

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 11237
Order No. R-10350**

**APPLICATION OF BONNEVILLE FUELS
CORPORATION FOR AN UNORTHODOX
OIL WELL LOCATION, LEA COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 6, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of April, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Bonneville Fuels Corporation, seeks approval to drill its Lottie York Well No. 3 at an unorthodox oil well location 2030 feet from the South line and 2300 feet from the West line (Unit K) of Section 14, Township 17 South, Range 37 East, NMPM, Undesignated South Humble City-Strawn Pool, Lea County, New Mexico.

(3) The E/2 SW/4 of Section 14 is to be dedicated to the subject well forming a standard 80-acre oil spacing and proration unit for said pool.

(4) The subject well is located within one mile of the South Humble City-Strawn Pool and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-6913, which require standard 80-acre oil spacing and proration units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

(5) The applicant presented geologic evidence and testimony based upon well control and seismic data in support of its proposed unorthodox location.

(6) The geologic evidence and testimony indicates that a well at the proposed unorthodox location should penetrate the targeted Strawn "algal mound" in a thicker area of the reservoir and in an area of better porosity development than a well drilled at a standard oil well location thereon, thereby increasing the likelihood of obtaining commercial oil production.

(7) The evidence further indicates that the interest ownership between the E/2 SW/4 and the W/2 SE/4, being the affected offset acreage, is common.

(8) In addition, Bonneville Fuels Corporation is the operator of the affected offset acreage.

(9) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the South Humble City-Strawn Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

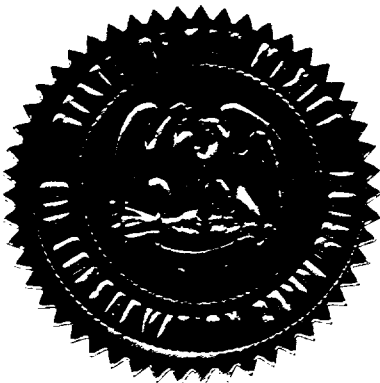
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Bonneville Fuels Corporation, is hereby authorized to drill its Lottie York Well No. 3 at an unorthodox oil well location 2030 feet from the South line and 2300 feet from the West line (Unit K) of Section 14, Township 17 South, Range 37 East, NMPM, Undesignated South Humble City-Strawn Pool, Lea County, New Mexico.

(2) The E/2 SW/4 of Section 14 shall be dedicated to the subject well forming a standard 80-acre spacing and proration unit for said pool.

(3) Jurisdiction is hereby 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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

William J. Lemay
WILLIAM J. LEMAY, Director *MES*