

**Bonneville Fuels Corporation**  
A Subsidiary of Bonneville Pacific Corporation

OIL CONSERVATION DIVISION  
RECEIVED  
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**August 31, 1994**

**State of New Mexico  
Oil and Gas Conservation Commission  
Attn.: Mr. Mike Stogner  
P.O. BOX 2088  
Santa Fe, New Mexico 87504-2088**

**Re: Application for Administrative Approval of Unorthodox Location**

**Dear Mike:**

**This letter and its attachments comprise the request by the Bonneville Fuels Corporation for the Administrative Approval of a proposed Unorthodox Location in the West Kutz Pictured Cliffs Gas Pool. The Pool Code is No. 79680. The proposed Unorthodox Location is the:**

**Scott E. Federal #22-22  
2630' FNL & 2626' FWL  
Section 22, T.27N., R.11W. N.M.P.M.  
San Juan County, New Mexico**

**The proposed bottom-hole location is identical to the proposed surface location. Bonneville Fuels Corporation will dedicate the 159.38 Acres of the NW 1/4 of Section 22 to this well if it is completed as a producing well.**

**Bonneville Fuels Corporation desires to drill this producing Pictured Cliffs well in the SE 1/4 of the NW 1/4 of Section 22. Two Pictured Cliffs Fm. dry holes have been previously drilled in the SE 1/4 of the NW 1/4 of the NW 1/4 of Section 22. Bonneville Fuels Corporation (BFC) maintains that the bulk of the 159.38 acres in the NW 1/4 of Section 22 is undrained, and will remain undrained, unless this location is drilled. A Navajo Agricultural Products Industries (NAPI) pivot irrigation system is located in the NW 1/4 of Section 22. This irrigation facility deprives the Bonneville Fuels Corporation of the use of desirable orthodox drilling locations in the SE 1/4 of the NW 1/4 of Section 22.**

**Should the Administrative Approval of this Unorthodox Location exception NOT be granted then Bonneville Fuels Corporation is requesting a place on the State Docket for the adjudication of this matter by the New Mexico Oil and Gas Conservation Commission.**

**The following Statements of Fact are made in support of this request for Administrative Approval:**

- 1. There are NO existing well pads within the geographic boundary of this proration unit (the NW 1/4 of Section 22). Therefore, no existing pads can be used for this drilling operation.**

**Statements of Fact: Continued:**

2. There are NO known archaeological sites, roads and/or pipelines, or terrain features, within the proration unit, that will prevent the use of any orthodox location within the proration unit.
3. The Navajo Agricultural Products Industries irrigation pivot does prevent the use of desirable orthodox drilling locations in the E 1/2 of the SE 1/4 of the NW 1/4 of Section 22. Due to the Plugging and Abandonment of existing Pictured Cliffs Fm. producers to the N and NE of the proration unit (in Section 15), after economic depletion, and due to the two (2) Pictured Cliffs Fm. dry holes in the SE 1/4 of the NW 1/4 of the NW 1/4 of Section 22, Bonneville Fuels identified only those orthodox locations within the E 1/2 of the SE 1/4 of the NW 1/4 of Section 22 to be prospectively economically viable.
4. On August 8, 1994, the subject well was staked with a representative of the Navajo Agricultural Product Industries in attendance (Mr. Dennis Lopez). The representative agreed with moving the subject well out from under the sprinkler pattern as far as possible in order to avoid irrigation operations. He seemed satisfied with the final location design and layout. Bonneville Fuels has submitted an A.P.D. to the Bureau of Land Management and is currently waiting for the Navajo Agricultural Product Industries approval of the location as staked. An additional on-site, to settle surface damages, may be required.
5. On August 16, 1994, the subject well-site was inspected on-site by Mr. Neil McBride of the Bureau of Land Management and Bonneville Fuels representatives. The proposed location was accepted as staked by the BLM - contingent on the approval of the Navajo Agricultural Products Industries, and the Administrative Approval of this Unorthodox Location request by the New Mexico Oil and Gas Conservation Commission.
6. The use of directional drilling techniques to arrive at an orthodox bottom-hole location, from the proposed well-site, will result in an excessive cost burden for this slightly better than marginal economic prospect.

**The following materials are attached for your consideration in the Administrative Approval process:**

1. The mineral lease is a Federal Lease (SF-078089). A copy of the complete APD is attached as Exhibit I.
2. The completed State of New Mexico Form C-102 is attached as Exhibit II.
3. A certified plat prepared by R.A. Schwering, P.E., and presented as Exhibit III, is attached which provides the following information pertinent to this Administrative Approval request:
  - a. A topographic map taken from two (2) 7.5 minute USGS Quadrangle Maps. This map segment has been enlarged 1.5 times, and photocopied, for clarity of presentation.

**Attachments: Continued:**

**3. Certified Plat: Continued:**

- b. This plat identifies the proposed well site, the proration unit that will be assigned to this well, and the orthodox drilling location window within the proration unit.
  - c. This plat also shows the Federal Lease Number of all off-set Pictured Cliffs Fm. proration units, the operator of said proration units and the working interest fraction of these operators in these proration units, and the working interest fractions of other working interest owners in these proration units.
  - d. This plat also shows the location of the Navajo Agricultural Product Industries irrigation facility which has caused all orthodox locations within the E 1/2 of the SE 1/4 of the NW 1/4 of Section 22 to be not desirable for use. Exhibit IV provides a more detailed view of the SE 1/4 of the NW 1/4 of Section 22 for your inspection.
- 4. An Isopachous Map (Exhibit V) of the Pictured Cliffs Formations productive thickness in the area of this well. These thicknesses were estimated by Mr. Bob Kozarek, the geologist for this project for the Bonneville Fuels Corporation, on the basis of well record research. These isopachs are only approximate BUT Bonneville Fuels Corporation does consider this information proprietary and does request that the New Mexico Oil and Gas Conservation Commission hold this information in confidence until and unless such information needs to be made public in the hearing process.
- 5. An Affidavit of Mailing (Exhibit VI) is attached. This outlines the mailings undertaken to off-set operators and other off-set working interest owners in performing the notifications required in order to obtain the Administrative Approval that Bonneville Fuels Corporation is seeking for this Unorthodox Location request. These mailings were sent with a return receipt request.
- 6. Also attached you will find copies of the notification correspondence (Exhibits VIIa, VIIb, and VIIc) sent to these off-set operators and off-set working interest owners. Bonneville Fuels Corporation has also prepared and enclosed for the execution of these parties a Waiver Request letter for each of these parties (Exhibit VIII) to be filled out and sent to the New Mexico Oil and Gas Conservation Commission - if these parties do not wish to contest the granting of this Administrative Approval request.

RECITALS TRUE:

ALL OF THESE FACTS AND EXHIBITS, IN REGARD TO THIS REQUEST FOR THE ADMINISTRATIVE APPROVAL OF AN UNORTHODOX LOCATION ARE TRUE AND COMPLETE INsofar AS I AM AWARE:

DATE: 8/31/94

SIGNED: \_\_\_\_\_



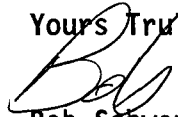
R. A. SCHWERING, P.E.  
Senior Engineer  
Bonneville Fuels Corporation

August 31, 1994

Mike,

I want to thank you personally for your assistance in educating me in regards to this process. If I have not provided sufficient information, or if additional information is required by the Commission, then please notify me ASAP at (303) 863-1555. I will be forwarding you the location approval by the NAPI as soon as it is received. They received the BLM request on 8/29/94. Good luck.

Yours Truly,



Bob Schwering

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. SF078089	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME NA	
2. NAME OF OPERATOR Bonneville Fuels Corporation		7. UNIT AGREEMENT NAME NA	
3. ADDRESS OF OPERATOR 1660 Lincoln Street, Denver, CO 80264		8. FARM OR LEASE NAME Scott E. Federal	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 2630' FNL & 2626' FWL At proposed prod. zone Same		9. WELL NO. 22-22	
11. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 10.4 miles SSE of Bloomfield, NM		10. FIELD AND TOOL, OR WILDCAT West Kutz Pict. Cliffs	
12. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, OR THIS LEASE, FT. 2,626'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 22, T27N R11W nmpm	
13. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, OR THIS LEASE, FT. ±2,077'		12. COUNTY OR PARISH San Juan	
14. ELEVATIONS (Show whether DF, RT, GR, etc.) 6,346' GR		13. STATE NM	
15. NO. OF ACRES IN LEASE ± 2,560		14. NO. OF ACRES ASSIGNED TO THIS WELL 159.38ac	
16. PROPOSED DEPTH ± 2,130		15. ROTARY OR CABLE TOOLS Rotary	
17. APPROX. DATE WORK WILL START* October 23, 1994		16. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, OR THIS LEASE, FT. ± 2,077'	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24# J-55	+300'	± 225 sx : Circ to Surf
7 7/8"	5 1/2"	15.5# J-55	±1900'	± 305 sx : Circ to Surf

Exhibits Attached:

Eight Point Compliance Plan  
13 Point Surface Use & Operation Plan

Exhibit	#1	BOPE	Exhibit	#7	Rig Layout
"	#2A	Plat	"	#8	Production Facility
"	#2B	Topo w/Location			
"	#3	One Mile Radius w/ access, structures, and other wells			
"	#4	Area w/Access			
"	#5	Site Topo			
"	#6	Section View, Cut & Fill			

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. Robert A. Schwering, PE  
SIGNED R. A. Schwering TITLE Senior Engineer DATE August 23, 1994  
(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY:

\*See Instructions On Reverse Side

# EIGHT POINT DRILLING PLAN

Attached to Form 3160-3: Application for Permit to Drill:

Bonneville Fuels Corporation

Scott E. Federal No. 22-22

2630' FNL & 2626' FWL Sec 22-T27N-R11W

San Juan County, New Mexico

## 1. ESTIMATED TOPS: IMPORTANT GEOLOGIC MARKERS:

Ojo Alamo:	Surface
Fruitland Sand:	1,744'
Fruitland Coals:	1,826'
Pictured Cliffs:	2,026'

## 2. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:

Water: Ojo Alamo Fm.: Occ. Sands: Surface to 1,744'.

Oil: None anticipated.

Gas:	Fruitland Sand:	1,744' to 1,826'.
	Fruitland Coals:	1,826' to 2,026'.
	Pictured Cliffs:	2,026 to 2,130'.

## 3. MINIMUM SPECS FOR PRESSURE CONTROL:

a. A diagram of the Blowout Preventer Stack and Choke Manifold is presented in Exhibit 1.

b. The BOP Equipment will be a class II system consisting of:

- i. An 11" Nom. double gate hydraulic type ram preventer (2,000 psi Working Pressure min) with pipe rams over blind rams.
- ii. A 2"(min) x 2,000 psi WP(min) choke manifold and kill line tied into opposite sides of an 8" x 2,000 psi WP (min) drilling spool OR the double-ram preventer below the lowest set of pipe rams. A 2"(min) x 2,000 psi WP(min) Full Opening gate valve will be in-board on both the choke and kill sides. A 2"(min) x 2,000 psi WP FO(min) check valve will be out-board on the kill side. The exterior kill line will be 2"(min) x 2,000 psi WP(min) line pipe out-board of the kill side check valve. An additional 2"(min) x 2,000 psi WP FO(min) gate valve will be up-stream of the choke manifold assembly. The choke manifold will consist of 2"(min) x 2,000 psi WP FO(min) gate valves and line pipe (on the pressure side of the manifold assembly) with a single 2"(min) x 2,000 psi WP FO(min) gate valve (minimum of 1 valve) between the 2"(min) x 2,000 psi WP FO(min) adjustable choke, the 2"(min) x 2,000 psi WP FO(min) positive choke, and the 2"(min) blooey line and the 2"(min) x 2,000 psi WP FO choke manifold line.

3. MINIMUM SPECS FOR PRESSURE CONTROL (CONTINUED):

b. BOPE (continued):

- iii. A 2,000 psi WP(min) FO safety valve and a 2,000 psi WP(min) dart valve, with drill pipe threads and subs to meet other drill string threads, will be kept on the drill floor after surface casing is set. A 2,000 psi(min) WP Upper kelly valve will be kept on the kelly throughout drilling operations. All valves, and the wrenches to operate these valves, will be maintained on the floor in good order throughout drilling operations.
- iv. An accumulator with sufficient capacity to operate the BOPE against a 2,000 psi well pressure(min) will be used to operate the BOP system. It shall contain double the fluid capacity calculated to open and close the pipe rams and the blind rams 1 time each, and then close the pipe rams 1 additional time(minimum) and retain accumulator pressure at 200 psig over the pre-charge pressure. The accumulator working pressure shall be 1,500 psi(minimum) with a pre-charge pressure between 700-800 psi. A Nitrogen/Air bottle system shall provide independent (reserve) power to operate the system in the event rig motors must be shut down.

c. The testing procedures and frequency are as follows:

ALL of the pressure side BOP Equipment specified in Part b. above will be nipped-up on the surface casing and each component will be hydraulically tested for ten(10) minutes(min) to 1000 psi and five(5) minutes(min) to 300 psi prior to drilling out cement, each 30 days after drill-out, and after any use under pressure. Pipe rams will be operationally checked each 24 hour period, and the blind rams operationally checked each time pipe is pulled from the hole. These pressure tests and function tests will be noted and described on the daily drilling report. After the float collar is drilled out of the surface casing (prior to drilling out the shoe) the surface casing will be pressure tested to 1,000 psi for thirty(30) minutes(min).

d. Tripping procedures for well control:

The anticipated maximum bottom-hole formation pressure is 350 psig. The anticipated mud weight at T.D. is 8.7 to 9.2 PPG. This will provide an anticipated hydrostatic pressure of 915 to 970 psig. This provides a minimum over-balance pressure of 565 to 620 psig at T.D. The well will be drilled by a double-derrick rig. The well will be monitored each 5 stands to insure that the BHA is not swabbing the well in. The well will be filled after each 15 stands of drill pipe and as each stand of drill collars are pulled from the hole. Pits will be monitored in order to insure that the well is taking fluid on the trip. In the event that the bit is plugged on a trip the well will be filled after each 7 stands of drill pipe are pulled from the well and as each stand of drill collars are pulled from the well. Swabbing will be checked each 3 stands.



### 3. MINIMUM SPECS FOR PRESSURE CONTROL (CONTINUED):

- e. Procedures for running production casing:  
Prior to running production casing the hole will be filled. The blind rams will be closed and the well will be monitored for flow while a set 5.5" casing rams will be installed in the BOP to replace the pipe rams. Casing will then be run and cemented. The BOPE will remain nipped up UNTIL the well is cemented.

### 4. CASING AND CEMENTING PROGRAM:

#### a. General Casing and Cementing Design Specifications:

Hole Size	Depth	Casing OD	Wgt/Gd/Jt Condition	Cement
12-1/4"	300'	8-5/8" Surface Casing	24#, J-55, STC New/Used (inspected)	225 sx Class B w/ 2% CaCl <sub>2</sub> . Yield = 1.18 cu.ft./sx. Calc. 100% excess. Circ. to Surf.
7-7/8"	2100'	5-1/2" Prod. Casing	15.5#, J-55 New/Used (inspected)	110 sx Class B Tail w/ Add. (Yield = 1.18 cu.ft./sx.) + 195 sx Lite B Lead w/ Add. (Yield = 1.84 cu.ft./sx.). Calc. 30% excess in open hole. Circ. to Surface.

#### b. Casing Centralization Equipment:

- i. Surface Casing: A total of 4 centralizers will be run on the 8-5/8" O.D. Surface Casing. With 1 at 10 ft. above the shoe, 1 at the 1st collar, 1 at the 2nd collar, and 1 at the 4th collar above the shoe.
- ii. Production Casing: Centralizers through the Pictured Cliffs Fm., the Fruitland Fm., and the Ojo Alamo Fm. will be installed as recommended by API RP 10d from T.D. to the top water sand of the Ojo Alamo Fm. identified by logs. A turbo-lizer will be installed within 40 ft. of the base of the Ojo Alamo Fm. An additional turbo-lizer will be installed no further than 50 ft. above the base of the Ojo Alamo Fm.

### 5. PROPOSED DRILLING FLUIDS:

A Freshwater Gel Mud System with a shale shaker will be run with mud properties as follows:

<u>DEPTH</u>	<u>TYPE</u>	<u>MUD WEIGHT</u> <u>lb/gal</u>	<u>VISCOSITY</u>	<u>WATER</u> <u>LOSS</u>
0-300'	Spud Mud	8.5-9.5 PPG	28-40 sec./qt	No Control
300-2130'	FGM	8.5-9.3 PPG	28-40 sec./qt.	8-20 cc/30 min

6. LOGGING, TESTING, AND CORING PROGRAM:

- a. The logging program will consist of:
  - i. DILL/SFL - GR/SP (Induction Logs):  
T.D. to Surface Casing.
  - ii. LDT/CNL/ML - GR/CAL (Density/Neutron Porosity Logs):  
T.D. to Minimum Footage (1,000' or Surface Casing).
- b. No cores are planned.
- c. No drill stem tests are planned.
- d. Samples will be analyzed on-site by a geologist in order to determine total depth (T.D.) of the well.

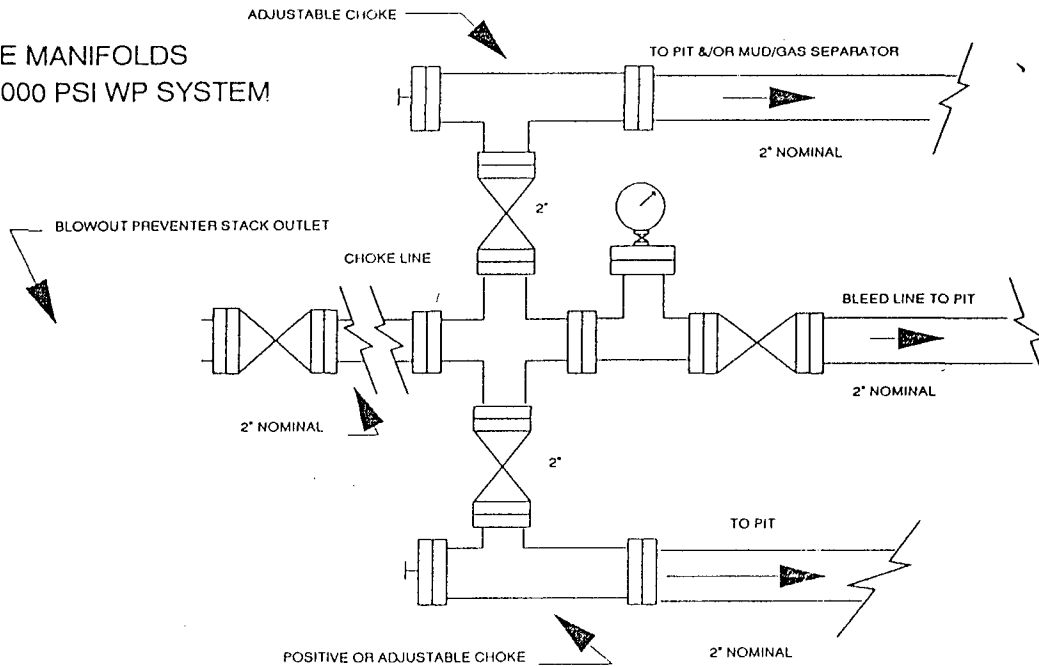
7. ABNORMAL CONDITIONS - PRESSURE - TEMPERATURE - POTENTIAL HAZARDS:

Normal pressures and temperatures are expected in the objective formation. A maximum Pictured Cliffs surface shut-in pressure of 300 psig is anticipated. A maximum bottom hole temperature of 90 degrees Fahrenheit is anticipated. Sour gas (H<sub>2</sub>S) is not anticipated.

8. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

Road and location construction will begin as soon as APD approval has been granted by BLM. The anticipated spud date is for this well is currently October 23, 1994, subject to rig availability and construction progress. Once commenced, drilling operations should be finished within 4 to 5 days. If the well is productive, an additional 5 days will be required for completion.

CHOKE MANIFOLDS  
FOR 2000 PSI WP SYSTEM



MINIMUM BLOW-OUT PREVENTER REQUIREMENTS  
11" NOM. STACK 2000 PSI WP

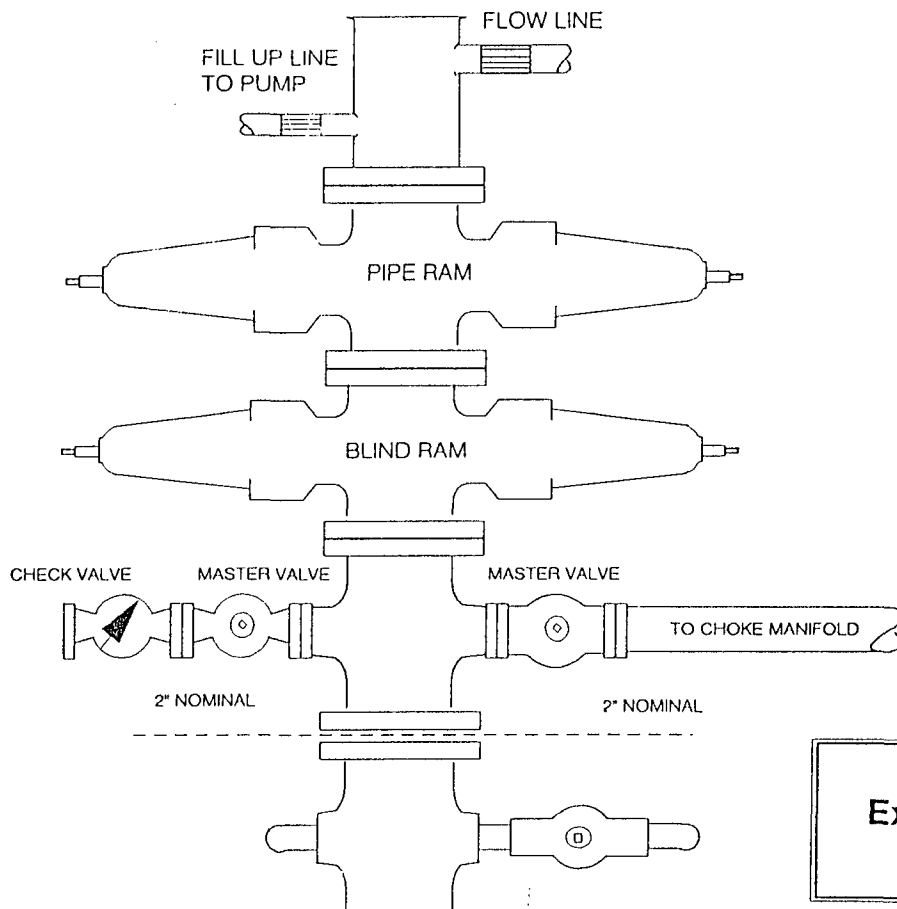


Exhibit # 1

SURFACE USE AND OPERATING - 13 POINT PLAN

Attached to Form 3160-3  
Bonneville Fuels Corporation  
Scott E. Federal #22-22  
2630' FNL & 2626' FWL Sec 22 T27N R11W  
San Juan County, New Mexico

1. EXISTING ROADS:

- A. The proposed well site elevation (Exhibit #2A) and topographic elevation (Exhibit #2B) plats are attached.
- B. To reach the wellsite, proceed from Bloomfield, New Mexico south on NM Highway #44 approximately 10 miles to just past GCNM West Kutz Compressor Station. Turn right and proceed 0.35 miles(SW) to well center stake.
- C. The road to the location is shown on Exhibit #4. The existing road described above is adequate for travel during anticipated drilling, completion and production activities. Existing roads will be maintained in accordance with Navajo Agricultural Project Industries (NAPI) standards for the area.
- D. Existing roads, within a one-mile radius of the well are shown on Exhibit #3.
- E. Existing highways and roads are under State of New Mexico or Navajo Agricultural Project Industries (NAPI) jurisdiction.

2. PLANNED ACCESS ROADS:

No new access road will be constructed for this well.

- A. Water will be diverted on the existing road, where possible, to avoid ponding and maintain good drainage.
- B. The existing access road grade averages 2%. Care will be taken maintaining this access.
- C. No turnouts are planned except at the access road turn and the location.
- D. Low spots in the existing road may be graveled in order to improve access.
- E. No low water crossing will be needed.
- F. The existing lease roads and radius roads will be re-routed around the south and west sides of the location in order to facilitate the movement of local traffic and safely divert such traffic around well site operations.
- G. Surfacing material will consist of native surface soil. If this is not sufficient, additional required material (gravel) will be purchased from the dirt contractor.

- H. Gates, cattle guards or fence cuts will be installed if appropriate. Currently, none are anticipated.

3. LOCATION OF EXISTING WELLS:

For the location of existing wells within a one-mile radius of this well, see Exhibit #3. The wells indicated on Exhibit #3 are all that BFC is aware of at this time.

- A. There are NO water wells within a one-mile radius.
- B. There are 7 abandoned producing wells within a one-mile radius.
- C. There are 5 dry hole wells within a one-mile radius.
- D. There are No wells proposed to be drilled by BFC within a one-mile radius.
- E. There are 19 producing wells within a one-mile radius.
- F. There are No injection wells within a one-mile radius.
- G. There are No monitoring or observation wells within a one-mile radius.
- H. There are No disposal wells within a one-mile radius.

4. LOCATION OF EXISTING OR PROPOSED FACILITIES IF WELL IS PRODUCTIVE:

- A. If the well is productive, contemplated facilities will be as follows:
  - (1) Production facilities will be located on solid ground of the cut area of drill pad. All BFC facilities will be contained on the well pad.
  - (2) Refer to Exhibit #8 for the proposed production facility schematic.
  - (3) Dependent upon flow test results, a gas separator, 210 bbl tanks and meter house will be required. All flow lines and piping will be installed according to API specifications. Construction material will consist of surface soil. Use of additional materials from outside sources is not anticipated at this time.
  - (4) At this time it is anticipated that the production pipeline will cross location to the nearest gathering system.
- B. In the event that production is established, plans for gas gathering lines will be submitted to appropriate governmental agencies for approval.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. Water will be purchased from the Hill Top Store on Hwy. #44 (Sec 26 T27N R11W).
- B. Water will be hauled by tank truck to the drilling site as

needed. The access will conform to roads identified on Exhibit #4.

- C. No water well will be drilled on or near this well location.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. No construction materials are anticipated to be needed for drilling the wells or constructing the access roads into the locations. Compacted native soil will be utilized for the drilling sites and access roads.
- B. Native construction materials only may be taken from BLM administered lands.
- C. Native surface soil materials for construction of access roads are anticipated to be sufficient. If necessary, road surface materials (rock, gravel, etc.) will be purchased from the dirt contractor. An appropriate crush will be specified.
- D. Exhibit #4 identifies the access roads. NAPI Land is involved.
- E. Exhibit #6 shows proposed cut & fill cross-sections for the location.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Cuttings not retained for evaluation purposes will be discharged into the reserve pit (see Exhibit #5 & #7 for reserve pit location).
- B. The reserve pit will be lined with a synthetic liner. BLM or NAPI stipulations will specify liner thickness.
- C. Drilling fluids will be contained in steel mud tanks. The reserve pit will contain any excess flow from the well during drilling & cementing operations. The reserve pit will be an earthen pit, approximately 95' x 55' x 10' deep.
- D. Produced water if any, will be disposed into tanks. Produced oil, although not anticipated, will be collected in tanks. If the volume of oil is sufficient during drilling, it will be trucked from the location. Produced water will be disposed of at an appropriate disposal facility.
- E. A portable chemical toilet will be provided on the location for human waste. This waste will be removed to an approved sewage disposal facility.
- F. Garbage and trash produced during drilling, completion and testing operations will be handled in a trash cage. This garbage will be hauled to an approved disposal site after drilling /completion operations are finished. Water and tailings will be disposed into the reserve pit. No toxic waste/chemicals will be produced by these proposed operations.

- G. After the rig moves out, all materials will be cleaned up and no adverse materials will be left on location. Any dangerous open pit will be fenced during drilling and kept closed until the pit has dried. All pits will be filled and the well site will be leveled and reseeded, this will occur when pits are dry enough to backfill as weather permits. Only that part of pad required for producing facilities will be kept in use. In the event of a dry hole, only an appropriately specified dry hole marker will remain.

8. ANCILLARY FACILITIES:

No air strip, campsite or other facilities will be built during drilling and completion operations at this wellsite.

9. WELL SITE LAYOUT:

- A. Refer to Exhibit #5 & #7 for the Drill Pad layout as staked. Cuts and fills have been indicated per Exhibits #6 to show the planned cut and fill across the proposed location. Topsoil will be stockpiled at the edge of the location for reclamation & revegetation.
- B. Refer to Exhibit #7 for a planned location diagram of the proposed rig and drilling equipment, reserve pit, and pipe racks. No permanent living facilities are planned. There may be a trailer on site.
- C. The rig orientation, turn-around area, parking area, and access roads are shown in Exhibit #7.
- D. The reserve pit will be lined with a minimum synthetic liner, thickness stipulated by the BLM or the NAPI.

10. PLANS FOR RESTORATION OF SURFACE:

- A. Upon completion of the proposed operations, and if the well is to be abandoned, the pit will be backfilled, and the location will be recontoured to as near the original topography as is possible - as soon as the pits have dried enough to support earth moving equipment. Pit liner (if required) will be appropriately removed and disposed of or buried in place. The location will be reseeded. All produced fluids, refuse and sewage will be hauled to an approved disposal site after the drilling and completion operations have concluded.
- B. If the well is productive:  
The plan for rehabilitation of the disturbed area no longer needed for production operations after drilling and completion activities are finished is as follows:
- (1) The reserve pit will be backfilled after the contents of the pit are dry. Pit liner (if required) will be appropriately removed and disposed of or buried in place.
  - (2) The area of the drill site not needed for production facilities will be recontoured to the natural contour as nearly as possible and revegetated/reseeded along contours. Seed specifications will be determined by BLM or NAPI.

- C. Revegetation and rehabilitation will be achieved by reseeding after recontouring the site. A seed mixture of native grasses specified by the BLM or NAPI will be used. Irrigated lands will be back-ripped (cross-ripped) and fertilized for a return to agricultural production.
- D. Prior to rig release, the reserve pit will be fenced to prevent livestock or wildlife from being entrapped. The fencing will be maintained until reclamation recontouring commences at the site.
- E. If any oil is on the pits and cannot be immediately removed after operations cease, the pit containing the oil or other adverse substances will be overhead flagged and fenced. The entire location will be inspected for trash and other refuse, and additional clean-up will be done as deemed necessary.
- F. Time to complete rehabilitation depends upon the time necessary for pits to dry. Planting and revegetation should occur by Fall 1995.

11. SURFACE OWNERSHIP:

The surface ownership is Navajo Agricultural Products Industries.

12. OTHER INFORMATION:

- A. Cultural Resources Survey, CASA Report No. 94-72, has been completed for the proposed site & access road. No significant cultural resources were identified at this proposed site and access road.
- B. Unorthodox Location:  
The NAPI irrigation project has caused Bonneville Fuels Corp. to stake this well at an Unorthodox Location in the SE of NW 22-27N-11W. This APD is prepared in order to expedite NAPI concurrence and approval of this plan. This is contingent upon successful negotiation/resolution of a surface damage/use agreement with NAPI. Off-set operators/working interest owners will be notified as soon as title work is complete. The application for State of New Mexico administrative approval of this Unorthodox Location will be pursued.

BFC realizes that APD approval is contingent on NAPI approval of surface use plans & State of New Mexico approval of Unorthodox Location of this well.

13. LESSEE'S AND OPERATOR'S REPRESENTATIVE:

Bonneville Fuels Corporation  
1660 Lincoln, Suite 1800  
Denver, CO 80264

R. A. Schwering - Senior Engineer  
phone: (303) 863-1555 office  
phone: (303) 278-8020 home



If no answer at above numbers, call  
Norm Woods  
310 No First St.  
Bloomfield, NM 87401  
(505) 632-9876

Norm Woods - Production Superintendent

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access routes; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Bonneville Fuels Corporation and its contractors and subcontractors in conformity with this plan and the terms & conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C.1001 for the filing of a false statement.

Date:

8/23/94

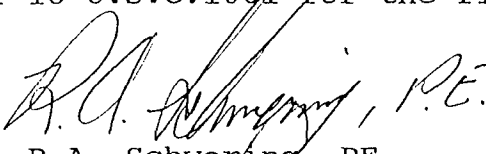
  
R.A. Schwering, PE  
Senior Engineer

EXHIBIT # 2A

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		79680	West Kutz Pictured Cliffs
Property Code	Property Name		Well Number
	SCOTT E FEDERAL		22-22
OGRID No.	Operator Name		Elevation
2678	BONNEVILLE FUELS COMPANY		6346

#### Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	22	27N	11W		2630	NORTH	2626	WEST	SAN JUAN

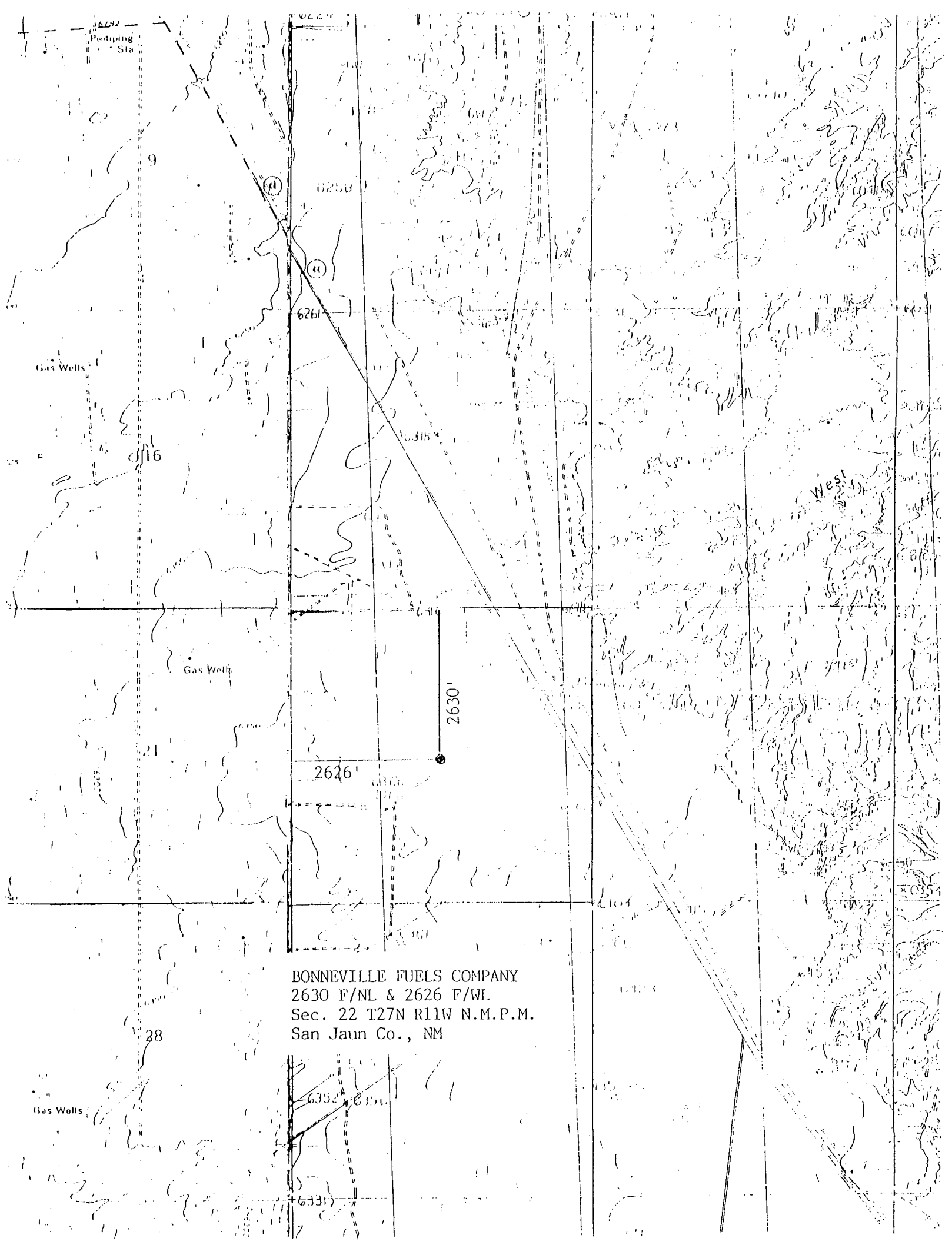
#### Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

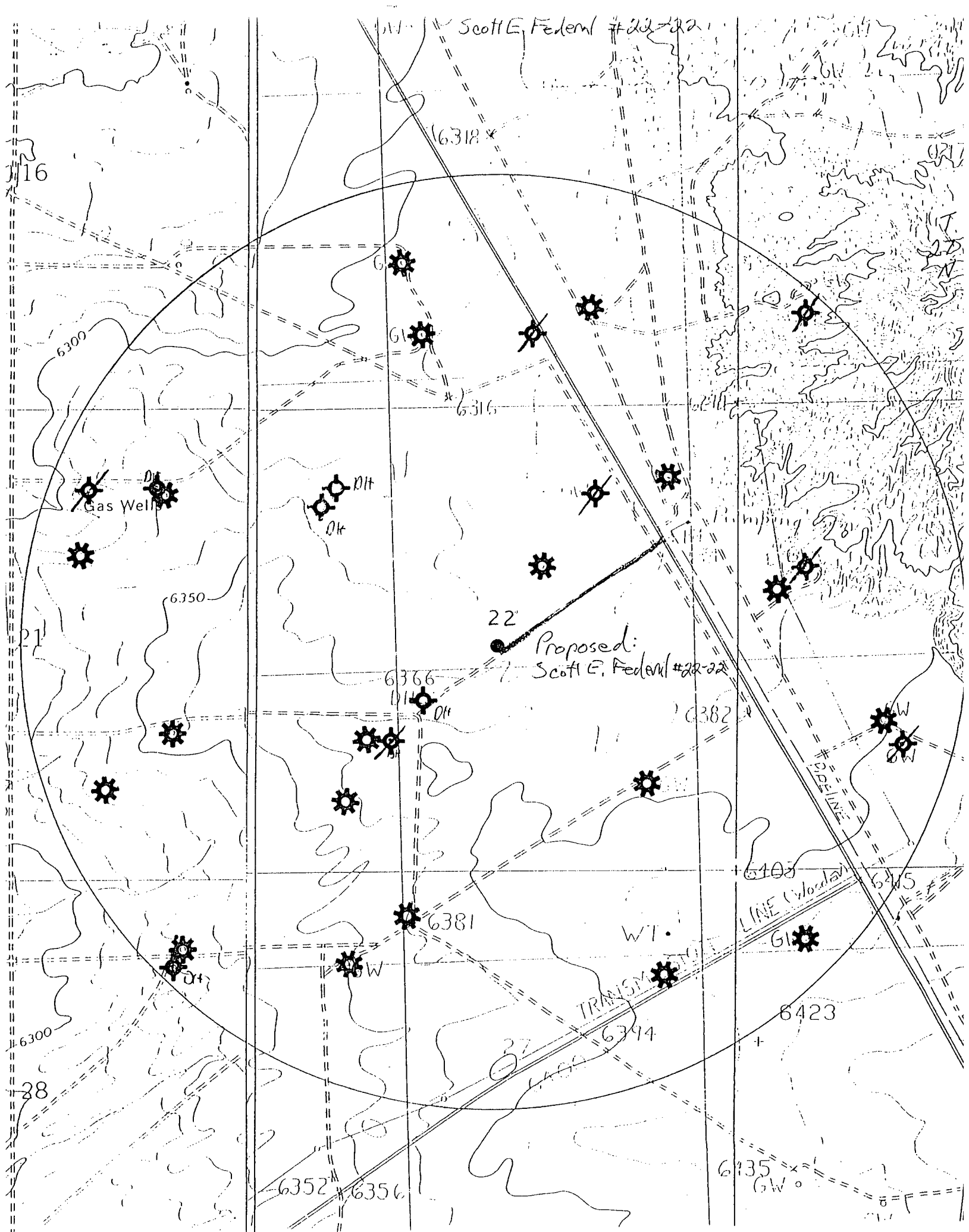
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
159.38			

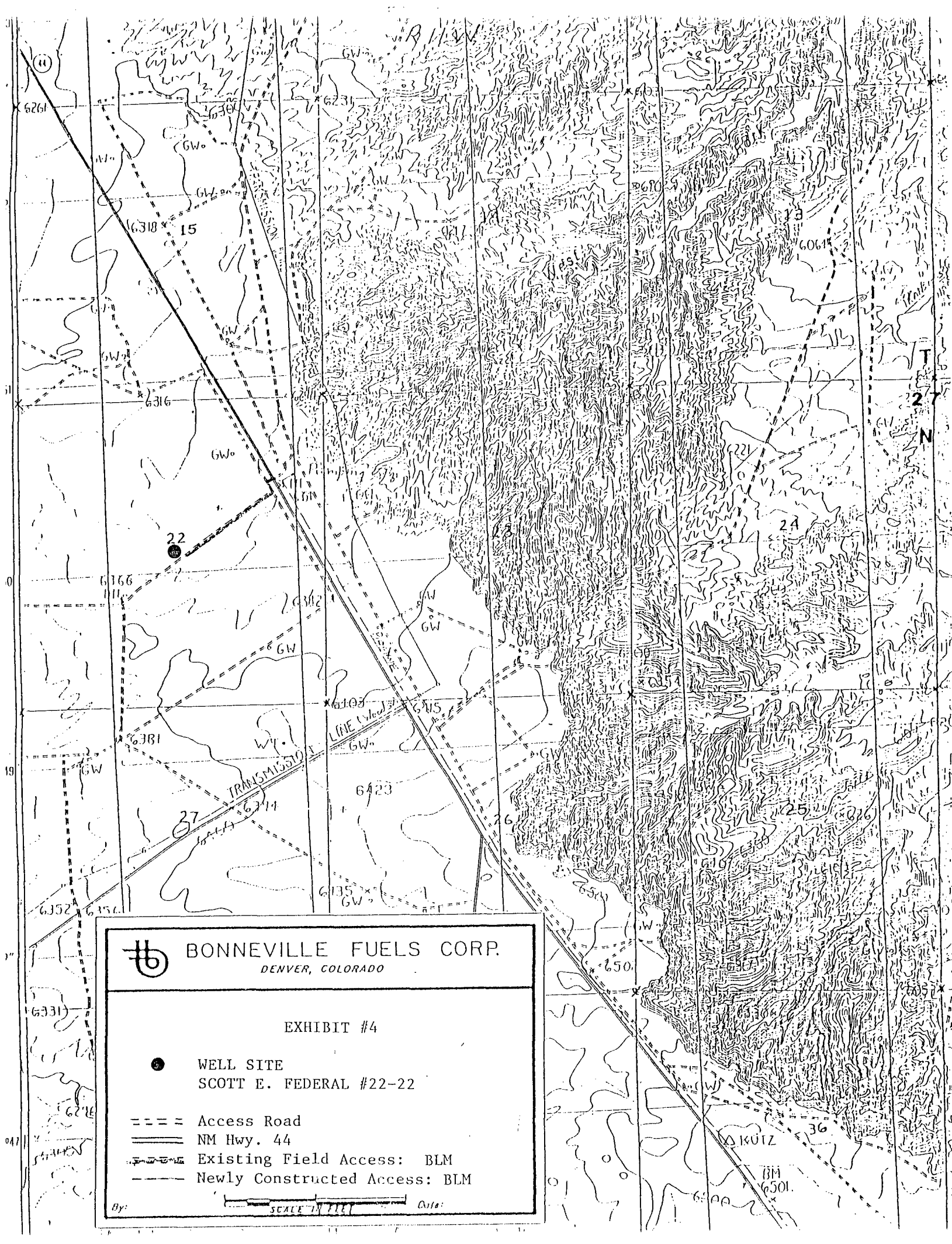
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	/// 2636.	70	/// S89	51' W	2636.	70	<h4>17 OPERATOR CERTIFICATION</h4> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature <u>R. A. Schuering, P.E.</u></p> <p>Printed Name <u>Robert A. Schuering, P.E.</u></p> <p>Title <u>Senior Engineer</u></p> <p>Date <u>8/11/94</u></p>
	159.38		AC	±	159.83	±	
	/// S 89°	51' W	///	2637.	69	2626'	<h4>18 SURVEYOR CERTIFICATION</h4> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey <u>August 8, 1994</u></p> <p>Signature and Seal of Professional Surveyor: <u>[Signature]</u></p> <p>REGISTERED PROFESSIONAL LAND SURVEYOR NEW MEXICO 9672 Certificate Number <u>9672</u></p>
	2637.	69	2626'	2637.	69		
	159.89		AC	±	159.89	±	
	2638.	68	S 89°	51' W	2638.	68	



BONNEVILLE FUELS COMPANY  
2630 F/NL & 2626 F/WL  
Sec. 22 T27N R11W N.M.P.M.  
San Jaun Co., NM





BONNEVILLE FUELS CORP.  
DENVER, COLORADO

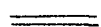
EXHIBIT #4



WELL SITE  
SCOTT E. FEDERAL #22-22



Access Road



NM Hwy. 44



Existing Field Access: BLM



Newly Constructed Access: BLM

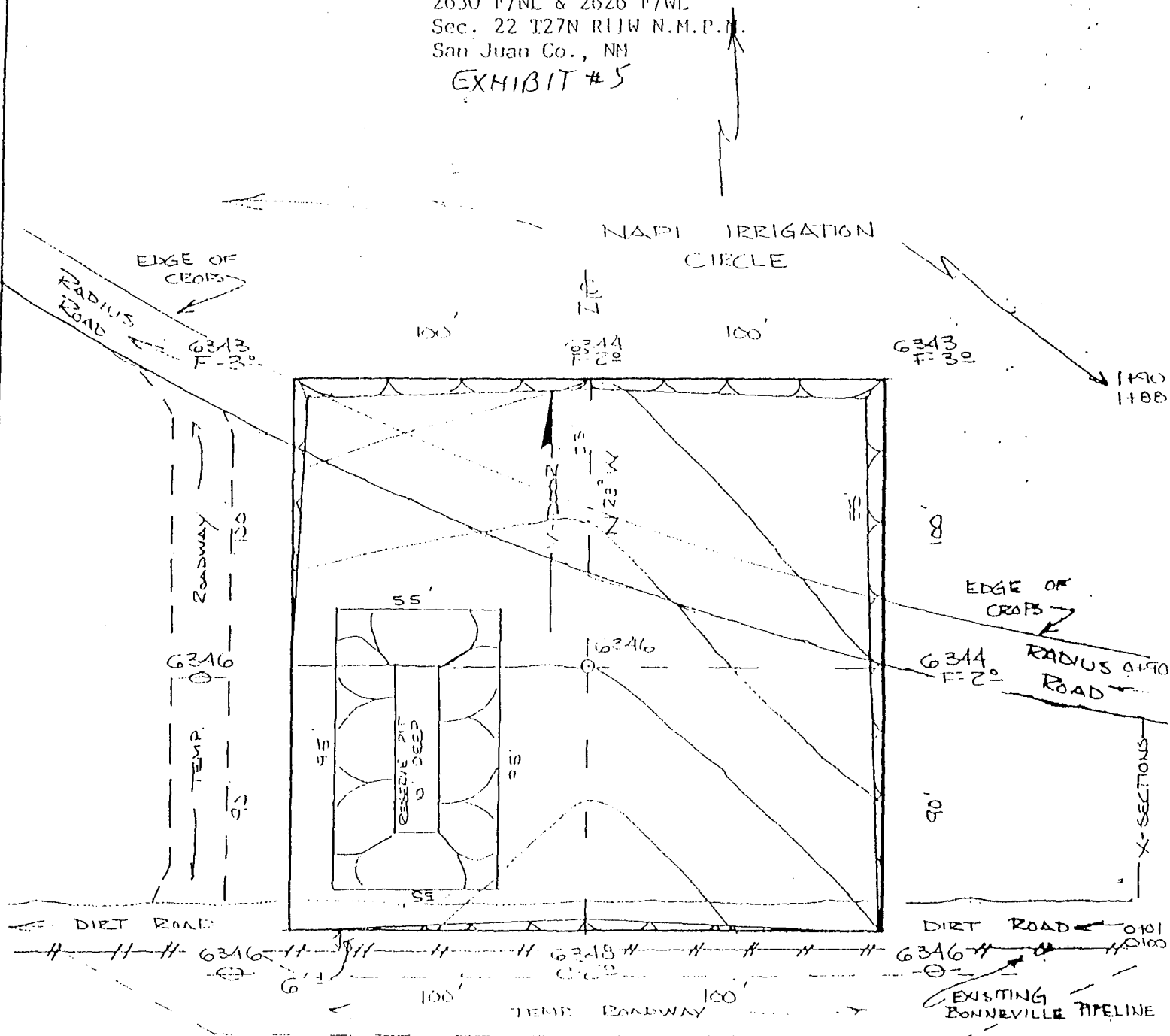
By:



Date:

Scale 1" = 50'

SCOTT E FED. 22-22  
2630 F/NL & 2626 F/WL  
Sec. 22 T27N R11W N.M.P.M.  
San Juan Co., NM  
EXHIBIT #5



TOPOGRAPHY AND PAD LAYOUT

Scale: Horz. 1" = 50'  
Vert. 1" = 10'

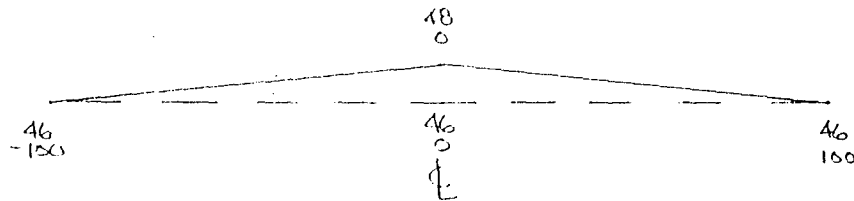
SCOTT E FED 22-22  
2630 F/NL & 2626 F/WL  
Sec. 22 T27N R11W N.M.P.M.  
San Juan Co., NM

EXHIBIT #6

0+00

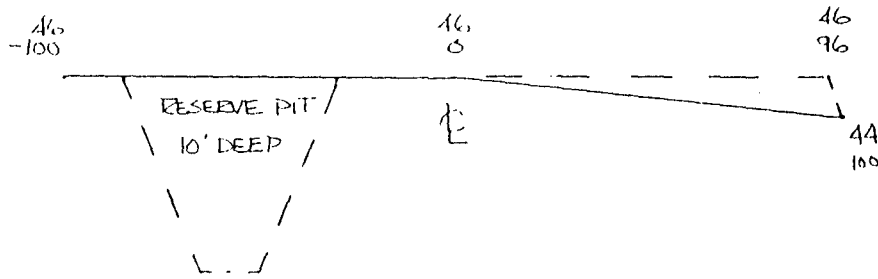
ZERO CUT/FILL

0+01

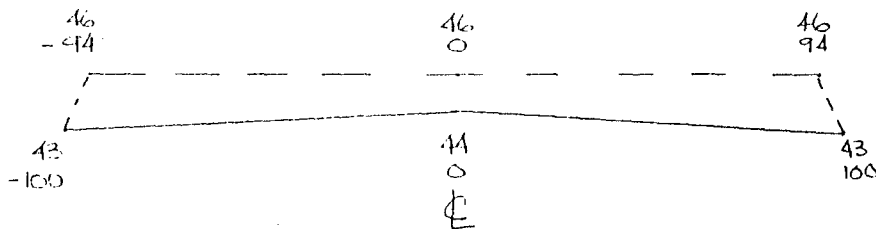


X-SECTION AND VOLUMES

0+90



1+88

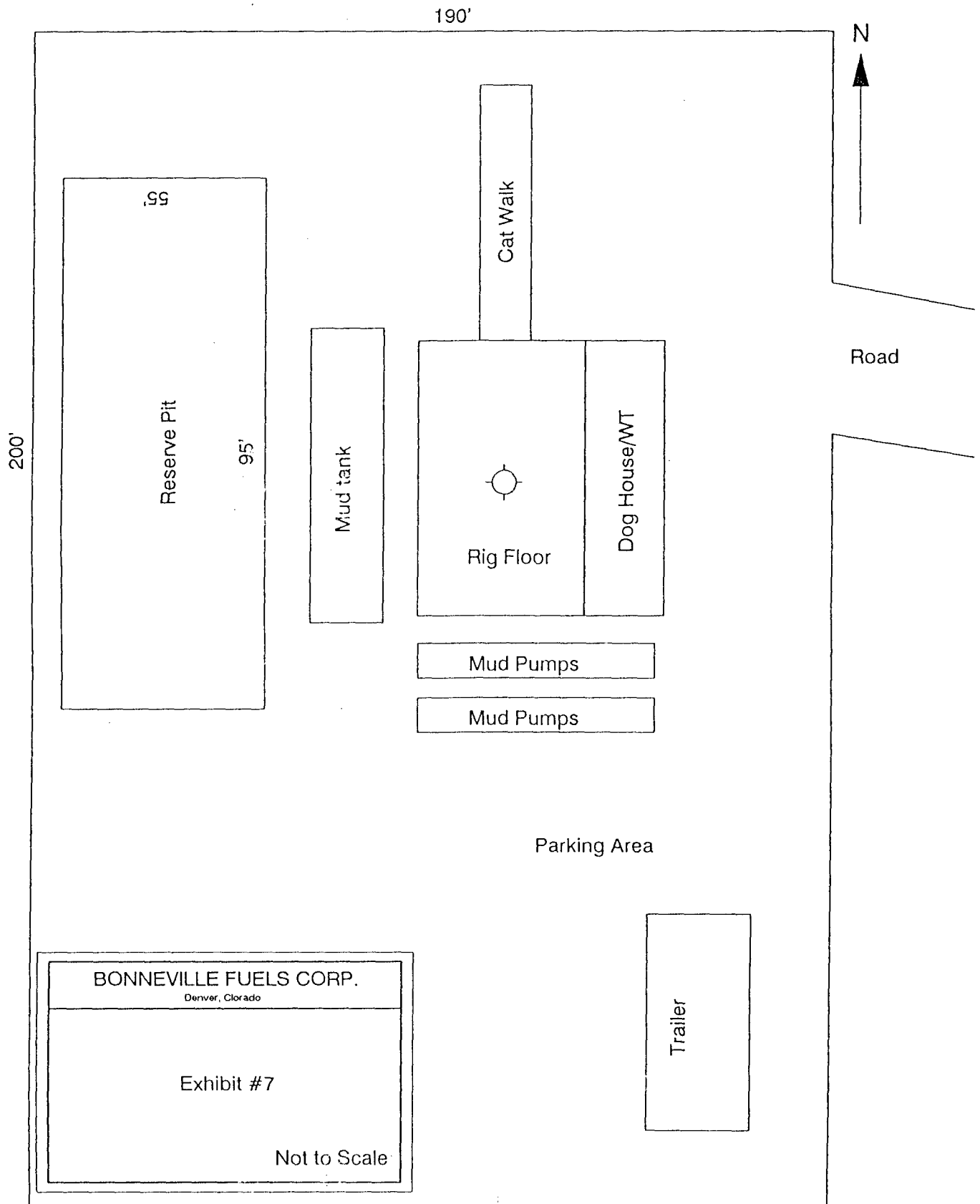


CUT.....333 CU YDS.  
FILL.....1225 CU YDS.  
PIT EXCAVATION.....972 CU YDS.

1+90

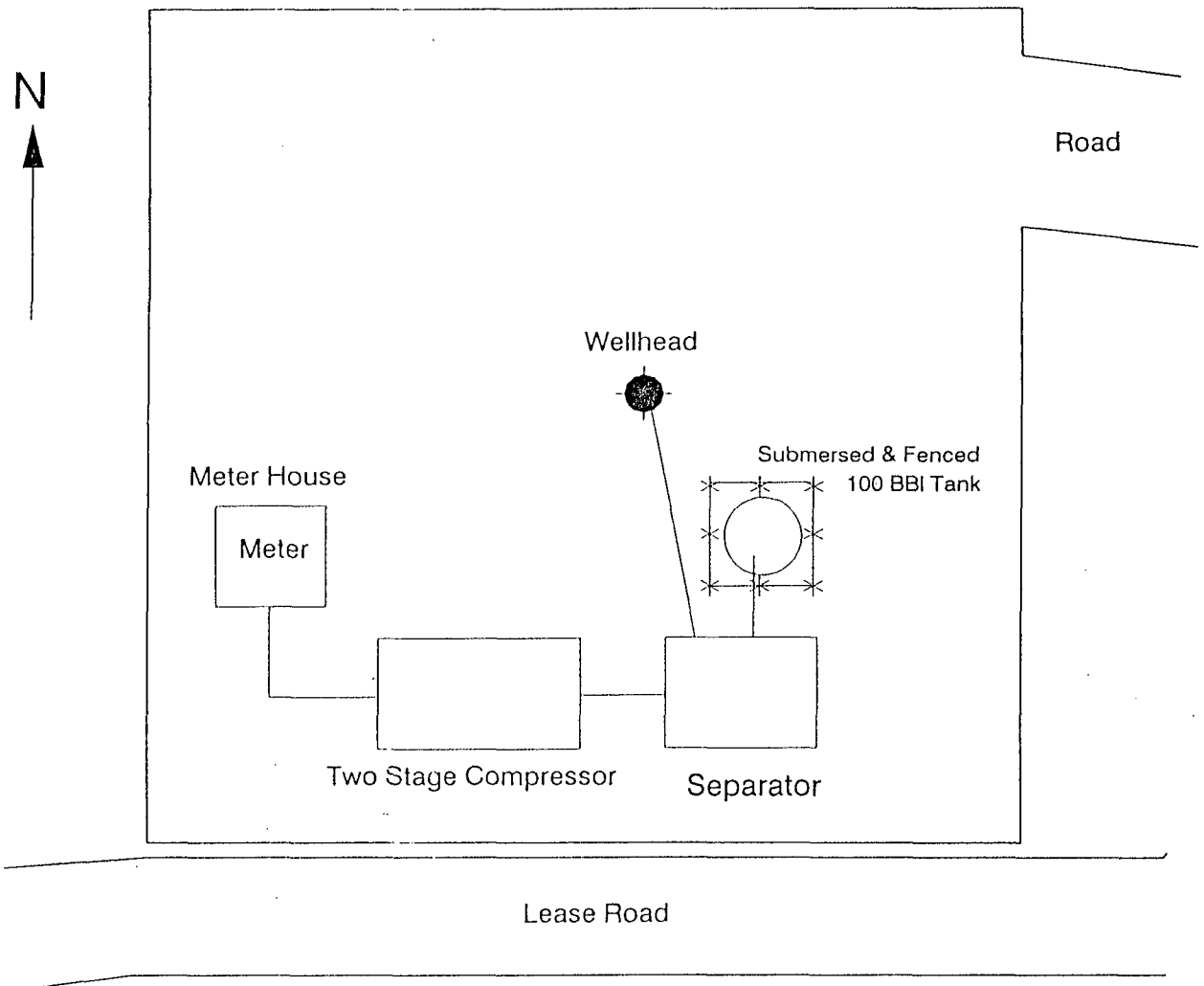
ZERO CUT/FILL

Rig Layout  
Scott E. Federal 22-22





Production Facility Layout  
Scott E. Federal 22-22



<b>BONNEVILLE FUELS CORP.</b> Denver, Colorado
<b>Exhibit #8</b>
<b>Not to Scale</b>
<small>W:\ddm\fuel\scfbfc\prodplan.dwg</small>

# EXHIBIT II State Form C-102

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
		79680		West Kutz Pictured Cliffs	
4 Property Code		5 Property Name			6 Well Number
		SCOTT E FEDERAL			22-22
7 OGRID No.		8 Operator Name			9 Elevation
2678		BONNEVILLE FUELS COMPANY			6346

### 10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	22	27N	11W		2630	NORTH	2626	WEST	SAN JUAN

### 11 Bottom Hole Location If Different From Surface

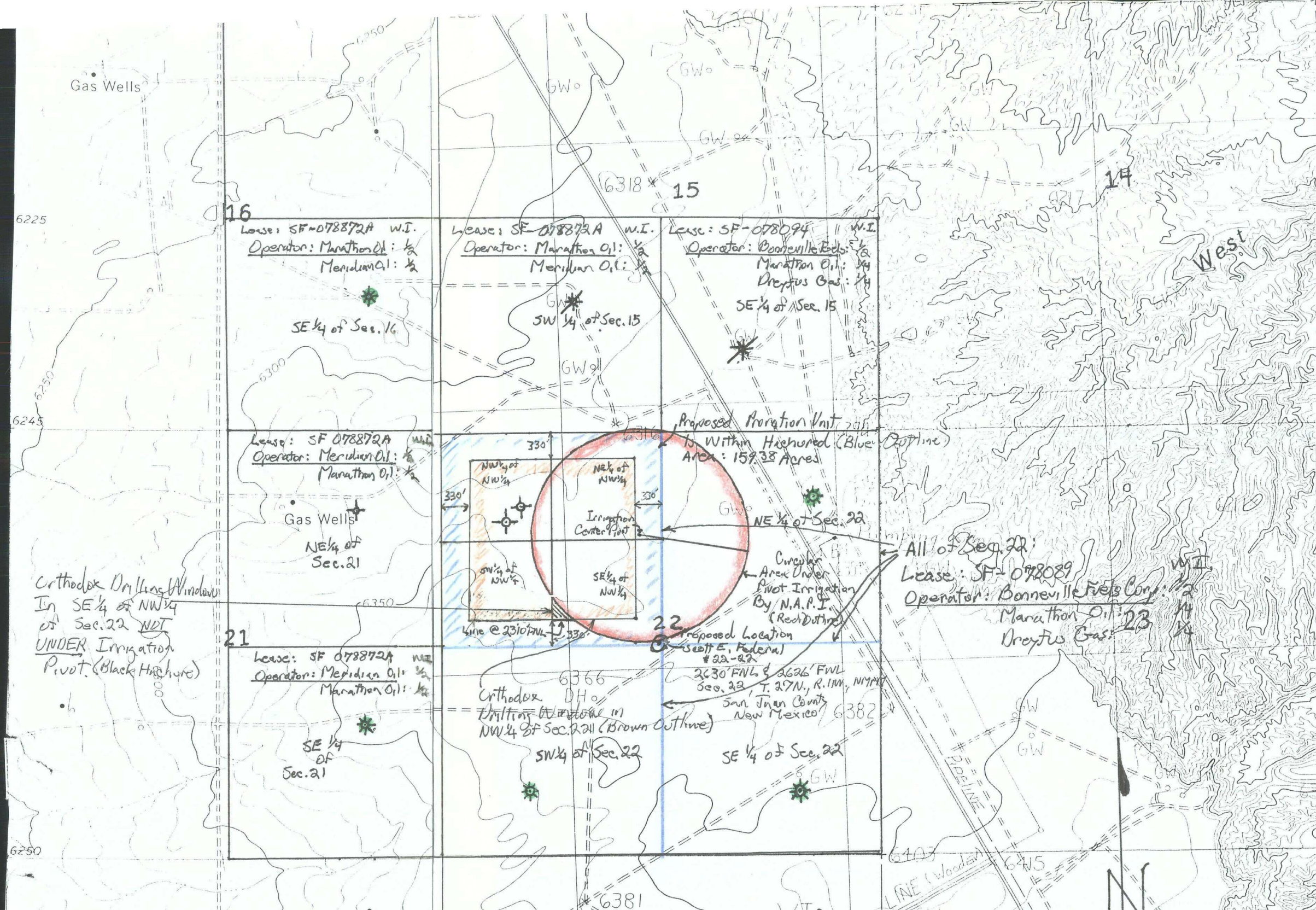
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
159.38			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16 2636. 70 159.38 AC 2640. 35" E 2640. 01 35" E 2640. 01 N 0° 01' 35" E 2640. 01</p> <p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature: <i>R. A. Schuering, P.E.</i></p> <p>Printed Name: Robert A. Schuering, P.E.</p> <p>Title: Senior Engineer</p> <p>Date: 8/1/94</p>			
<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: August 18, 1994</p> <p>Signature and Seal of Professional Surveyor: <i>[Signature]</i></p> <p>REGISTERED PROFESSIONAL LAND SURVEYOR</p> <p>Certificate Number: 9672</p>			





### EXHIBIT III : Certified Plat

A. Topographic Map From 7.5 Minute Quads: E. Fork Kutz Canyon, N.Mex. Quad. Gallegos Trading Post, N.Mex. Quad.

B. Blown Up 1.5 Times

C. Leasehold and Production Plat:

- ⊕ : Dry Hole Pictured Cliffs Wells (Non-Commercial)
- ✱ : Commercially Produced Pictured Cliffs Wells : Abandoned
- ⊙ : Commercially Producing Pictured Cliffs Wells : Existing
- : Proposed Unorthodox Location
- : Other Gas Wells or Dry Holes
- W.I. : Working Interest (Fraction)

D. Surface Obstruction (Irrigation Pivot) Plat

I, Robert A. Schwering, do certify that I have prepared this Plat & that it is true and correct to the best of my knowledge.

8/30/94

R.A. Schwering  
Colo. P.E.  
No. 28108

Gallegos Trading Post

E. Fork Kutz Canyon





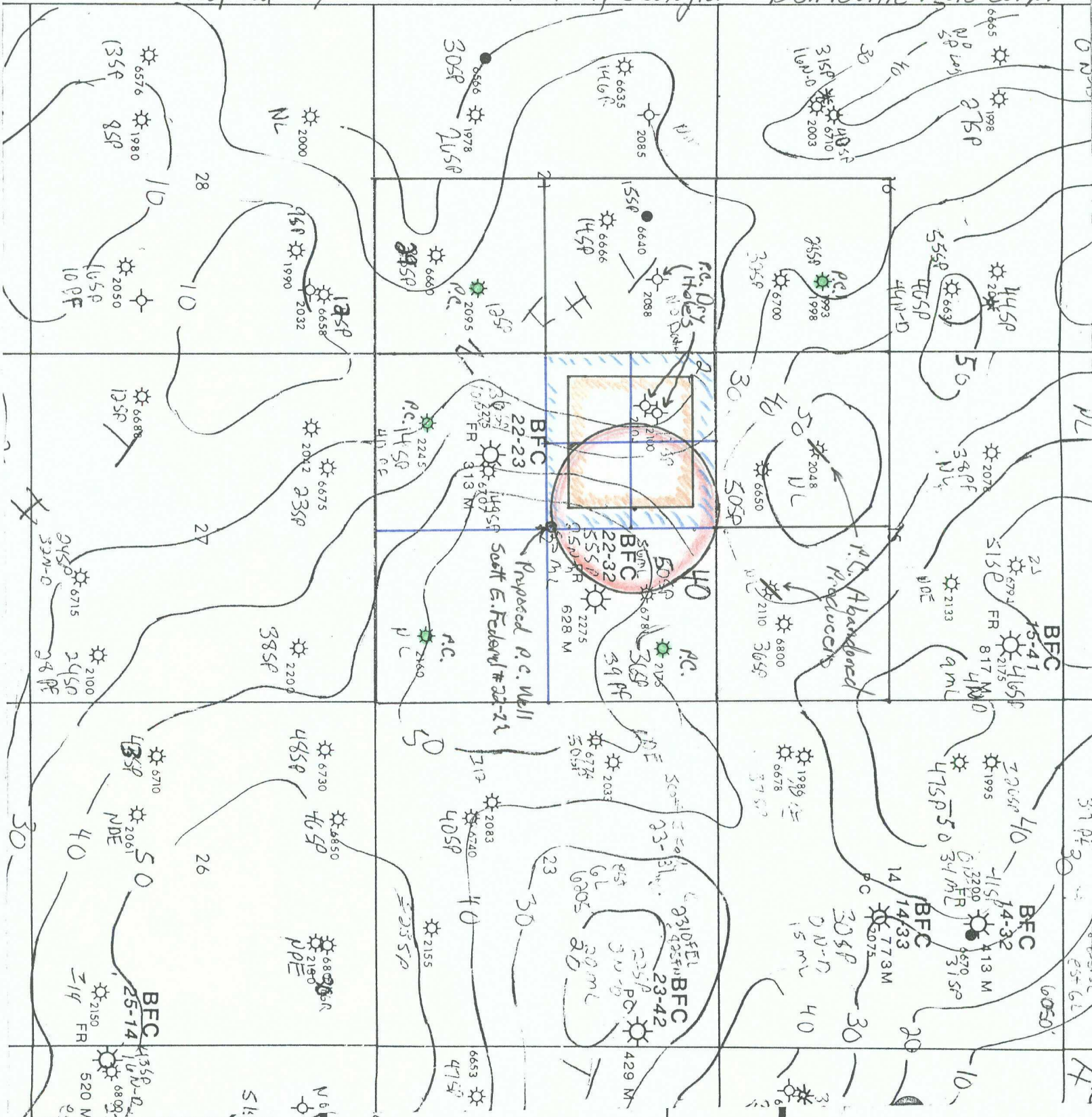


EXHIBIT V :

ISOPACHOUS MAP : Sand Thickness: 10' Intervals  
Pictured Cliffs Fm. : Contoured From Well Data

27

Prepared By : Mr. Bob Rozarek, Geologist : Bonneville Fuels Corp.



Symbols, Where Utilized, Are the same as in Exhibit III for the Leasehold and the Off-Set Acreage For Wells, Sprinkler Irrigation, Dedicated Acreage, and Orthodox Drilling Window.  
R.A. Khoury

EXHIBIT VI  
AFFIDAVIT OF MAILING

STATE OF COLORADO

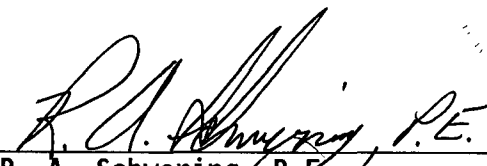
CITY & COUNTY OF DENVER

I, R. A. Schwering, P.E., a Petroleum Engineer employed by Bonneville Fuels Corporation, being first duly sworn, deposes and says:

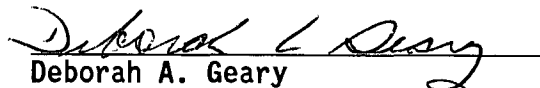
An Application for Administrative Approval of an Unorthodox Location by Bonneville Fuels Corporation to the New Mexico Oil Conservation Division for the drilling of the Scott E. Federal #22-22 well, 2630' FNL and 2626' FWL in Section 22-T27N-R11W, San Juan County, New Mexico was deposited on August 31, 1994, in the U. S. Mail for delivery, as certified mail, to each of the following named three (3) parties at the addresses shown below:

1. Louis Dreyfus Gas Holdings, Inc.  
Attn: Mr. Rusty Waters  
14000 Quail Springs Parkway, Suite #600  
Oklahoma City, OK 73134
2. Meridian Oil Production, Inc.  
3535 East 30th Street  
Farmington, NM 87499
3. Marathon Oil Company  
Attn: Mr. J. J. Madron  
P. O. Box 552  
Midland, TX 79702-0552

Affiant Further Sayeth Not.

  
R. A. Schwering, P.E.

SUBSCRIBED AND SWORN TO BEFORE ME, IN MY PRESENCE, THIS 31<sup>st</sup> day of August, 1994, a Notary Public in and for the State of Colorado.

  
Deborah A. Geary

My Commission Expires: Sept. 30, 1996.

OIL CONSERVATION DIVISION

RECEIVED

Bonneville Fuels Corporation

A Subsidiary of Bonneville Pacific Corporation

'94 OCT 3 11:06 52

August 31, 1994

Marathon Oil Company  
Attn: Mr. J. J. Madron  
P. O. Box 552  
Midland, TX 79702-0552

Re: WAIVER REQUEST LETTER FOR THE ADMINISTRATIVE APPROVAL OF AN UNORTHODOX  
LOCATION IN THE PICTURED CLIFFS FORMATION:

Scott E. Federal #22-22  
2630' FNL & 2626' FWL  
Section 22, T.27N., R.11W. N.M.P.M.  
San Juan County, New Mexico

Dear Mr. Madron:

This letter constitutes a Waiver Request by the Bonneville Fuels Corporation for the drilling of a new well, the Scott E. Federal #22-22, 2630' FNL & 2626' FWL, Section 22, T.27 N., R.11W. N.M.P.M., San Juan County, New Mexico, at the Unorthodox Location specified, in the West Kutz Pictured Cliffs Pool.

MARATHON OIL COMPANY has received proper legal notification of the request by the Bonneville Fuels Corporation for the Administrative Approval of this Unorthodox Location by the New Mexico Oil and Gas Conservation Commission with this Waiver Request, by separate letter.

Should it be your intention NOT to contest or protest the Administrative Grant of Approval for this request, then please execute this Waiver Request letter, keep a copy for your files, and mail:

Executed Original to:

Additional Copy to:

→ State of New Mexico  
Oil and Gas Conservation Commission  
Attn.: Mr. Mike Stogner  
P.O. BOX 2088  
Santa Fe, New Mexico 87504-2088

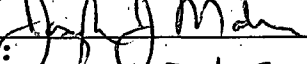
Bonneville Fuels Corporation  
Attn: R. A. Schwering  
1660 Lincoln St., Suite 1800  
Denver, CO 80264

Thank You,

  
R.A. Schwering, P.E.  
Senior Engineer  
Bonneville Fuels Corporation

WAIVER: The undersigned has no objection to, and does not protest or oppose, the granting of Administrative Approval by the New Mexico Oil and Gas Conservation Commission, of the proposed Unorthodox Location request captioned above:

MARATHON OIL COMPANY

By:   
Name: \_\_\_\_\_  
Title: Joint Int. Supv.

Date: 9/23/94

REC'D SEP 9 1994

Bonneville Fuels Corporation  
A Subsidiary of Bonneville Pacific Corporation

OIL CONSERVATION DIVISION  
RECEIVED

'94 SEP 13 AM 8 50

August 31, 1994

Louis Dreyfus Gas Holdings, Inc.  
Attn: Mr. Rusty Waters  
14000 Quail Springs Parkway, Suite #600  
Oklahoma City, OK 73134

Re: WAIVER REQUEST LETTER FOR THE ADMINISTRATIVE APPROVAL OF AN UNORTHODOX  
LOCATION IN THE PICTURED CLIFFS FORMATION:

Scott E. Federal #22-22  
2630' FNL & 2626' FWL  
Section 22, T.27N., R.11W. N.M.P.M.  
San Juan County, New Mexico

Dear Mr. Waters:

This letter constitutes a Waiver Request by the Bonneville Fuels Corporation for the drilling of a new well, the Scott E. Federal #22-22, 2630' FNL & 2626' FWL, Section 22, T.27 N., R.11W. N.M.P.M., San Juan County, New Mexico, at the Unorthodox Location specified, in the West Kutz Pictured Cliffs Pool.

LOUIS DREYFUS GAS HOLDINGS, INC. has received proper legal notification of the request by the Bonneville Fuels Corporation for the Administrative Approval of this Unorthodox Location by the New Mexico Oil and Gas Conservation Commission with this Waiver Request, by separate letter.

Should it be your intention NOT to contest or protest the Administrative Grant of Approval for this request, then please execute this Waiver Request letter, keep a copy for your files, and mail:


Executed Original to:

Additional Copy to:

State of New Mexico  
Oil and Gas Conservation Commission  
Attn.: Mr. Mike Stogner  
P.O. BOX 2088  
Santa Fe, New Mexico 87504-2088

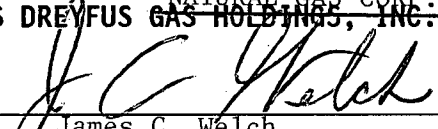
Bonneville Fuels Corporation  
Attn: R. A. Schwering  
1660 Lincoln St., Suite 1800  
Denver, CO 80264

Thank You,

  
R.A. Schwering, P.E.  
Senior Engineer  
Bonneville Fuels Corporation

WAIVER: The undersigned has no objection to, and does not protest or oppose, the granting of Administrative Approval by the New Mexico Oil and Gas Conservation Commission, of the proposed Unorthodox Location request captioned above:

LOUIS DREYFUS GAS HOLDINGS, INC. \*  
~~NATURAL GAS CORP. \*~~

By:   
Name: James C. Welch  
Title: Land Manager

Date: 9-7-94

\* Merged documents on file with the State of New Mexico and BLM.

1660 Lincoln / Suite 1800 / Denver, Colorado 80264 / 303-863-1555 / Facsimile 303-863-1558



14000 Quail Springs Parkway  
Suite 600  
Oklahoma City, Oklahoma  
73134-2600

Telephone 405 749-1300  
Fax 405 749-9385

REC'D SEP 9 1994



September 7, 1994

Bonneville Fuels Corporation  
1660 Lincoln, Suite 1800  
Denver, Colorado 80264

ATTN: R.A. Schwering  
Senior Engineer

RE: Scott E. Federal #22-22  
Section 22, 27N-11W  
San Juan County, New Mexico

Gentlemen:

Please find enclosed Waiver Request Letter dated August 31, 1994, which has been executed on behalf of Louis Dreyfus Natural Gas Corp.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.

A handwritten signature in cursive script that reads "Rusty Waters".

Rusty Waters  
District Landman

RW/eeo

Bonneville Fuels Corporation  
A Subsidiary of Bonneville Pacific Corporation

August 31, 1994

Meridian Oil Production, Inc.  
3535 East 30th Street  
Farmington, NM 87499

Dear Sir/Madam:

This letter serves as our FULL LEGAL NOTIFICATION that the Bonneville Fuels Corporation is seeking Administrative Approval of a request for an Unorthodox Location Exception from the New Mexico Oil and Gas Conservation Commission at the following proposed location:

Scott E. Federal #22-22  
2630' FNL & 2626' FWL  
Section 22, T.27N., R.11W., N.M.P.M.  
San Juan County, New Mexico

The Bonneville Fuels Corporation is the lessee (Federal Lease #SF-078089) operator of the NW 1/4 of Section 22, T.27N., R.11W., N.M.P.M., San Juan County, New Mexico, and intends to assign the 159.38 acres in this 1/4 section to this well.

Meridian Oil Production, Inc. is the owner of a working interest in the following off-set lease acreages (all in T.27N., R.11W., N.M.P.M., San Juan County, New Mexico):

Lease #SF-078872A: E 1/2 of Sec. 21, SE 1/4 of Sec. 16, & the  
SW 1/4 of Sec. 15.

Should your firm elect NOT to protest this request within the 20-day notification period specified by law, then Administrative Approval of this request may be granted by the State of New Mexico. Should your firm elect to protest this request, then a hearing will be scheduled for adjudication of this matter.

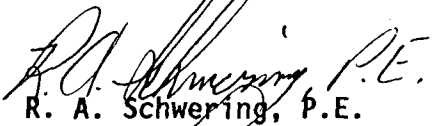
Meridian Oil Production, Inc.  
August 31, 1994  
Page 2

The Bureau of Land Management has indicated that it will accept the results of adjudication of this matter by the State of New Mexico.

Please call me if you have any questions.

Thank you.

BONNEVILLE FUELS CORPORATION

  
R. A. Schwering, P.E.  
Senior Engineer

Attachment: Waiver Request Letter

Bonneville Fuels Corporation  
A Subsidiary of Bonneville Pacific Corporation

August 31, 1994

Mr. J. J. Madron  
Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702-0552

Dear Mr. Madron:

This letter serves as our FULL LEGAL NOTIFICATION that the Bonneville Fuels Corporation is seeking Administrative Approval of a request for an Unorthodox Location Exception from the New Mexico Oil and Gas Conservation Commission at the following proposed location:

Scott E. Federal #22-22  
2630' FNL & 2626' FWL  
Section 22, T.27N., R.11W., N.M.P.M.  
San Juan County, New Mexico

The Bonneville Fuels Corporation is the lessee (Federal Lease #SF-078089) operator of the NW 1/4 of Section 22, T.27N., R.11W., N.M.P.M., San Juan County, New Mexico, and intends to assign the 159.38 acres in this 1/4 section to this well. Marathon Oil Corporation is a working interest owner in this lease/well.

The Marathon Oil Company is the owner of a working interest in the following off-set lease acreages (all in T.27N., R.11W., N.M.P.M., San Juan County, New Mexico):

1. Lease #SF-078089: NE 1/4, SE 1/4 & SW 1/4 of Sec. 22.  
Bonneville Fuels Corporation is the Operator.
2. Lease #SF-078872A: E 1/2 of Sec. 21, SE 1/4 of Sec. 16, and SW 1/4 of Sec. 15.
3. Lease #SF-078094: SE 1/4 of Sec. 15.  
Bonneville Fuels Corporation is the Operator.

Should your firm elect NOT to protest this request within the 20-day notification period specified by law, then Administrative Approval of this request may be granted by the State of New Mexico. Should your firm elect to protest this request, then a hearing will be scheduled for adjudication of this matter.


Mr. J. J. Madron  
Marathon Oil Company  
August 31, 1994  
Page 2

The Bureau of Land Management has indicated that it will accept the results of adjudication of this matter by the State of New Mexico.

Please call me if you have any questions.

Thank You,

BONNEVILLE FUELS CORPORATION



R. A. Schwering, P.E.

Senior Engineer

Attachment: Waiver Request Letter

Bonneville Fuels Corporation  
A Subsidiary of Bonneville Pacific Corporation

August 31, 1994

Louis Dreyfus Gas Holdings, Inc.  
Attn: Mr. Rusty Waters  
14000 Quail Springs Parkway, Suite #600  
Oklahoma City, OK 73134

Dear Mr. Waters:

This letter serves as our FULL LEGAL NOTIFICATION that the Bonneville Fuels Corporation is seeking Administrative Approval of a request for an Unorthodox Location Exception from the New Mexico Oil and Gas Conservation Commission at the following proposed location:

Scott E. Federal #22-22  
2630' FNL & 2626' FWL  
Section 22, T.27N., R.11W., N.M.P.M.  
San Juan County, New Mexico

The Bonneville Fuels Corporation is the lessee (Federal Lease #SF-078089) operator of the NW 1/4 of Section 22, T.27N., R.11W., N.M.P.M., San Juan County, New Mexico, and intends to assign the 159.38 acres in this 1/4 section to this well. The Louis Dreyfus Gas Holdings, Inc., is a working interest owner in this lease/well.

Louis Dreyfus Gas Holdings, Inc. is the owner of a working interest in the following off-set lease acreages (all in T.27N., R.11W., N.M.P.M., San Juan County, New Mexico):

1. Lease #SF-078089: NE 1/4, SE 1/4 & SW 1/4 of Sec. 22.  
Bonneville Fuels Corporation is the Operator.
2. Lease #SF-078094: SE 1/4 of Sec. 15.  
Bonneville Fuels Corporation is the Operator.

Should your firm elect NOT to protest this request within the 20-day notification period specified by law, then Administrative Approval of this request may be granted by the State of New Mexico. Should your firm elect to protest this request, then a hearing will be scheduled for adjudication of this matter.

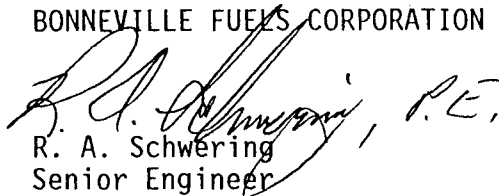
Louis Dreyfus Gas Holdings, Inc.  
August 31, 1994  
Page 2

The Bureau of Land Management has indicated that it will accept the results of adjudication of this matter by the State of New Mexico.  
Please call me if you have any questions.

Thank you.

Yours truly,

BONNEVILLE FUELS CORPORATION

 R. A. Schwering, P.E.  
Senior Engineer

Attachment: Waiver Request Letter

EXHIBIT 8 : 3 Pages : 3 Waiver Requests  
From O&A Sets

Bonneville Fuels Corporation  
A Subsidiary of Bonneville Pacific Corporation

August 31, 1994

Meridian Oil Production, Inc.  
3535 East 30th Street  
Farmington, NM 87499

Re: WAIVER REQUEST LETTER FOR THE ADMINISTRATIVE APPROVAL OF AN UNORTHODOX  
LOCATION IN THE PICTURED CLIFFS FORMATION:

Scott E. Federal #22-22  
2630' FNL & 2626' FWL  
Section 22, T.27N., R.11W. N.M.P.M.  
San Juan County, New Mexico

Dear Sir/Madam:

This letter constitutes a Waiver Request by the Bonneville Fuels Corporation for the drilling of a new well, the Scott E. Federal #22-22, 2630' FNL & 2626' FWL, Section 22, T.27 N., R.11W. N.M.P.M., San Juan County, New Mexico, at the Unorthodox Location specified, in the West Kutz Pictured Cliffs Pool.

MERIDIAN OIL PRODUCTION has received proper legal notification of the request by the Bonneville Fuels Corporation for the Administrative Approval of this Unorthodox Location by the New Mexico Oil and Gas Conservation Commission with this Waiver Request, by separte letter.

Should it be your intention NOT to contest or protest the Administrative Grant of Approval for this request, then please execute this Waiver Request letter, keep a copy for your files, and mail:

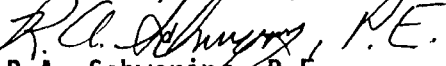
Executed Original to:

Additional Copy to:

State of New Mexico  
Oil and Gas Conservation Commission  
Attn.: Mr. Mike Stogner  
P.O. BOX 2088  
Santa Fe, New Mexico 87504-2088

Bonneville Fuels Corporation  
Attn: R. A. Schwering  
1660 Lincoln St., Suite 1800  
Denver, CO 80264

Thank You,

  
R.A. Schwering, P.E.  
Senior Engineer  
Bonneville Fuels Corporation

WAIVER: The undersigned has no objection to, and does not protest or oppose, the granting of Administrative Approval by the New Mexico Oil and Gas Conservation Commission, of the proposed Unorthodox Location request captioned above:

MERIDIAN OIL PRODUCTION, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_



Bonneville Fuels Corporation  
A Subsidiary of Bonneville Pacific Corporation

August 31, 1994

Marathon Oil Company  
Attn: Mr. J. J. Madron  
P. O. Box 552  
Midland, TX 79702-0552

Re: WAIVER REQUEST LETTER FOR THE ADMINISTRATIVE APPROVAL OF AN UNORTHODOX  
LOCATION IN THE PICTURED CLIFFS FORMATION:

Scott E. Federal #22-22  
2630' FNL & 2626' FWL  
Section 22, T.27N., R.11W. N.M.P.M.  
San Juan County, New Mexico

Dear Mr. Madron:

This letter constitutes a Waiver Request by the Bonneville Fuels Corporation for the drilling of a new well, the Scott E. Federal #22-22, 2630' FNL & 2626' FWL, Section 22, T.27 N., R.11W. N.M.P.M., San Juan County, New Mexico, at the Unorthodox Location specified, in the West Kutz Pictured Cliffs Pool.

MARATHON OIL COMPANY has received proper legal notification of the request by the Bonneville Fuels Corporation for the Administrative Approval of this Unorthodox Location by the New Mexico Oil and Gas Conservation Commission with this Waiver Request, by separate letter.

Should it be your intention NOT to contest or protest the Administrative Grant of Approval for this request, then please execute this Waiver Request letter, keep a copy for your files, and mail:

Executed Original to:

Additional Copy to:

State of New Mexico  
Oil and Gas Conservation Commission  
Attn.: Mr. Mike Stogner  
P.O. BOX 2088  
Santa Fe, New Mexico 87504-2088

Bonneville Fuels Corporation  
Attn: R. A. Schwering  
1660 Lincoln St., Suite 1800  
Denver, CO 80264

Thank You,

  
R.A. Schwering, P.E.  
Senior Engineer  
Bonneville Fuels Corporation

WAIVER: The undersigned has no objection to, and does not protest or oppose, the granting of Administrative Approval by the New Mexico Oil and Gas Conservation Commission, of the proposed Unorthodox Location request captioned above:

MARATHON OIL COMPANY

By: \_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_

Bonneville Fuels Corporation  
A Subsidiary of Bonneville Pacific Corporation

August 31, 1994

Louis Dreyfus Gas Holdings, Inc.  
Attn: Mr. Rusty Waters  
14000 Quail Springs Parkway, Suite #600  
Oklahoma City, OK 73134

Re: WAIVER REQUEST LETTER FOR THE ADMINISTRATIVE APPROVAL OF AN UNORTHODOX  
LOCATION IN THE PICTURED CLIFFS FORMATION:

Scott E. Federal #22-22  
2630' FNL & 2626' FWL  
Section 22, T.27N., R.11W. N.M.P.M.  
San Juan County, New Mexico

Dear Mr. Waters:

This letter constitutes a Waiver Request by the Bonneville Fuels Corporation for the drilling of a new well, the Scott E. Federal #22-22, 2630' FNL & 2626' FWL, Section 22, T.27 N., R.11W. N.M.P.M., San Juan County, New Mexico, at the Unorthodox Location specified, in the West Kutz Pictured Cliffs Pool.

LOUIS DREYFUS GAS HOLDINGS, INC. has received proper legal notification of the request by the Bonneville Fuels Corporation for the Administrative Approval of this Unorthodox Location by the New Mexico Oil and Gas Conservation Commission with this Waiver Request, by separate letter.

Should it be your intention NOT to contest or protest the Administrative Grant of Approval for this request, then please execute this Waiver Request letter, keep a copy for your files, and mail:

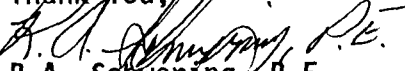
Executed Original to:

Additional Copy to:

State of New Mexico  
Oil and Gas Conservation Commission  
Attn.: Mr. Mike Stogner  
P.O. BOX 2088  
Santa Fe, New Mexico 87504-2088

Bonneville Fuels Corporation  
Attn: R. A. Schwering  
1660 Lincoln St., Suite 1800  
Denver, CO 80264

Thank You,

  
R.A. Schwering, P.E.  
Senior Engineer  
Bonneville Fuels Corporation

WAIVER: The undersigned has no objection to, and does not protest or oppose, the granting of Administrative Approval by the New Mexico Oil and Gas Conservation Commission, of the proposed Unorthodox Location request captioned above:

LOUIS DREYFUS GAS HOLDINGS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Mike Stogner**

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**From:** Ernie Busch  
**To:** Mike Stogner  
**Subject:** BONNEVILLE FUELS CORP (NSL)  
**Date:** Thu, Sep 15, 1994 7:46AM  
**Priority:** High

SCOTT E. FEDERAL 22 #22  
2630' FNL; 2626' FWL  
F-22-27N-11W  
RECOMMEND: APPROVAL