



STATE OF NEW MEXICO
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

July 19, 1993

Bannon Energy, Inc.
3934 FM 1960 West Suite 240
Houston, TX 77068

GRACE FEDERAL 1 #1K
E-01-23N-C7W

RE: Illegal Pits in Northwestern New Mexico

To Whom It May Concern:

New Mexico Oil Conservation Order R-8952 (for the protection of migratory birds) became effective June 15, 1989 and states that all pits and open top tanks more than 16' in diameter shall be screened, netted or covered. Field inspections conducted by Jackie Neckels from the BLM revealed that several Bannon pits listed on the attached paper require compliance.

Exceptions to the order may be requested for pits which do not generally contain hydrocarbons, by filing Form C-134. No requests for exceptions have been received in this office for these dry pits. Also noted on the attached list are several unnetted pits which contained fluid and/or hydrocarbons.

You are hereby directed to submit exceptions for all dry pits to this office by August 19, 1993 and remove all fluid and properly net the remaining pits by September 3, 1993. If you have any questions please feel free to call me at 505-334-6178.

Sincerely,

Dianna K. Fairhurst

Dianna K. Fairhurst
Deputy Oil & Gas Inspector

xc: Well File
C-134 File
Jackie Neckels - BLM