



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

September 29, 1989

Bannon Energy Incorporated
3934 F.M. 1960 West, Suite 240
Houston, TX 77068

Attention: W.J. Holcomb
Operating Agent

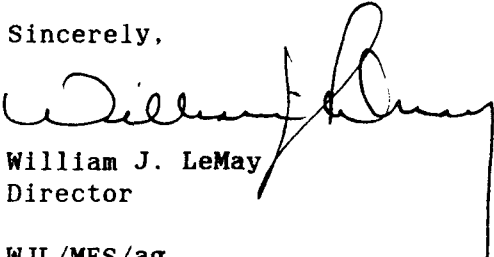
Administrative Order NSL-2696

Dear Mr. Holcomb:

Reference is made to your application of August 31, 1989 for a non-standard oil well location for your Federal "8" Well No. 1 to be located 2173 feet from the South line and 495 feet from the East line (Unit I) of Section 8, Township 23 North, Range 6 West, NMPM, Counselors Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico. The SE/4 of said Section 8 shall be dedicated to the well forming a standard 160-acre oil spacing and proration unit for said pool.

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 well location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
NM Oil and Gas Engineering Committee - Hobbs
US Bureau of Land Management - Farmington
Bradley Salzman