



Carbon Energy Corporation
Bonneville Fuels Corporation
CEC Resources Ltd.

May 11, 2000

State of New Mexico
Oil Conservation Division
2040 Pacheco
Santa Fe, New Mexico 87505

NSL- 4461- 6/2/00

Attention: Mr. Michael E. Stogner

RE: Application for Administrative Approval
Unorthodox Well Location
Salbar 16 State #1 Well

Dear Mr. Stogner:

Bonneville Fuels Corporation (Bonneville) does hereby request Administrative Approval of an unorthodox location for recompleting the following well in the Wolfcamp Formation:

Salbar 16 State #1
2456' FNL, 1023' FWL, Unit E
Section 16, T16S, R36E, N.M.P.M.
Lea County, New Mexico

The well is located within one mile of the North Shoe Bar-Wolfcamp Pool, Lea County, New Mexico.

The Salbar 16 State #1 well was initially completed in the Strawn formation. Approval for an unorthodox Northeast Shoe Bar-Strawn pool location was given under Order R-10937.

Due to poor economic performance of the Strawn formation, and in the interest of conservation of oil and gas and to prevent waste and protect correlative rights, Bonneville is requesting administrative approval to use the existing wellbore to recomplete the Salbar 16 State #1 in the Wolfcamp formation. Bonneville does not believe that the prospective zones for Wolfcamp production have sufficient productivity to merit the drilling of an independent well at an orthodox location. In the interest of conformance with previous Order No. R-10937, Bonneville Fuels Corporation requests that the subject well allowable restriction be not less than 90% of the North Shoe Bar Wolfcamp allowable, as the North East Shoe Bar Strawn was restricted to 90% of its pool allowable.

Bonneville is also seeking approval to temporarily abandon the Strawn formation production. Bonneville would ultimately apply to commingle the Strawn formation production and Wolfcamp formation production at an appropriate time in the future. Ownership of the Strawn production and the Wolfcamp production are identical.

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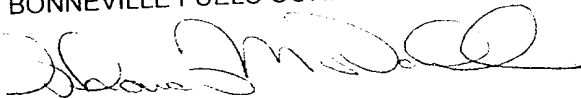
Please find the following documents for your use in considering the approval of this application:

1. A plat showing the spacing unit, the proposed unorthodox well location, and the adjoining spacing unit towards which the unorthodox well location encroaches.
2. A list of all affected persons as defined in Rule 1207.A(2) and an Affidavit of Mailing attesting that notification was sent to the affected parties.
3. A copy of New Mexico Form C-102 (Well Location and Acreage Dedication Plat).
4. A copy of the Application for Permit to Drill, Deepen, or Plug Back the Salbar 16 State #1 well.

Thank you for your consideration and assistance in this regard. If this filing is incomplete or you need any additional information, please call me at your earliest convenience at 303-863-1555, extension 234.

Very truly yours,

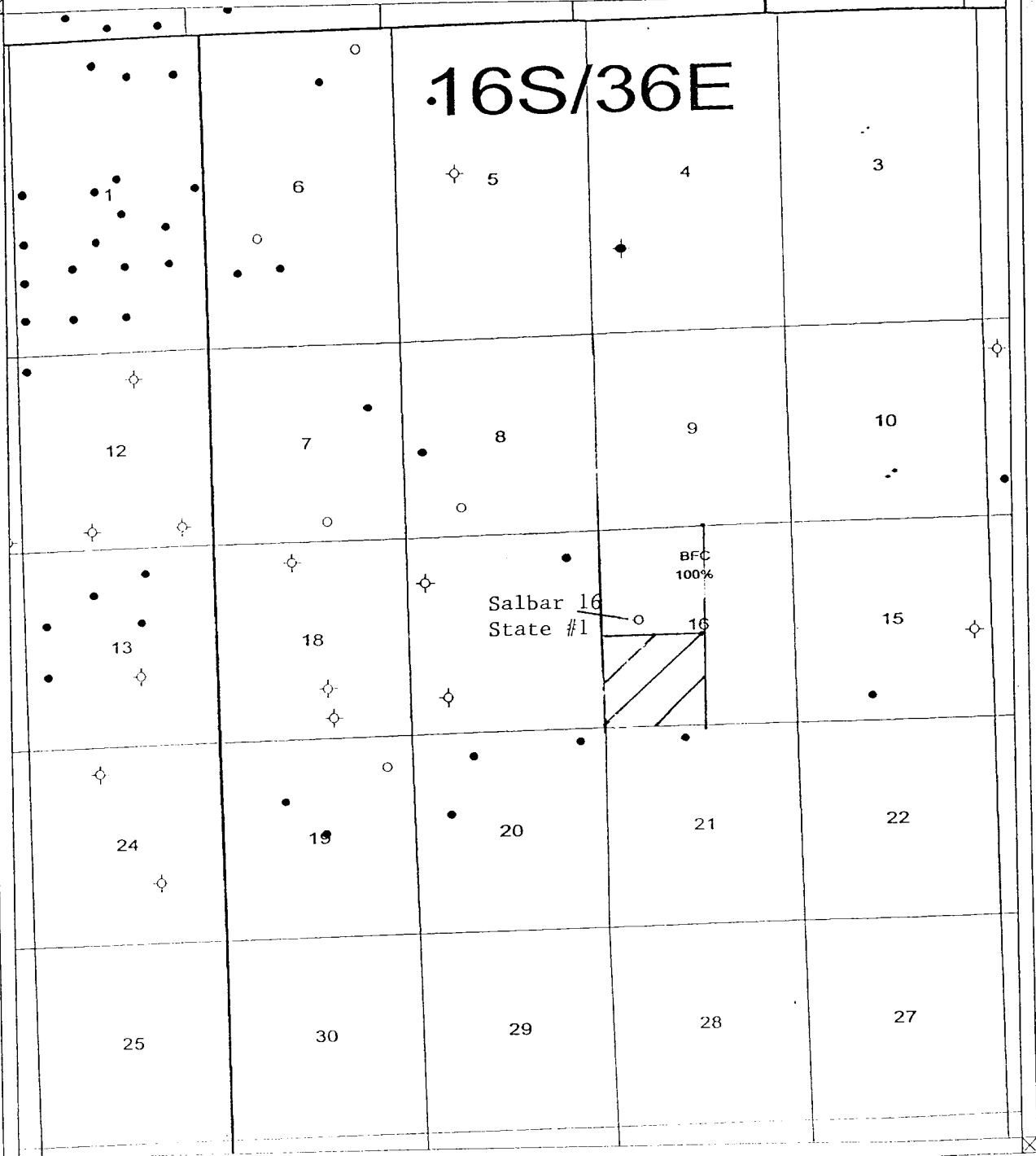
BONNEVILLE FUELS CORPORATION



Sharon McDonald
Landman

enclosures

16S/36E



Spacing Unit Salbar 16 State #1



Encroached upon Spacing Unit

Bonneville Fuels Corp.

Lea County, New Mexico
Benchmark Prospect

Philip Wood

isd

Scale 1:50000

5/5/99

benchmark.grf

NAMES AND ADDRESSES OF OFFSET OWNERS

Salbar 16 State #1 Well
Application for Unorthodox Location

In accordance with Rule 1207.A(2)(b), the following is a summary of each operator or lessee of record in the adjoining spacing units towards which the unorthodox location encroaches for the Salbar 16 State #1 well.

T16S-R36E-Section 16: SW/4

Unleased Mineral Owner:
New Mexico State Land Office
P.O. Box 1148
Santa Fe, New Mexico 87504-1148
Attention: Jami Bailey

AFFIDAVIT OF MAILING

STATE OF COLORADO

CITY & COUNTY OF DENVER

I, Sharon R. McDonald, Landman, employed by Bonneville Fuels Corporation, being first duly sworn, deposes and says:

A Notice of Unorthodox Location Application for the Salbar 16 State #1 Well by Bonneville Fuels Corporation to the offset owners and operators was deposited on May 11, 2000, in the U. S. Mail for delivery, as certified mail, to each of the following named parties at the addresses shown below:

New Mexico State Land Office
P.O. Box 1148
Santa Fe, New Mexico 87504-1148
Attention: Jami Bailey, Director

Affiant Further Sayeth Not.


Sharon R. McDonald, Landman

SUBSCRIBED AND SWORN TO BEFORE ME, IN MY PRESENCE, THIS 11th day of May, 2000, a Notary Public in and for the State of Colorado.


Deborah A. Geary

My Commission Expires: 9/30/2000



Carbon Energy Corporation
Bonneville Fuels Corporation
CEC Resources Ltd.

May 11, 2000

New Mexico State Land Office
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Attention: Jami Bailey, Director

RE: Notice of Unorthodox Location
And Request for Waiver of Objection
Salbar 16 State #1 Well
2456' FNL, 1023' FWL, Unit E of Section 16-T16S-R36E
Lea County, New Mexico

Ladies and Gentlemen:

Notice is hereby given, pursuant to the applicable State of New Mexico Oil Conservation Division regulations, that Bonneville Fuels Corporation is seeking administrative approval to recomplete the Salbar 16 State #1 Well in the Wolfcamp Formation. The proposed spacing unit for the Wolfcamp is the NW/4 of Section 16. The well is located at an unorthodox location for the Wolfcamp. Due to poor economic performance of the Strawn formation in the Salbar 16 State #1 well, and in the interest of conservation of oil and gas and to prevent waste and protect correlative rights, Bonneville is requesting administrative approval to use the existing wellbore to recomplete the Salbar 16 State #1 in the Wolfcamp formation. Bonneville does not believe that the prospective zones for Wolfcamp production have sufficient productivity to merit the drilling of an independent well at an orthodox location. In the interest of conformance with previous Order No. R-10937, Bonneville is requesting that the subject well allowable restriction be not less than 90% of the North Shoe Bar Wolfcamp allowable, as the North East Shoe Bar Strawn was restricted to 90% of its pool allowable.

Bonneville is also seeking approval to temporarily abandon the Strawn formation production. Bonneville would ultimately apply to commingle the Strawn formation production and Wolfcamp formation production at an appropriate time in the future. Ownership of the Strawn production and the Wolfcamp production are identical.

Providing you have no objection to Bonneville's application, Bonneville respectfully requests your execution of this Waiver of Objection in triplicate, within the required 20 day notice period. Please mail a fully executed original of this waiver to the State of New Mexico Oil Conservation Division in the enclosed self-addressed envelope, return an executed copy to Bonneville Fuels Corporation, and retain the third copy for your files. Should you fail to file a protest in accordance with the rules and regulations of the New Mexico Oil Conservation Division within the 20-day notice period, then the NMOCD will consider that you have waived objection to this proposed administrative approval of the unorthodox location.


Received
Hous
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New Mexico State Land Office
May 11, 2000
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Thank you for your consideration in this regard. If you have any technical questions concerning this matter, please contact Bob Schwering, the project engineer, at 303-863-1555, extension 213.

Very truly yours,

Bonneville Fuels Corporation

A handwritten signature in black ink, appearing to read 'Sharon McDonald', with a stylized, cursive script.

Sharon McDonald
Landman

The undersigned does hereby waive objection to the administrative approval of the aforementioned matter.

New Mexico State Land Office

By: _____
Title: _____
Date: _____

Received
Hubbs
200

District I
PO Box 1900, Hobbs, NM 88241-1900
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 10, 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 30 -025- 34263		Pool Code	Pool Name North Shoe Bar: Wolfcamp	
Property Code 25055	Property Name Salbar "16" State			Well Number #1
OGRID No. 02678	Operator Name Bonneville Fuels Corp. 1700 Broadway Ste 1150 Denver, Co. 80290			Elevation 3918'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	16	16 S.	36 E.		2456	North	1023	West	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
11 Dedicated Acres 160 11 Joint or Infill 11 Consolidation Code 11 Order No. Previous: For Northeast Shoe Bar Strawn Oil: Strawn Fm.: R - 10937									

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

	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature <u>R.A. Schwering</u> Printed Name <u>R.A. Schwering, P.E.</u> Operations Manager: <u>Pemian</u> Title Date <u>5/11/2000</u>	
	18 SURVEYOR CERTIFICATION 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
Revised March 17, 1999

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Bonneville Fuels Corp. 1700 Broadway Suite 1150 Denver, Colorado 80290		² OGRID Number 02678
		³ API Number 30 - 025 - 34263
³ Property Code 25055	⁵ Property Name Salbar "16" State	⁶ Well No. # 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	16	16 S.	36 E.		2456'	North	1023'	West	LEA

⁸ Proposed 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

⁹ Proposed Pool 1 North Shoe Bar Wolfcamp	¹⁰ Proposed Pool 2
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¹¹ Work Type Code Plugback/TA	¹² Well Type Code Oil	¹³ Cable/Rotary Pulling Unit	¹⁴ Lease Type Code State Lease	¹⁵ Ground Level Elevation GR 3918' KB 3937'
¹⁶ Multiple Single: Wolfcamp	¹⁷ Proposed Depth TD'd @ 12,730'	¹⁸ Formation Wolfcamp	¹⁹ Contractor Key Energy: P.U.	²⁰ Spud Date Start: 6/1/2000

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17- 1/2"	13- 3/8"	54.5#	482'	470 sx.:	Circ. @ Surf.
12- 1/4"	9- 5/8"	47# & 40#	4,275'	1610 sx.:	Circ. @ Surf.
7- 7/8"	5-1/2"	17#	12,730'	1st Stg.:680sx.	TOC @ 9600'.
				DV Tool @ 9232'	
				2nd Stg.:760sx.	TOC @ 3250'.

- ²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.
Describe the blowout prevention program, if any. Use additional sheets if necessary. BOPE: 7-1/16" 5000 psi. Double Ram Hydraulic.
- POOH w/ pump/rods. Run BHP build-up f/ Strawn BHP. NU BOPE & POOH Tbg. Assembly.
 - Temp. Abandon Hi Water Cut Strawn Fm. production (Strawn Perfs.: 11,557' - 11,567':OA). Set HOWCO Fas-Drill Composite Plug @ 11,450' & dump bail 3 sx. cement on top. Load & test casing to 1500# w/ 4% KCl water.
 - Perforate, acidize as necessary, and test various Wolfcamp Fm. Intervals from 10,460' to 11,060'. Assess productivity. Commingle w/ Strawn as soon as practical. Apply f/ commingle permit & submit plan prior to commingle ops.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: 

Printed name: R.A. Schwering, P.E.

Title: Operations Manager: Permian

Date: 5/11/2000

Phone: ext.213
(303) 863-1555

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐



Carbon Energy Corporation
Bonneville Fuels Corporation
CEC Resources Ltd.

May 11, 2000

Oil Conservation Division: District I
Department of Natural Resources
State of New Mexico
Mr. Chris Williams: District Supervisor
1625 North French Drive
Hobbs, New Mexico 88240

Dear Mr. Williams:

Bonneville Fuels Corporation completed the:
Salbar "16" State #1 Well
2456' FNL & 1023' FWL (Unit E)
Section 16, T.16S., R.36E.
Lea County, New Mexico
In the Northeast Shoe Bar Strawn Pool in March 2000.

Initial production rates were attractive but water cut increased rapidly until the well originally watered out. Pumping rates were reduced to 50% on-time and oil production was re-established. The well produces from a narrow oil column in the Strawn Fm. on top of a significant water column.

Current producing rates have peaked at approx. 15 BOPD + 75 BWD + 50 MCFD (stable). The well operates at a producing profit but does not allow BFC to recover sufficient cash flow to retire the cost of re-entering, completing and equipping the well. Applying any reasonable decline to this deep (Strawn Perfs.: 11,557' – 11,567') pumping well indicates that it will reach its economic limit at 5 BOPD & 15 MCFD in less than 2 years.

On the basis of economic hardship Bonneville is filing the following permits/administrative approval requests as follows:

1. A C-101 (Orig. + 5 copies) to Temporarily Abandon the Strawn Fm. production after obtaining a stabilized BHP by plugging back the well to the Wolfcamp Fm. Several zones within the Wolfcamp Fm. between 10,460' and 11,060' will be perforated, acidized and tested in an effort to obtain a commercial and water free completion.
2. A C-104 (Orig. + 3 copies) dedicating the Wolfcamp Fm. production in the NW ¼ of Section 16 to the existing wellbore.
3. A copy of the Request for Administrative Approval of a Non-Standard Location, which BFC has filed, with the NMOCD Santa Fe Office is attached for your records. Through this application Bonneville seeks application of the previously approved Strawn allowable restriction (90% of depth restricted Strawn allowable for the Northeast Shoe Bar Strawn Pool) to the Wolfcamp Fm. (i.e. BFC requested 90% of the North Shoe Bar Wolfcamp Pool allowable) due to the Unorthodox location of this well. The well is Unorthodox for either Northeast Shoe Bar Strawn Fm. or North Shoe Bar Wolfcamp Fm. oil production.

Bonneville will commence work as soon as the Administrative Approval of the Non-Standard Location is granted and after we receive the approved C-101 & C-102 forms. Bonneville will file the requisite C-104 and C-116 forms as soon as production tests can be obtained.

Call me if you have any questions at (303) 863-1555 ext. 213.
Thank You for Your Assistance in this Matter,

Sincerely Yours,
BONNEVILLE FUELS CORPORATION


R.A. Schwering, P.E.
Operations Manager: Permian Basin

Attachments