



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

May 22, 1990

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

Attention: W.J. Holcomb

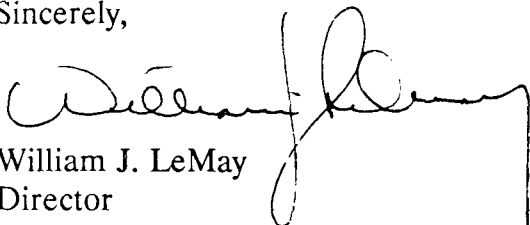
Administrative Order NSL-2799

Dear Mr. Holcomb:

Reference is made to your application dated March 7, 1990 for a non-standard oil well location for your State "2" Well No. 2 to be located 1183 feet from the North line and 1594 feet from the West line (Unit C) of Section 2, Township 23 North, Range 6 West, NMPM, Counselors-Gallup Dakota Oil Pool, Rio Arriba County, New Mexico. Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of said Section 2 shall be dedicated to the well forming a 161.58-acre oil spacing and proration unit.

By the authority granted me under the provisions of Rule 5 of the Special Rules and Regulations for the Counselors-Gallup Dakota Oil Pool, as promulgated by Division Order No. R-7034, as amended, the above-described unorthodox oil location is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
NM State Land Office - Santa Fe