

Bonneville Fuels Corporation
1660 Lincoln: Suite 1800
Denver, Colorado 80264
(303) 863-1555

March 8, 1995

Oil Conservation Division
District 1 Office
Attn.: Donna
1000 West Broadway
Hobbs, New Mexico 88240

Re: Application For A Permit To Drill: Lottie York #3 Well

Dear Donna:

This letter and its attachments comprise the request by the Bonneville Fuels Corporation for approval of an Application For Permit To Drill a proposed new oil well:

Lottie York #3: 2030' FSL & 2300' FWL,
Section 14, T.17S., R.37E.,
Lea County, New Mexico.

This proposed well location is an Unorthodox Location in the South Humble City Strawn Pool in Lea County, New Mexico. The proposed bottom-hole location is identical to the proposed surface location. This proposed Unorthodox Location is based solely upon geologic considerations. Bonneville Fuels Corporation will dedicate the 79.96 Acres of the E 1/2 of the SW 1/4 of Section 14 to this well if it is completed as a producing well in the Strawn Fm.

Attached for your use in this matter are triplicate originals of the New Mexico Form C-101* (Application For Permit To Drill: with attachments) and the New Mexico Form C-102 (Well Location And Acreage Dedication Plat: with attachments). These forms have also been sent to Mr. Mike Stogner of the Oil Conservation Division, Department of Energy and Minerals, State of New Mexico, along with a letter requesting an Examiner Hearing on April 6, 1995, seeking adjudication of this Unorthodox Location request. I have also enclosed, for your information, a copy of the letter to Mr. Stogner requesting the Examiner Hearing for this Unorthodox Location.

Bonneville Fuels has retained legal counsel in preparation for the Examiner Hearing. Bonneville Fuels will make complete application for this Unorthodox Location approval through the offices of Campbell, Carr, Berge & Sheridan, P.A., for its Examiner Hearing presentation.

Ms. Tanya M. Trujillo, P.A., with CCB&S, is our attorney for the disposition of this matter. Please copy her with pertinent correspondence in the disposition of this matter at:

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.
ATTN.: MS. TANYA M. TRUJILLO, P.A.
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

Thank you for your assistance, and please call me at (303) 863-1555 if I can be of further assistance to you in this matter.

Sincerely Yours,


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

cc: J.O. Cable, Vice President of Operations
R.J. Kozarek, Geologist
D.R. Spelman, Land Man
T.M. Trujillo, Attorney-At-Law
File

* 2 additional C-101 Copies attached for your use.