



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

September 9, 1998

Bonneville Fuels Corporation  
Attention: R. A. Schwering  
1660 Lincoln - Suite 1800  
Denver, Colorado 80264

Telefax No. (303) 863-1558

*Administrative Order NSL-4130*

Dear Mr. Schwering:

Reference is made to: (i) your application dated September 7, 1998; and, (ii) to the records of the Division in Santa Fe: all concerning Bonneville Fuels Corporation's request to drill the Soapberry "7" State Com. Well No. 1 at an unorthodox gas well location in both the Morrow and Strawn formations 990 feet from the South line and 2630 feet from the East line (Unit K) of Section 7, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico.

Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 7 is to be dedicated to the well in order to form a standard 318.88-acre gas spacing and proration unit in both the Undesignated East Catclaw Draw-Strawn and Undesignated Avalon-Morrow Gas Pools.

This application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location for both the Starwn and Morrow intervals is hereby approved.

Sincerely,

Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia  
New Mexico State Land Office - Santa Fe

**REMARKS:** This location directly offsets the Catclaw Draw-Morrow Gas Pool to the south and west, and, pursuant to the "General Rules and Regulations for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool," as promulgated by Division Order No. R-8170, as amended, requires standard 640-acre gas spacing and proration units with wells to be located no closer than 1650 feet from the outer boundary of a proration unit nor closer than 330 feet from any governmental quarter-quarter section or subdivision inner boundary. However, these special pool rules apply only to that area within the horizontal limits of the Catclaw Draw-Morrow Gas Pool and does not extend outside of these limits a distance of one mile as is the case in most pools [see Ordering Paragraph No. (1) of Division Order No. R-4157-D]. Therefore, the proposed 318.88-acre gas spacing and proration unit within the Undesignated Avalon-Morrow Gas Pool is not effected by these special pool rules.