STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

January 10, 1991

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

Administrative Order NSL-267-A

Dear Mr. Kendrick:

Reference is made to your application dated November 2, 1990 for a non-standard oil well location for your Goff "30" Well No. 5-R to be located 2055 feet from the North line and 824 feet from the West line (Unit E) of Section 30, Township 24 North, Range 6 West, NMPM, Escrito-Gallup Associated Pool, Rio Arriba County, New Mexico. An existing 79.32-acre oil spacing and proration unit comprising Lots 1 and 2 (W/2 NW/4 equivalent) of said Section 30 is to be dedicated to said well. It is our understanding that the Goff "30" Well No. 5, which is presently dedicated to said unit will be plugged and abandoned.

By the authority granted me under the provisions of Rule 2(b) of the Special Rules and Regulations for the Escrito-Gallup Associated Pool and of the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico as promulgated by Division Order No. R-5353, as amended, the above-described unorthodox oil well location is hereby approved.

Sincerely,

William J. LeMay

Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec

US Bureau of Land Management - Farmington

File: NSL-267