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Bonneville Fuels Corporation
A Subsidiary of Bonneville Pacific Corporation

January 30, 1996

State of New Mexico
Oil Conservation Division
PO Box 2088
Santa Fe, NM 87504-2088

State of New Mexico
Oil Conservation Division
District I
PO Box 1980
Hobbs, NM 88241-1980

Attn: Mr. Sexton
Mr. Stogner ✓
Mr. LeMay

Case 11493

RE: Allowable - Humble City Strawn, SO pool

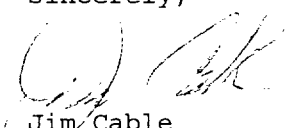
Dear Sirs;

It has come to our attention that we are quickly approaching the average daily allowable of 430 BOPD and 860 MCFD on the Lottie York #3 well in the Humble City Strawn, SO pool (Sec 14-17s-37e). Since the date of first production through December 1995 this well has made 133,755 mcf in 157 days or 852 MCFD. The well is currently producing 290 BOPD and 1,100 MCFD on a 22/64s choke.

We have started preparations including contacting William F. Carr of Campbell, Carr, Berge & Sheridan, P.A. to file a request with your office for a hearing to increase this allowable. Given our current understanding of the notice requirements we would expect to be ready for the second hearing in March. In the interim, we expect to exceed the allowable by 22,000 MCF or 20 days of production. We respectfully request that you allow the Lottie York #3 to continue producing at its current rate until this matter is brought to a hearing. Should the request for an increase in the allowable not be granted, we shall immediately bring the well into compliance with the current allowable rates.

Should you have any questions please feel free to contact myself or Bob Schwering at 303-863-1555.

Sincerely,


Jim Cable
Vice President - Operations