



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

June 1, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Bonneville Fuels Corporation
1700 Broadway - Suite 1150
Denver, Colorado 80290
Attention: Sharon McDonald

Telefax No. (303) 863-1558

Administrative Order NSL-4461

Dear Ms. McDonald:

Reference is made to the following: (i) your application dated May 11, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division"), including the file in Division Case No. 11894: all concerning Bonneville Fuels Corporation's ("Bonneville") request for an unorthodox oil well location in the Undesignated North Shoe Bar-Wolfcamp Pool for the existing Salbar "16" State Well No. 1 (**API No. 30-025-34263**), located 2456 feet from the North line and 1023 feet from the West line (Unit E) of Section 16, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico. The NW/4 of Section 16 is to be dedicated to this well in order to form a standard 160-acre oil spacing and proration unit for this pool.

Division Order R-10937, issued in Case No. 11894 dated January 7, 1998, granted the operator to drill and complete the above-described well within the Northeast Shoe Bar-Strawn Pool at an unorthodox oil well location within a standard 80-acre oil spacing and proration unit comprising the S/2 NW/4 of Section 16. It is our understanding that Bonneville intends to perforate the Wolfcamp interval in an attempt to establish oil production and then plans to proceed to downhole commingle production from both pools.

The location of this well within the Undesignated North Shoe Bar-Wolfcamp Pool is also considered to be unorthodox, pursuant to Rule 4 of the "*Special Rules and Regulations for the North Shoe Bar-Wolfcamp Pool*", as promulgated by Division Order No. R-4657, as amended.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Rule 5 of the special pool rules and Division Rule 104.F (2), the above-described unorthodox oil well location within the Undesignated North Shoe Bar-Wolfcamp Pool is hereby approved.

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It is further ordered that, at the request of Bonneville, Wolfcamp production from the Salbar "16" State Well No. 1 is to be assessed a production penalty of 10 % (90 % allowable) applied to the depth bracket allowable for the North Shoe Bar-Wolfcamp Pool.

Further all provisions of Division Order No. R-10937 shall remain in full force and affect until further notice.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs ✓
New Mexico State Land Office - Santa Fe
File: Case No. 11894