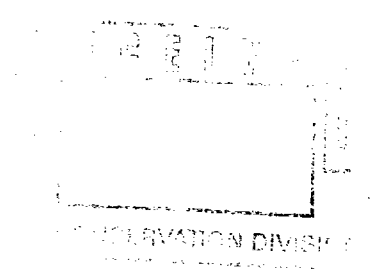


BEFORE THE
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF BONNEVILLE FUELS CORPORATION
FOR POOL CONTRACTION, POOL
CREATION AND SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

CASE NO. 11493

APPLICATION

BONNEVILLE FUELS CORPORATION ("Bonneville"), by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an Order (1) contracting the South Humble City-Strawn Oil Pool, (2) creating a new pool for the production of hydrocarbons from the Strawn formation, and (3) promulgating special pool rules and regulations for this pool, including (a) 80-acre spacing or proration units, (b) special well location requirements, (c) special depth bracket oil allowable provisions, and (d) a special limiting gas-oil ratio for the pool of 8000 cubic feet of gas for each barrel of oil produced and in support of this application states:

1. The South Humble City-Strawn Pool was established by Order No. R-6913 on March 1, 1982 and has been expanded from time to time to include the following acreage in Lea County, New Mexico:

Township 17 South, Range 37 East, N.M.P.M.

Section 12: E/2
Section 13: W/2, NE/4
Section 14: All

2. Bonneville has drilled and operates certain wells in this pool which are in a separate source of supply in the Strawn formation and due to high producing gas-oil ratios are subject to curtailment unlike other wells in this pool.

3. Continued operation of the Bonneville wells under the Special Pool Rules and Regulations for this pool will result in the waste of hydrocarbons and the impairment of correlative rights.

4. Bonneville requests that the boundaries of the South Humble City-Strawn Pool be contracted by the deletion therefrom of the S/2 of Section 14 and the W/2 SW/4 of Section 13, Township 17 South, Range 37 East, N.M.P.M., and that a new pool in the Strawn formation be created to include the following acreage:

Township 17 South, Range 37 East, N.M.P.M.

Section 13: W/2 SW/4
Section 14: S/2

5. In order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid augmentation of risk arising from the drilling of an excessive number of wells and otherwise prevent waste and protect correlative rights, special rules and regulations providing for 80-acre spacing units should be promulgated for the new pool.

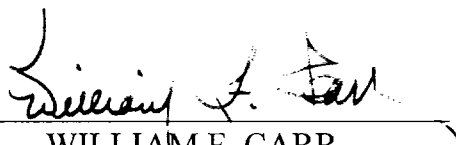
6. Bonneville requests that the special pool rules provide that each well should be located on a standard unit containing 80-acres, more or less, consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section and that each well shall be located within 150 feet of the center of a governmental quarter-quarter section.

7. Bonneville also requests: (A) a standard oil depth bracket allowable be assigned to 80-acre units of 445 barrels of oil per day and in the event there is more than one well on an 80-acre proration unit, the operator be authorized to produce the allowable assigned to the unit from the wells on the unit in any proportion; and (B) a limiting gas-oil ratio be adopted for this new pool of 8000 cubic feet of gas for each barrel of oil produced.

WHEREFORE, Bonneville Fuels Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 21, 1996, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

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

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