH | line and | 500 | | feet from the | EAST | line Dedicated A | CT#206' |
| Ground level Elev. 6867 | Producing Formation Gallup | Po | Lyb | rook | | · | 4 | _ |
| 2. If more than 3. If more than unitization, for | one lease is dedicated to the subject we one lease is dedicated to the well, one lease of different ownership is orce-pooling, etc.? No If an ist the owners and tract descript | outline each and ide dedicated to the we | ntify the ownershi | p thereof (both a | s to working in | | | |
| this form if nec | | interests have been | consolidated (by o | oramunitization, | | ed-pooling, | or otherwis | e) |
| | OIL CON. D DIST. 3 | | | | Printe Positi Positi Date | hereby coined herein from the first | in true and application of the last of the | aud T-Oper |
| | | | | 7777 50 | M on 11 actual super corre belief Date Sign. Profe | nis plat was I surveys r vison, and ct to the | plotted fr made by that the that the thest of m | |

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