



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 Strawn 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.

December 7, 1998

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

Telefax No. (303) 863-1558

AMENDED Administrative Order NSL-4130

Dear Mr. Schwering:

Reference is made to your application dated December 2, 1998 requesting that Division Administrative Order NSL-4130 be amended to reflect a location change for Bonneville Fuels Corporation's ("Bonneville") proposed Soapberry Draw State Com. "7" Well No. 1.

Said Division Order NSL-4130, dated September 9, 1998, authorized Bonneville to drill its Soapberry "7" State Com. Well No. 1 at an unorthodox gas well location to be applicable to both the Strawn and 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 to be dedicated to this well 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.

It is our understanding that a move of approximately 320 feet to the southwest is necessary in order to: (i) move further away from an existing residence; and, (ii) maintain geological integrity in the deeper Morrow interval.

This amended application has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F(2), Division Administrative Order NSL-4130 is hereby amended to reflect a location change for the proposed well, to be redesignated the Soapberry Draw State Com. "7" Well No. 1, in the S/2 equivalent of Section 7, that was the subject of Division Administrative Order NSL-4130, to be drilled an unorthodox gas well location that is 720 feet from the South line and 2479 feet from the West line (Unit N) of Section 7. All other provisions of said Order NSL-4130 shall remain in full force and effect until further notice.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
File: NSL-4130