

BANNON ENERGY INCORPORATED

3934 F.M. 1960 West, Suite 240

Houston, Texas 77068

(713) 537-9000

FAX (713) 537-8624

OIL CONSERVATION DIVISION

RECEIVED

'90 MAR 9 AM 9 59

*Copy Sent to
P. Carmichael
3/13/90*

March 7, 1990

Oil Conservation Division
ATTN: Michael Stogner
P.O. Box 2088
Santa Fe, New Mexico 87504

Re: Non-Standard Location - State 2-2
Section 2 T23N R6W
Unit C - 1183' FNL x 1594' FWL
Counselors Gallup Dakota Pool
Rio Arriba County, New Mexico


Non-Standard Location - State 2-4
Section 2 T23N R6W
Unit K - 1422' FSL x 1758' FWL
Counselors Gallup Dakota Pool
Rio Arriba County, New Mexico

Dear Mr. Stogner

This letter is presented to request approval for non-standard locations for the above referenced wells. The wells were staked at these locations due to archaeological restrictions. The archaeology surveys were conducted on December 13 and 14, 1989, respectively. Please find enclosed Technical Reports Nos. 1766 and 1768 recommending clearance for the proposed well pads and access roads. Also enclosed are copies of certified letters to offset operators, C-102s and topo maps of the area.

Should you have any questions regarding this matter, please call William Holcomb at (505) 326-0550. Thank you for your consideration in this matter.

Sincerely


W. J. Holcomb
Agent, Bannon Energy

WJH/ck

Enclosures

xc: Ernie Busch, Aztec OCD

BANNON ENERGY INCORPORATED

3934 F.M. 1960 West, Suite 240
Houston, Texas 77068
(713) 537-9000
FAX (713) 537-8624

RETURN RECEIPT REQUESTED
P 117 123 797

March 7, 1990

Merrion Oil & Gas, Inc.
610 Reilly Avenue
Farmington, New Mexico 87401

Re: Non-Standard Location - State 2-2
Section 2 T23N R6W
Unit C - 1183' FNL x 1594' FWL
Counselors Gallup Dakota Pool
Rio Arriba County, New Mexico

Non-Standard Location - State 2-4
Section 2 T23N R6W
Unit K - 1422' FSL x 1758' FWL
Counselors Gallup Dakota Pool
Rio Arriba County, New Mexico

This letter is to notify you of Bannon Energy, Inc.'s request for approval of non-standard locations to drill the above referenced wells as stated above. The wells were staked at these locations due to archaelolgic constraints.

Should you have any questions regarding this matter, please call William Holcomb at (505) 326-0550. Thank you for your consideration in this matter.

Sincerely

W. J. Holcomb
W. J. Holcomb
Agent, Bannon Energy

WJH:ck

90 MAR 9 AM 9 59
OIL CONSERVATION DIVISION
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BANNON ENERGY INCORPORATED

3934 F.M. 1960 West, Suite 240
Houston, Texas 77068
(713) 537-9000
FAX (713) 537-8624

RETURN RECEIPT REQUESTED
P 117 123 796

March 7, 1990

Dugan Production
P.O. Box 5820
Farmington, New Mexico 87499

Re: Non-Standard Location - State 2-2
Section 2 T23N R6W
Unit C - 1183' FNL x 1594' FWL
Counselors Gallup Dakota Pool
Rio Arriba County, New Mexico

Non-Standard Location - State 2-4
Section 2 T23N R6W
Unit K - 1422' FSL x 1758' FWL
Counselors Gallup Dakota Pool
Rio Arriba County, New Mexico

This letter is to notify you of Bannon Energy, Inc.'s request for approval of non-standard locations to drill the above referenced wells as stated above. The wells were staked at these locations due to archaelolgic constraints.

Should you have any questions regarding this matter, please call William Holcomb at (505) 326-0550. Thank you for your consideration in this matter.

Sincerely

W. J. Holcomb

W. J. Holcomb
Agent, Bannon Energy

WJH:ck

OIL CONSERVATION DIVISION
RECEIVED
'90 MAR 9 AM 9 59



DIVISION OF CONSERVATION ARCHAEOLOGY

San Juan County
Museum Association

OIL CONSERVATION DIVISION
RECEIVED

December 14, 1989
'90 MAR 9 AM 9 '59

Mr. Bradley Salzman
Holcomb Oil and Gas
P.O. Box 2058
Farmington, New Mexico 87499

Dear Mr. Salzman:

Our report on the archaeological survey of the abandoned and proposed Bannon State 2-2 well pad and associated access road/pipeline located near Counselor, Rio Arriba County, New Mexico is enclosed. Two isolated loci and two archaeological sites were found. The isolates consist of lithic reduction flakes or ceramic sherds and are located along the well pad. Site DCA-89-502 consists of a Navajo Gobernador habitation and is located on the abandoned well pad. Site DCA-89-503 is a multicomponent habitation/camp located in the construction zone and in the cultural buffer zone of the proposed well pad.

Documentation of the isolates is considered sufficient to exhaust their research potential. The original well pad location was abandoned because of site DCA-89-502. The well pad location was then moved to the northwest where site DCA-89-503 was encountered. Site DCA-89-502, located on the abandoned well pad, is at least 100 ft from proposed construction and will not be affected. Site DCA-89-503 is located at the edge of the construction zone of the well pad; however, it is situated on a hillslope and sandstone outcrop overlooking the proposed location and should not be affected by construction activities. Archaeological clearance is recommended for proposed Bannon State 2-2 well pad and associated access road/pipeline.

The New Mexico Historic Preservation Division will review this report and make the final decision on archaeological clearance for your project.

An invoice for our services has been sent directly to Bannon Energy, Inc. in Texas. Please contact us if you have any questions concerning the report or invoice.

Sincerely,

Patricia Walker-Buchanan
Supervisory Archaeologist

cc: Tom Merlan, NMHPD, Santa Fe
A.R. Gomolak, State Land Office, Santa Fe

PROJECT DESCRIPTION

Abandoned and Proposed Bannon State 2-2 Well Pad and Associated Access Road/Pipeline (Figures 1 and 2)

Legal Description:

T23N, R6W, Section 2*, 1654' F/NL, 1654' F/WL (abandoned well pad)
 NW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ " " "
 1183' F/NL, 1594' F/WL (proposed well pad)
 SE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ " " "
 NE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ " " "
 SW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ " " "
 NW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ " " "
 SE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ (access road/pipeline)

N.M.P.M., Rio Arriba County, New Mexico

*template anchored on northwest corner and west line

Map Source: U.S.G.S. 7.5' Tafoya Canyon, New Mexico - 1963

Land Jurisdiction: State of New Mexico

Project Area: 400' x 400' (proposed well pad and construction zone)
 500' x 50' (proposed access road)
 400' x 600' (additional area from abandoned location)

Surveyed Area: 600' x 600' (proposed well pad and construction zone with buffer)
 500' x 150' (proposed access road with buffer)
 400' x 600' (additional area from abandoned location)
 15.5 Acres

Description: The proposed project is located in the drainage basin of a short tributary arm of Escrito Canyon. The abandoned location is located on a terrace and mesa slope overlooking and adjacent to the proposed location. The proposed well pad is situated in the drainage bottomlands. Mesa walls and slopes surround the project on three sides and open into a tributary of Escrito Canyon to the west, with Escrito Canyon located to the northwest. Soils consist of sandy clay loams with sandstone boulders and outcrops present along the mesa slopes. Vegetation on the well pad is dominated by sagebrush (Artemisia tridentata). The abandoned well pad and the surrounding mesa slopes are dominated by piñon pine (Pinus edulis), juniper (Juniperus sp.), gambel oak (Quercus gambelii), some serviceberry (Amelanchier sp.), bitterbrush (Purshia tridentata), and a variety of short grasses. Ground level elevation is 6660 ft above sea level.

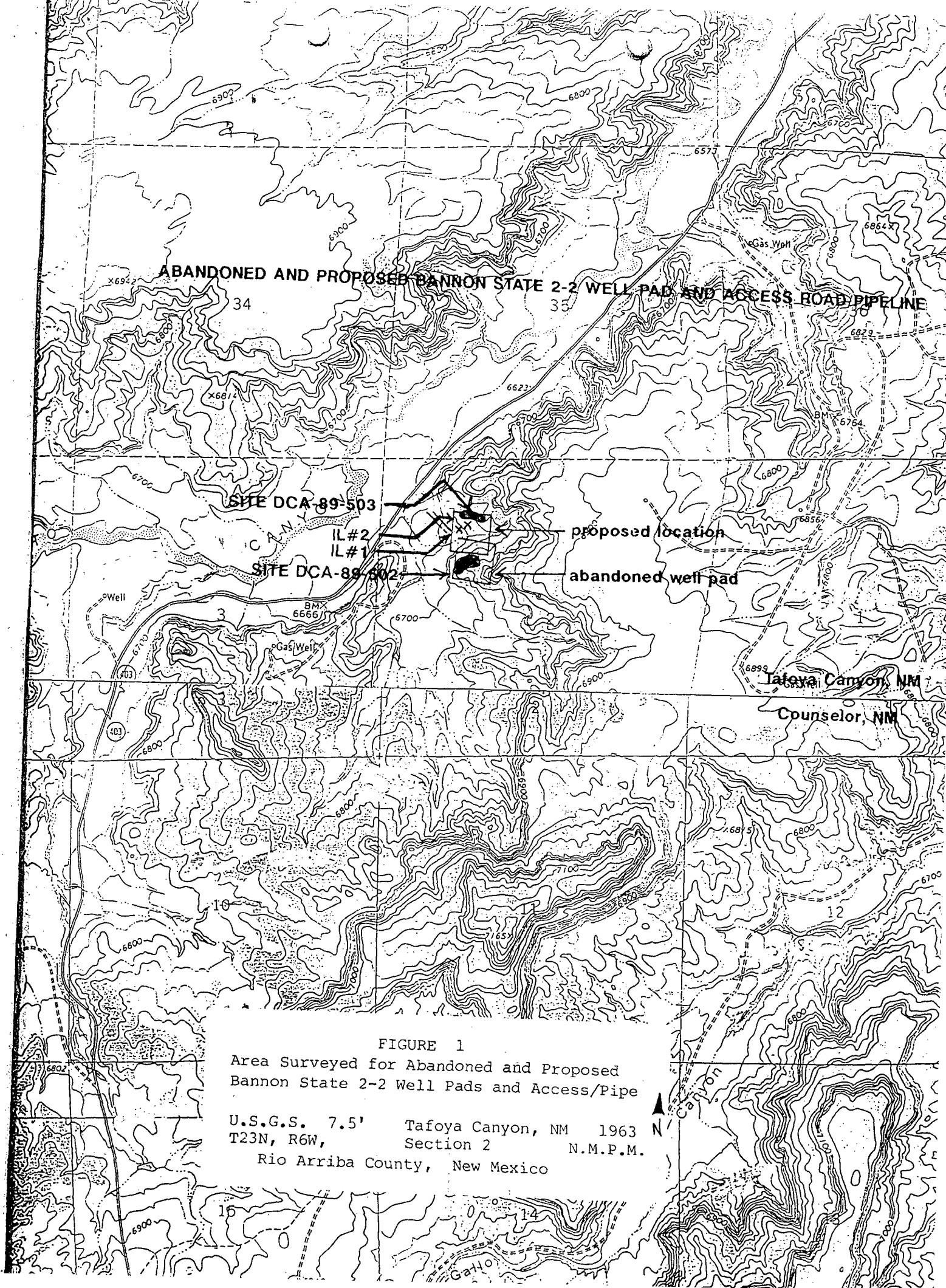


FIGURE 1
Area Surveyed for Abandoned and Proposed
Bannon State 2-2 Well Pads and Access/Pipe
U.S.G.S. 7.5' Tafoya Canyon, NM 1963
T23N, R6W, Section 2 N.M.P.M.
Rio Arriba County, New Mexico

The proposed access road/pipeline will be approximately 500 ft long and will extend from the proposed Bannon State 2-1 well pad in a southeasterly direction to the proposed Bannon State 2-2 well pad. It will enter the project in the western quadrant of the well pad.

Cultural Resources: Two isolated loci and two archaeological sites were encountered during survey of the project area. The isolates are located on the proposed well pad and consist of lithic reduction flakes or ceramic sherds. Site DCA-89-502 is a Navajo Gobernador habitation located on the abandoned well pad location. Site DCA-89-503 is a multicomponent site represented by a lithic and ceramic scatter and a historic camp.

IL #1 consists of a single Gobernador Polychrome sherd and IL #2 consists of a chalcedony reduction flake. Both isolates are on the drainage bottomlands. The isolates are further detailed in Table 1.

Site DCA-89-502 (Figure 3)

DCA-89-502 is a Navajo habitation site represented by a large discrete lithic and ceramic scatter with soil stains and groundstone. The site is on northwest-facing terrace slopes below a mesa and overlooking the confluence of a tributary drainage and Escrito Canyon to the northwest. The cultural material covers an area of 150 x 80 m and is clustered into four artifact concentrations. The artifact assemblage includes lithic reduction flakes of obsidian, various colors of chert, orthoquartzite, and petrified wood; lithic tools and cores; grayware and polychrome ceramic sherds; a metate; and one-hand and two-hand manos. The ceramic sherds all appear to be Gobernador variety. No other diagnostic artifacts were observed.

Cluster 1 consists of an ash and charcoal stain, groundstone, grayware sherds, and lithic flakes. The soil stain measures 3 x 2 m with a depth of 0.5-1.0 cm. The stain is partially deflated and is eroding along both sides of a shallow arroyo. Ash-enriched soil and small charcoal chunks and flecks are present within the stain. The grayware sherds all appear to be Navajo Dinetah Gobernador variety. The lithic flakes include secondary and tertiary flakes of obsidian, white chert, and mottled brown chert. The groundstone consists of a single two-hand mano fragment. The mano measures 8.0 x 8.5 x 3.0 cm, is bifacially ground, pecked along one edge, and made of a modified piece of tabular coarse-grained sandstone.

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

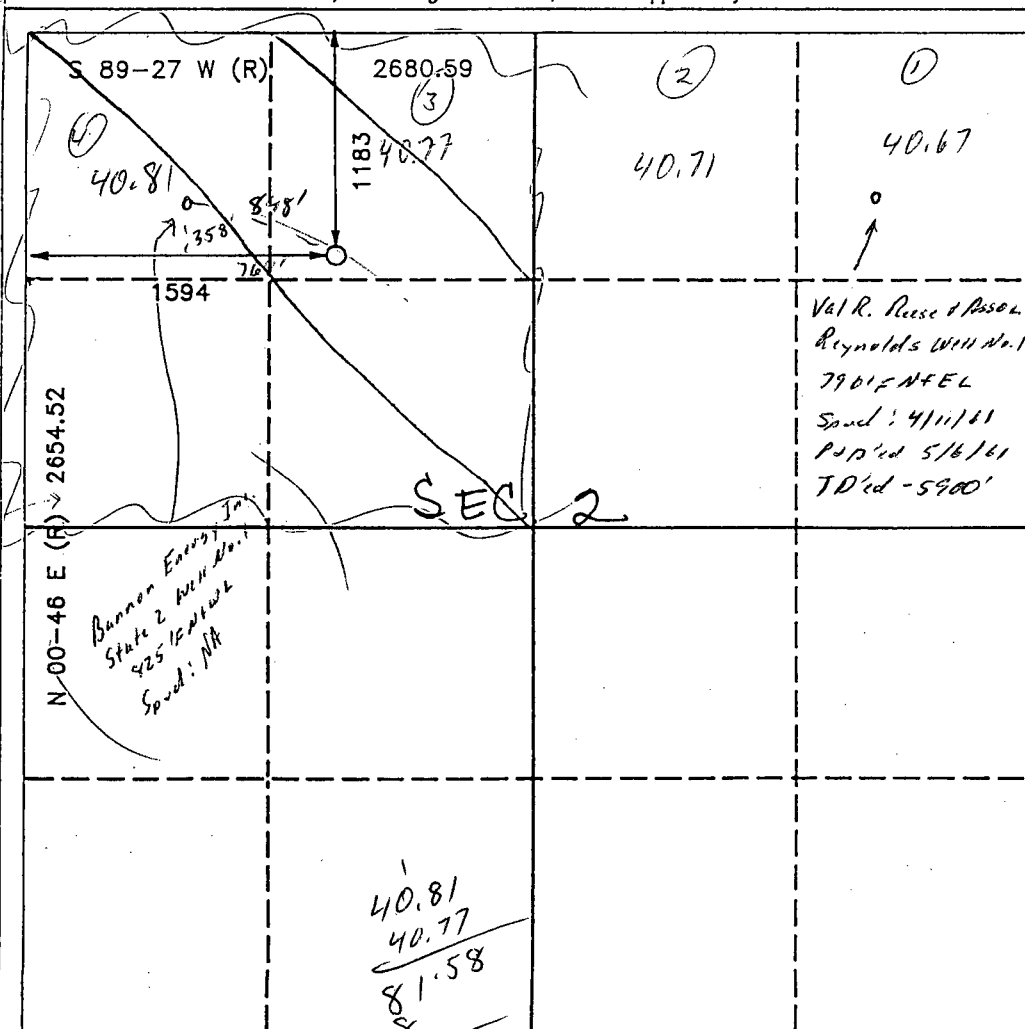
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator BANNON ENERGY, INC.		Lease STATE 2		Well No. 2
Unit Letter C	Section 2	Township T.23 N.	Range R.6 W.	County RIO ARRIBA
Actual Footage Location of Well: 1183 feet from the NORTH line and 1594 feet from the WEST line				
Ground level Elev. 6670	Producing Formation Gallup	Pool Counselors Dakota	Dedicated Acreage: 160 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 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.

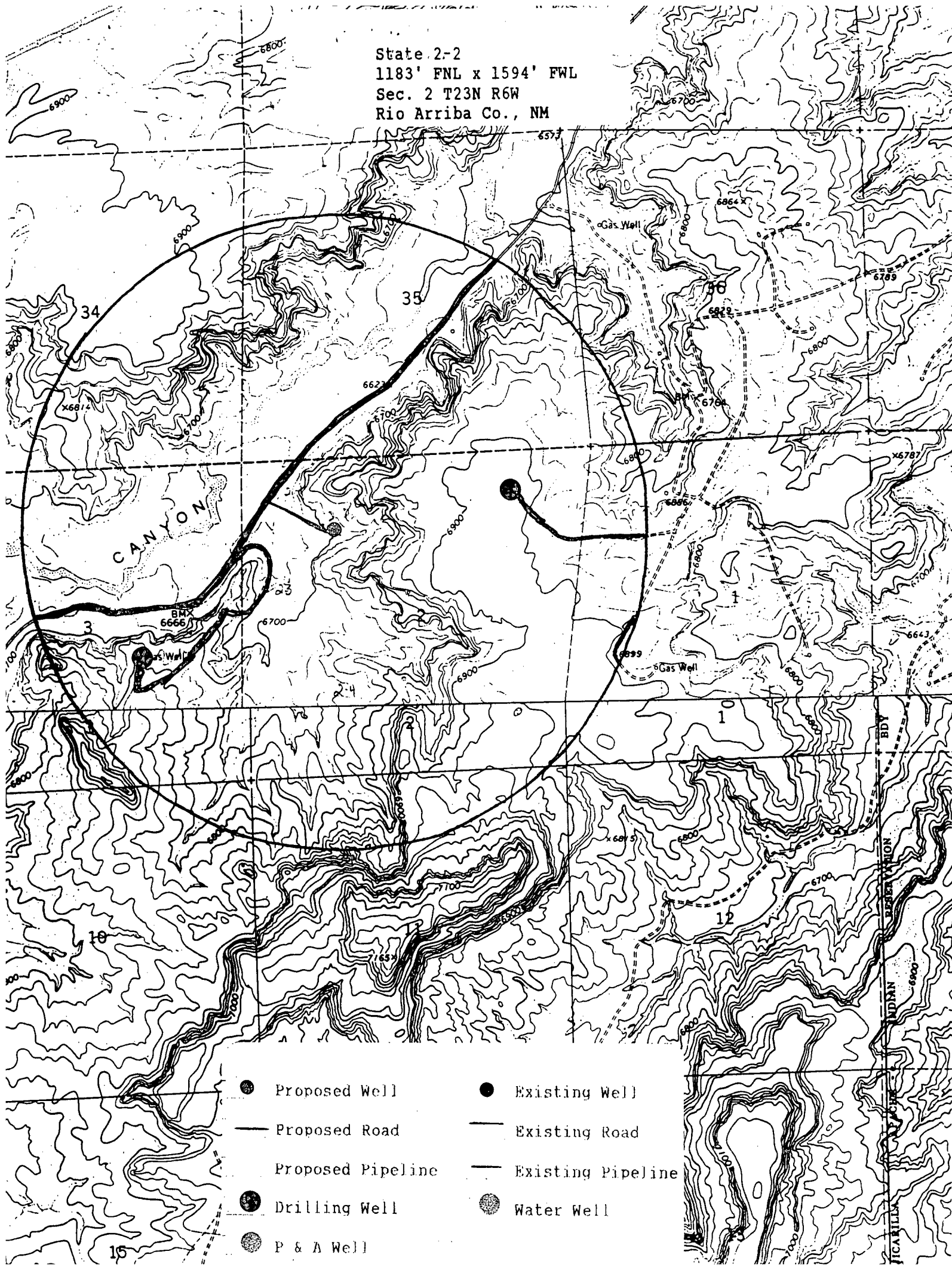
Signature *W. J. Holcomb*
Printed Name **W. J. Holcomb**
Position **Agent**
Company **Bannon Energy, Inc.**
Date

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 **NOV 10 1988**
Signature & Seal of Professional Surveyor **R. HOWARD DAGGETT**
Certificate No. **9679**
Registered Professional Land Surveyor

State 2-2
1183' FNL x 1594' FWL
Sec. 2 T23N R6W
Rio Arriba Co., NM



COUNSELORS GALLUP-DAKOTA POOL
 (Formerly Counselors-Gallup Pool)
 Rio Arriba County, New Mexico

Order No. R-7034, Creating and Adopting Temporary Operating Rules for the Counselors-Gallup Pool, Rio Arriba County, New Mexico, August 1, 1982, as Amended by Order No. R-7034-A, May 1, 1984.

Application of Merrion Oil & Gas Corp. for Pool Creation and Special Pool Rules, Rio Arriba County, New Mexico.

CASE NO. 7619
 Order No. R-7034

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 9 a.m. on July 7, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of July, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Merrion Oil and Gas Corp., seeks the creation of a new Gallup Pool to comprise Sections 3, 4, 8, 9, 10, 14, and 15, Township 23 North, Range 6 West, and the promulgation of special rules therefor including 160-acre spacing for oil and gas, Rio Arriba County, New Mexico.
- (3) That the applicant is the operator of several wells within the proposed new Gallup pool.
- (4) That the evidence presented established that the proposed pool is an oil pool.
- (5) That the proposed Gallup oil pool was discovered by the Southern Union Exploration Company Yarborough Well No. 1 located in Unit J of Section 3, Township 23 North, Range 6 West, originally completed in the Gallup formation January 11, 1958, through perforations from 5540 to 5585.
- (6) That all of the Gallup oil wells within the proposed pool and within most of the Gallup oil pools in the general area are located as if 160-acre spacing units currently prevailed rather than the existing 40-acre spacing.

(7) That economic evidence presented relative to said wells showed that the average well in the general area expected to be completed in the proposed pool may be expected to be marginally profitable on 160-acre spacing.

(8) That there is insufficient engineering or geological evidence currently available upon which to base a finding that a well in the proposed pool will drain 160 acres.

(9) That creation of a new Gallup oil pool with temporary special pool rules providing for 160-acre proration units will permit operators to gather the engineering and geological data upon which to base such a determination while preventing the drilling of potentially unnecessary wells.

(10) That a new pool for Gallup oil production should be created, as requested by the applicant, to be designated as the Counselors-Gallup Oil Pool.

(11) That temporary special pool rules should be adopted for said Counselors-Gallup Oil Pool including provisions for 160-acre spacing and proration units.

(12) That this case should be reopened at an examiner hearing during August, 1985, at which time operators in said pool should appear and show cause why said pool should not be developed on spacing and proration units of less than 160 acres.

IT IS THEREFORE ORDERED:

(1) That a new pool for Gallup oil production is hereby created in Rio Arriba County, New Mexico, to be designated the Counselors-Gallup Oil Pool with vertical limits consisting of the Gallup formation and horizontal limits comprising the following described area:

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM
 Sections 3 and 4: All
 Sections 8 through 10: All
 Sections 14 and 15: All

(2) That the following temporary special pool rules are hereby adopted for said Counselors-Gallup Oil Pool:

**TEMPORARY SPECIAL RULES AND REGULATIONS
 FOR THE
 COUNSELORS-GALLUP OIL POOL**

RULE 1. (As Amended by Order No. R-7034-A, May 1, 1984.) Each well completed or recompleted in the Counselors Gallup-Dakota Oil Pool or in the Gallup-Dakota formation within one mile thereof and not nearer to or within the limits of another designated Gallup-Dakota oil pool shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

(COUNSELORS-GALLUP POOL - Cont'd.)

RULE 2. Each well shall be located on a standard unit containing 160 acres more or less substantially in the form of a square which is a quarter section being a legal subdivision of the United States' Public Land Surveys.

RULE 3. The Director of the Division may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size of shape of the tract is due to a variation in the legal subdivision of the United States' Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no nearer than 660 feet to the outer boundary of the proration unit nor nearer than 330 feet to any governmental quarter-quarter section line nor nearer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.

RULE 5. The Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre depth bracket allowable in accordance with the statewide rules and in the event there is more than one well on a 160-acre proration unit the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

RULE 7. A limiting gas-oil ratio of 2000 cubic feet of gas per barrel of oil is established for the pool.

IT IS FURTHER ORDERED:

(1) That the location of all wells presently drilling to or completed in the Counselors-Gallup Oil Pool shall be approved; the operator of any well having an unorthodox location shall notify the Aztec Office of the Division in writing of the name and location of the well on or before October 1, 1982.

(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978 Comp., existing wells in the Counselors-Gallup Oil Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Counselors-Gallup Oil Pool or in the Gallup formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing during the month of August, 1985, at which time the operators in the Counselors-Gallup Oil Pool may appear and show cause why said pool should not be developed on less than 160-acre spacing with a depth bracket allowable in accordance with the statewide rules.

(4) That the effective date of this order and the pool creation and special rules contained herein shall be August 1, 1982.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

LARGO-GALLUP GAS POOL
Rio Arriba County, New Mexico

Order No. R-2462, Creating and Adopting Temporary Operating Rules for the Largo-Gallup Gas Pool, Rio Arriba County, New Mexico, April 5, 1963, as Amended by Order No. R-2462-A, September 1, 1963.

Application of Compass Exploration, Inc., for
the Creation of a Gallup Gas Pool, Rio Arriba
County, New Mexico.

CASE NO. 2761
Order No. R-2462

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on March 20, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 5th day of April, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.



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

GARREY CARRUTHERS
GOVERNOR

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

March 30, 1990

Bannon Energy Incorporated
c/o Holcomb Oil and Gas
P.O. Box 2058
Farmington, NM 87499

Attention: W.J. Holcomb
Operating Agent

RE: Application for unorthodox oil well locations; State "2" Well Nos. 2 and 4, Units C and K, respectively, Section 2, Township 23 North, Range 6 West, Counselors Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico.

Dear Mr. Holcomb:

Please provide me a copy of the archeological clearance report from the New Mexico Historical Preservation Division on both sites when available. Also, please submit all applicable information required by Division Memorandum No. 1-90, see attached.

Should you have any questions, please contact me.

Sincerely,

Michael E. Stogner
Petroleum Engineer

MES/ag

cc: Oil Conservation Division - Aztec
State Land Office - Santa Fe, Oil & Gas Division
State Land Office - Santa Fe, Attn: A. R. Gomolak

HOLCOMB OIL AND GAS

P. O. Box 2058 • Phone: (505) 326-0550 • Farmington, New Mexico 87499

'90 APR 25 AM 9 15

April 19, 1990

Oil Conservation Division
ATTN: Michael Stogner
P.O. Box 2088
Santa Fe, New Mexico 87504

Re: Non-Standard Location - State "2" Nos. 2 & 4
Section 2 T23N R6W
Unit C & K, respectively
Counselors Gallup Dakota Pool
Rio Arriba County, New Mexico

Non-Standard Location - State "16" Nos. 5 & 6
Section 16 T23N R6W
Units J & P, Respectively
Counselors Gallup Dakota Oil Pool
Rio Arriba County, New Mexico

Dear Mr. Stogner

Please reference our previous correspondence ending with your letter of March 19, 1990. Attached please find a copy of the clearances/reviews by the State Historic Preservation Officer, Thomas W. Merlan. Other requests contained in your letter of March 19, 1990 have been previously submitted by our letters of March 7 and March 16, 1990 in compliance with Division Memorandum 1-90.

It is apparent from the continued correspondence that a system to properly accommodate unorthodox locations due to archaeological constraints has not been developed which could allow for a more timely resolution to these issues.

Perhaps a meeting should be planned to develop such a system and end the confusion.

Sincerely,


W. J. Holcomb
Agent, Bannon Energy

WJH/ck

xc: Ernie Busch - Aztec
Bannon Energy, Inc. - Houston



STATE OF NEW MEXICO
OFFICE OF CULTURAL AFFAIRS
HISTORIC PRESERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

VILLA RIVERA, ROOM 101
228 EAST PALACE AVENUE
SANTA FE, NEW MEXICO 87503
(505) 827-8320

HELMUTH J. NAUMER
CULTURAL AFFAIRS OFFICER

THOMAS W. MERLAN
DIRECTOR

April 13, 1990

Bradley Salzman
Holcomb Oil and Gas
P.O. Box 2058
Farmington, New Mexico 87499

Dear Mr. Salzman:

I have recently reviewed the archaeological survey reports for proposed well pads Bannon State 2-2 (DCA Report No. 1768), Bannon State 2-4 (DCA Report 1766), Bannon State 16-5 (DCA Report No. 1748) and Bannon State 16-6 (DCA Report No. 1749).

Sites DCA-89-502, DCA-89-515, DCA-89-506, and DCA-89-504 were identified on the original well pad locations. I agree that the well pads must be relocated to avoid the adverse effects that construction may have on significant archaeological resources on State Trust lands.

It is my opinion that the construction of the alternate well pad locations will have no effect on significant cultural resources. I will report my findings to the State Land Office.

Thank you for helping us to protect New Mexico's cultural resources.

Sincerely,

A handwritten signature in dark ink, appearing to read "T. W. Merlan", written over a horizontal line.

Thomas W. Merlan
State Historic Preservation Officer

TWM/JMO

cc: A.R. Gomolak, Field Division SLO



STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
RECEIVED AZTEC DISTRICT OFFICE

1000 THE BLAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-0170

JOSEPH W. CARRUTHERS
GOVERNOR

'90 MAR 16 AM 9 07

Date: 3-15-90

ATTN: Mike Stogner

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

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

Gentlemen:

I have examined the application dated 3-8-90
for the Bugman Energy Inc. State 2#2
Operator Lease & Well No.

C-2-23N-6W and my recommendations are as follows:
Unit, S-T-R

Approve

Yours truly,

Ernie Bush