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Bonneville Fuels Corporation
A Subsidiary of Bonneville Pacific Corporation

STATEMENT AND EXHIBIT:

This statement is made in support of the application for Approval of an Unorthodox Location to drill a well to produce oil and natural gas from the Strawn Formation in the South Humble City Field of Lea County, New Mexico. The subject well is the proposed:

Lottie York #3
2030' FSL & 2300' FWL in Section 14, T.17S., R.37E. N.M.P.M.
Lea County, New Mexico.

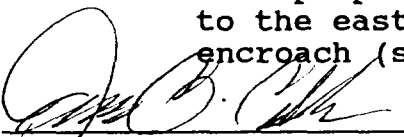
The Bonneville Fuels Corporation has requested the proposed surface location of the Lottie York #3 on the basis of our analysis of geological (off-set well logs, structural and stratigraphic) data, geophysical (seismic) data, and directional drilling (gyro survey) data in the area. This analysis, at a cost of approximately \$175,000, has resulted in what Bonneville Fuels Corporation believes to be the geometric definition of the proposed reservoir target.

The Porosity Isopach Exhibit indicates the narrow and steep sided nature of the Upper Strawn Fm. reservoir structure in this area. The proposed location was selected to significantly improve the opportunity to intersect the FULL PRODUCTIVE THICKNESS of the Upper Strawn Fm. reservoir in the spacing unit.

Volumetric analysis estimates, based on the Porosity Isopach Exhibit, indicate 618,000 Bbl. of oil and 0.9 BCF of natural gas recoverable reserves for the proposed Lottie York #3 Well. To the extent that the proposed wellbore does not intersect the maximum productive thickness the ability of the well to recover these recoverable reserves may be reduced. This would result in the less efficient recovery (waste) of the hydrocarbon resources in place.

In support of this Unorthodox Location request it should also be said that:

1. The proposed surface location is not as close to the northern lease line as would be allowed within the Orthodox drilling window (2130' FSL vs. the requested 2030' FSL).
2. The operator, ownership and working interests are identical in this proposed proration unit and the proration unit immediately to the east - toward which the proposed well location does encroach (see the Land Plat Exhibit).



James O. Cable
Vice President - Operations
Bonneville Fuels Corporation

Date: March 29, 1995

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11237 Exhibit No. 3

Submitted by: Bonneville Fuels Corporation

Hearing Date: April 6, 1995

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

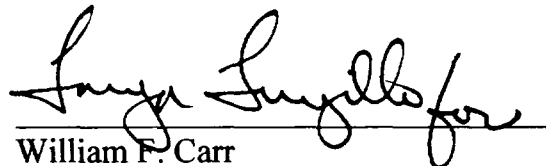
IN THE MATTER OF THE APPLICATION
OF BONNEVILLE FUELS CORPORATION FOR
AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 11237

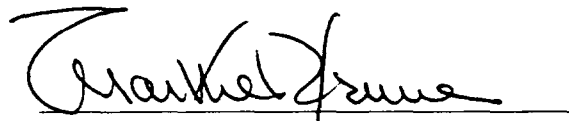
AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of Bonneville Fuels Corporation, the Applicant herein, being first duly sworn, upon oath, states that in accordance with the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division the Applicant has attempted to find the correct addresses of all interested persons entitled to receive notice of this application and that notice has been given at the addresses shown on Exhibit "A" attached hereto as provided in Rule 1207.


William F. Carr

SUBSCRIBED AND SWORN to before me this 5th day of April, 1995.


Notary Public

My Commission Expires:

August 19, 1995

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11237 Exhibit No. 4

Submitted by: Bonneville Fuels Corporation

Hearing Date: April 6, 1995

EXHIBIT A

Amerada Hess Corporation
1201 Louisiana, Suite 700
Houston, TX 77002

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

**CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS**

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
NANCY A. RATH

JACK M. CAMPBELL
OF COUNSEL

March 16, 1995

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Amerada Hess Corporation
1201 Louisiana, Suite 700
Houston, TX 77002

**Re: Application of Bonneville Fuels Corporation for an Unorthodox Well
Location, Lea County, New Mexico**

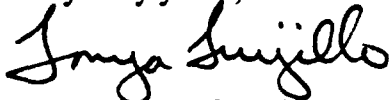
Gentlemen:

This letter is to advise you that Bonneville Fuels Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval of an unorthodox well location for its Lottie York No. 3 Well in the Strawn formation. This well is to be drilled to an unorthodox location 2030 feet from the South line and 2300 feet from the West line of Section 14, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The E/2 SW/4 of Section 14 will be dedicated to this well.

This application has been set for hearing before an Examiner of the Oil conservation Division on April 6, 1995. You are not required to attend this hearing, but as an owner of an interest that may be affected by the unorthodox well location, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEYS FOR YATES PETROLEUM CORPORATION

Enclosure

cc: Robert L. Schwering

P 176 016 837



**Receipt for
Certified Mail**

No Insurance Coverage Provided

Amerada Hess Corporation
1201 Louisiana, Suite 700
Houston, TX 77002

Postage	\$
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date 3.16.95	

PS Form 3800, June 1991

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Contact postmaster for fees and check boxes for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Amerada Hess Corporation
1201 Louisiana, Suite 700
Houston, TX 77002

4. Article Number
P 176 016 837

Type of Service:
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise
 Always obtain signature of addressee or agent and DATE DELIVERED.
 8. Addressee's Address (ONLY if requested and fee paid)

5. Signature - Addressee
X

6. Signature - Agent
X *D. J. Hubbard*

7. Date of Delivery
3-16-95

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-665 DOMESTIC RETURN RECEIPT

**CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS**

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BRADFORD C. BERGE
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TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210

**Re: Application of Bonneville Fuels Corporation for an Unorthodox Well
Location, Lea County, New Mexico**

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Very truly yours,



WILLIAM F. CARR

ATTORNEYS FOR YATES PETROLEUM CORPORATION

Enclosure

cc: Robert L. Schwering

P 176 016 836



**Receipt for
Certified Mail**

No Insurance Coverage Provided

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210

Postage	\$
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Agent Date and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date 3.16.95	

PS Form 3800, June 1991

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Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210

4. Article Number
P 176 016 836

Type of Service:
☐ Registered
☒ Certified
☐ Insured
☐ Express Mail
☐ COD
☐ Return Receipt for Merchandise

Always obtain signature of addressee recipient and DATE DELIVERED.

5. Signature — Address
X

6. Signature — Agent
X *Jeffrey Williams*

7. Date of Delivery
MAR 20 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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