

MERIDIAN OIL

OIL CONSERVATION DIVISION
RECEIVED

NSL-2853

'90 AUG 24 AM 8:57

August 22, 1990

New Mexico Oil Conservation Division
Attn: Mr. Michael Stogner
PO Box 2088
Santa Fe, New Mexico 87504

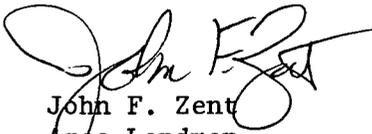
RE: Waiver of Unorthodox Location
Scott "E" Federal #25-14
Section 25, T-27-N, R-11-W
San Juan County, New Mexico

Gentlemen:

Enclosed, please find an executed Waiver of Unorthodox Location for the referenced well.

If further information is needed, please advise.

Yours very truly,


John F. Zent
Area Landman

JFZ:ch
Enclosure
File:

cc: Bonneville Corporation

Bonneville Fuels Corporation

A Subsidiary of Bonneville Pacific Corporation

August 2, 1990

Mr. Michael Stogner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87503

Re: Scott 'E' Federal #25-14 Well
1190' FSL, 360' FWL
Section 25, T27N-R11W
San Juan County, New Mexico

Gentlemen:

Bonneville Fuels Corporation hereby respectfully requests administrative approval for the captioned non-standard gas well location in the Fruitland Coal Pool. This request is submitted in triplicate and is due to the extreme nature of the topography and the fragile soil conditions found within the legal well location windows according to New Mexico Oil Conservation Division Rule #R-8768.

To address each requirement regarding the "Submittal Guidelines for Administrative Approval of Non-Standard Location Applications" (copy enclosed), Bonneville submits herewith the following for your approval of the subject non-standard location:

- I. The well is located on Fee Surface. Copy of Application for Permit to Drill package enclosed.
- II. C-102 enclosed
- III. A. Land plat enclosed
B. Certification enclosed
- IV. A. & B. Shown on enclosed topo map.
C. An existing well pad (Scott 'E' Federal #11) will be used to drill the proposed well.
- V. Enlarged topo map enclosed
 - A. Badlands type topography within circled area which encompasses all orthodox windows. The terrain is very steep with unstable clay and sandy soils.
 - B. Access roads to unorthodox location would be traverse terrain as displayed in IV A.
 - C. N/A
 - D. N/A
 - E. Rough terrain as per V. A.
- VI. N/A

New Mexico Oil Conservation Division
August 2, 1990
Page 2

VII. See V. A. above and also the enclosed BLM letter dated July 13, 1990, recommending an unorthodox location or slant hole.

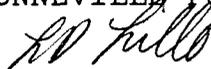
VIII. The proposed well is a Basin Fruitland Coal test which likely will recover significant quantities of water which will require the installation of a rod pump. Serious mechanical problems are likely as a result of attempting to pump a directional hole. In addition, it is estimated that a directional hole would increase the well cost by 25-30%, thereby rendering the well non-economic to drill.

IX. Copy of affidavit enclosed. Certified mail return receipt cards will be provided when available.

A copy of this application is being submitted to all offset owners/operators by certified mail with the request that they furnish your Santa Fe office with an executed Waiver of Objection, and return one copy of same to Bonneville.

Very truly yours,

BONNEVILLE FUELS CORPORATION



L. D. Lillo
Senior Landman

WAIVER

Meridian Oil Inc. hereby waives objection to Bonneville Fuels Corporation's application for a non-standard location for the Scott 'E' Federal #25-14 Well as proposed above.

By: John F. Gunt
Title: Landman
Date: 8.21.90

cc/Meridian Oil Inc./El Paso Production Company

P. O. Box 4289
Farmington, NM 87499-4289
Attn: Mr. C. R. Owen
Regional Manager
Damson Oil Corporation
P. O. Box 4391
Houston, TX 77210
Attn: Mr. Tom Burdette
Land Manager
Oil Conservation Division
1000 Rio Brazos
Aztec, NM 87410



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

No. 1-90

MEMORANDUM

TO: All Operators

FROM: William J. LeMay, Director *WJL*

SUBJECT: Administrative Applications for Unorthodox Locations

DATE: March 21, 1990

Division Memorandum No. 3-89, dated March 24, 1989, advised the industry that the OCD would no longer automatically approve unopposed unorthodox location applications. Unorthodox locations can be approved administratively in accordance with the Rules and Regulations or applicable special pool rules if surface conditions truly prevent the use of a legal location and if directional drilling to a legal location is not feasible.

Topographic conditions which will be considered to justify an unorthodox location include such traditional factors as terrain features (steep slopes, arroyos, etc.) which make drilling impractical. In addition, approval may be given to avoid archeological sites which may not be disturbed without substantial mitigation, incompatible surface uses such as buildings, recreation areas, etc. Applications should fully document the reason an unorthodox location is required.

The attached guidelines state the minimum information which should be submitted with applications for administrative approval of unorthodox locations. Failure to provide the necessary information will probably result in processing delays.

/ If the surface of the proration unit or proposed drill site is controlled by a Federal Surface Management Agency, a copy of the application must be sent to the appropriate agency office.

If there are legal locations within the proration unit which are drillable, but the operator chooses not to drill those locations for geological reasons the application cannot be approved administratively and a hearing will be required.

NEW MEXICO OIL CONSERVATION DIVISION

SUBMITTAL GUIDELINES FOR ADMINISTRATIVE APPROVAL OF NON-STANDARD LOCATION APPLICATIONS

- I. If the well is located on Federal or Indian Lands, the Federal Surface Management Agency must be notified and an on-site inspection conducted prior to filing the application. If an Application for Permit to drill or a Notice of Staking has been prepared, a copy must be submitted.
- II. Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III. Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.
 - A. This information may be shown on the topo map if it does not impair the readability of the map.
 - B. The operator should certify that the information is current and correct.
- IV. Original or clear copy of topographic map, preferably 7.5 minute quad, showing contours and other mapped features impacting the location, with the following information marked thereon (In order to be able to adequately show all of the necessary surface conditions it may be necessary to enlarge the relevant portion of the topo map to provide room for detail):
 - A. The proposed well location and proration unit;
 - B. An outline of the orthodox drilling windows as provided in the applicable rules for the subject application;
 - C. The location of any wells to any formation within the area of the proration unit and a statement as to whether an existing pad can be used to drill the proposed well;
- V. An enlargement of the topo map showing the subject area with the applicable additional information:
 - A. Terrain features not shown on the map which make an orthodox location unusable;
 - B. Proposed access roads and pipelines if they affect the location selection;
 - C. The location of any surface uses which prevent use of a legal location;

- D. The location of any archeological sites identified in the archeological survey;
 - E. The location and nature of any other surface conditions which prevent the use of an orthodox location.
- VI. If archeological sites are a reason for the unorthodox location request, a copy of the archeological survey, or a summary, identifying sites which cannot be disturbed or which must have any disturbance mitigated. In addition, the location of such areas should be marked on the enlarged topo so they can be clearly identified.
- VII. A narrative report of any on-site inspection of the potential locations. If such on-site has resulted in elimination of legal locations due to surface conditions, such information should also be noted on the enlarged topo.
- VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible.
- IX. An affidavit that notice has been sent to all parties entitled thereto, under the Divisions Rules and Regulations with return receipt cards showing date of receipt of notice.

OIL CONSERVATION DIVISION
RECEIVED
'90 AUG 16 AM 9 09

Bonneville Fuels Corporation
A Subsidiary of Bonneville Pacific Corporation

August 14, 1990

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87503

Attention: Mr. Michael Stogner

Re: Scott E. Federal #25-14 Well
1190' FSL, 360' FWL
Sec. 25, T27N-R11W
San Juan County, New Mexico

Gentlemen:

Reference is made to Bonneville Fuels Corporation's application for administrative approval of the non-standard location for the captioned well, which was sent under cover letter dated August 1, 1990. Attached, please find the original certified mail receipt cards acknowledging receipt of notice by all parties entitled thereto.

If you have any questions or require anything further, please contact the undersigned.

Very truly yours,

BONNEVILLE FUELS CORPORATION



L. D. Lillo
Senior Landman

LDL/ds
encl.

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. Consult 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:
 Mr. Michael Strogoner
 New Mexico Oil Conservation Div.
 P.O. Box 2088
 Santa Fe, NM 87503

4. Article Number
 P 448-216-861

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

8. Addressee's Address (ONLY if requested and fee paid)
 Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
 X

7. Date of Delivery

PS Form 3811, Apr. 1989
DOMESTIC RETURN RECEIPT

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. Consult 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:
 Mr. Tom Burdette
 Land Manager
 DAMSON OIL Corporation
 P.O. Box 4291
 Houston, TX 77210

4. Article Number
 P 448-216-864

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

8. Addressee's Address (ONLY if requested and fee paid)
 Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
 X

7. Date of Delivery
 AUG 06 1990

PS Form 3811, Apr. 1989
DOMESTIC RETURN RECEIPT

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. Consult 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:
 Oil Conservation Div
 1000 Rid Brazos
 AZTEC, NM 87410
 ATTN: Frank Chavez

4. Article Number
 P 448-216-862

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

8. Addressee's Address (ONLY if requested and fee paid)
 Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
 X

7. Date of Delivery
 8/6/90

PS Form 3811, Apr. 1989
DOMESTIC RETURN RECEIPT

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. Consult 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:
 MR. C. R. DUEN
 Regional Manager
 MERIDIAN OIL INC/EL PASO
 P.O. Box 4289
 FARMINGTON, NM 87499-4289

4. Article Number
 P 448-216-863

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

8. Addressee's Address (ONLY if requested and fee paid)
 Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
 X

7. Date of Delivery
 8-6-90

PS Form 3811, Apr. 1989
DOMESTIC RETURN RECEIPT



STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION RECEIVED
AZTEC DISTRICT OFFICE

'90 SEP 5 AM 8 55

1000 RIO HAZAROS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-0170

ARREY CARRUTHERS
GOVERNOR

Date: 9-4-90

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

ATTN: JIM MORROW

Re: Proposed MC _____
Proposed DIC _____
Proposed NSL X _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated 7-6-90

for the Bonneville Fuel Corp. Scott 'E' Fed 25 #14
Operator Lease & Well No.

N-25-27N-11W and my recommendations are as follows:
Unit, S-T-R

Approve

Yours truly,

Ernie Beach