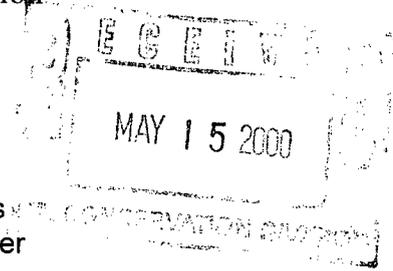




Carbon Energy Corporation
 Bonneville Fuels Corporation
 CEC Resources Ltd.

Original: NMYOCD: Santa Fe
 NSL - 6/5/00



May 10, 2000

State of New Mexico
 Oil Conservation Division: Department of Natural Resources
 Attn.: Mr. Michael E. Stogner: Chief Hearing Officer/Engineer
 2040 South Pacheco
 Santa Fe, New Mexico 87505
 Phone: (505) 827-8185

Re: Unorthodox Surface Location for Topographic Reasons
 Orthodox Production Interval Bottom-Hole Location
 Federal '1' Avalon #3

Dear Mr. Stogner:

Bonneville Fuels Corporation does herewith request the Administrative Approval of the following proposed directionally drilled well:

Avalon '1' Federal #3:

Surface Location (Unorthodox): 2762' FSL & 2075' FEL, Lot 31 (Unit 'O').
 Orthodox Location (Min. E. Setback): 1967' FSL & 2008' FWL, Lot 35 (Unit 'S').
 686' South of North Line in SW Quarter &
 Min. 660' West of 1/2 Section Line in SW Quarter.

Section 1, T.21S., R.26E., Eddy County, New Mexico
 Foster Draw Delaware Gas Pool: 160 acre spacing w/ 660' setbacks required.

Bonneville Fuels Corporation does herewith request:

1. Administrative Approval of the proposed Unorthodox Surface Location of the Avalon 1 Federal #2 well at 2762' FSL & 2075' FEL, Lot 31 (Unit 'O'), Section 1, T.21S., R.26E., Eddy County, New Mexico to be used to directionally drill the subject well to a Bottom-Hole Location in Lot 35 (Unit 'S') **for Topographic Reasons.**
2. Administrative Approval that the subject well be allowed to produce at an unrestricted rate from the Foster Draw Delaware Gas Pool from that portion of the wellbore which meets the legal setback limits of the Orthodox Bottom-Hole Location in **the interest of preventing waste and securing the correlative rights of mineral interest holder(s) and the lessee(s).** Further, that production be prohibited in said wellbore from intervals that DO NOT meet the Orthodox Bottom-Hole Location requirements of the relevant pool rules without further testimony and hearing.

Sincerely Yours,
 BONNEVILLE FUELS CORPORATION

RA Schwering, PE
 Operations Manager
 Permian Area

Attachments: Affidavit of Mailing and Notice to Affected Parties
 Map Identifying Noticed Pro-Ration Units
 Letter in Support of Unorthodox Location Application



Carbon Energy Corporation
 Bonneville Fuels Corporation
 CEC Resources Ltd.

2075

$$\begin{array}{r} 53 \\ 2840 \\ 2075 \\ \hline 565 \end{array}$$

May 10, 2000

State of New Mexico
 Oil Conservation Division: Department of Natural Resources
 Attn.: Mr. Michael E. Stogner: Chief Hearing Officer/Engineer
 2040 South Pacheco
 Santa Fe, New Mexico 87505
 Phone: (505) 827-8185

2075

$$\begin{array}{r} 2075 \\ - 622 \\ \hline 1453 \text{ FWL} \\ 13565 \\ \hline 888 \end{array}$$

Re: Unorthodox Surface Location for Topographic Reasons
 Orthodox Production Interval Bottom-Hole Location
 Federal '1' Avalon #3

651

$$\begin{array}{r} 2762 \\ - 388 \\ \hline 2374 \text{ FSL} \end{array}$$

Dear Mr. Stogner:

Bonneville Fuels Corporation does herewith request the Administrative Approval of the following proposed directionally drilled well:

Avalon '1' Federal #3:

Surface Location (Unorthodox): 2762' FSL & 2075' FEL, Lot 31 (Unit 'O').
 Target Bottom-Hole Location (Orthodox): 1900' FSL & 1900' FWL, Lot 35 (Unit 'S');
 ±3100' TVD.
 Legal Bottom-Hole Location (Orthodox): 1993' FSL & 2008' FWL, Lot 35 (Unit 'S').
 Minimum 660' South of North Line in SW Quarter &
 Minimum 660' East of West Line in SW Quarter.

Section 1, T.21S., R.26E., Eddy County, New Mexico
 Foster Draw Delaware Gas Pool: 160 acre spacing w/ 660' setbacks required.

BFC proposes to obtain an APD approved by the Bureau of Land Management, Bureau of Reclamation, and NMOCD.

Prior to application for these APD's BFC needs to receive approval for the proposed directional drilling plan for this well from an Unorthodox Location to an Orthodox Producing Bottom-Hole Location wherein the productive horizons meet the setback requirements of an Orthodox Location.

BFC is aware that the current NMOCD rules call for the penetration of the Top of the Producing Formation (in this case the Delaware Fm. at approx. 2350' TVD) at an Orthodox Bottom-Hole Location if that well is to be considered Orthodox at the Bottom-Hole Location and allowed unrestricted production. BFC seeks an administrative waiver of this interpretation for mechanical (well design) reasons in favor of a requirement that the proposed well only be allowed to produce at an unrestricted rate and be completed in that portion of the wellbore which meets the Orthodox Location setbacks in the Delaware Formation.

PRESENTATION OF TOPOGRAPHIC EVIDENCE IN SUPPORT OF UNORTHODOX SURFACE APPLICATION:

The surface administrator of the lands above the Bottom-Hole Location is the Bureau of Reclamation. A stipulation of Lease NM 13624, which is proximal to the Avalon Reservoir, is that no permanently occupied surface facility (e.g. a wellbore and production facility) may be located at a surface elevation lower than 3190' MSL.

- Exhibit 1: Bureau of Reclamation surface use occupancy lease restrictions.
- Exhibit 2: A Topographic Map. This map shows the 3190' elevation contour. The proposed pro-ration unit for the well is also identified.
- Exhibit 3: A Geologic Map. This indicates the mapped top pay in the proposed wellbore, the EPF Sand #1, and the proposed crestal penetration (desired Orthodox Bottom-Hole Location) of this sand unit.
- Exhibit 4: A Form C-102. This indicates the proposed Unorthodox Surface Location and the desired Orthodox Bottom-Hole Location within the proposed pro-ration unit (160 acres).
- Exhibit 5: A Directional Plan (5 Pages) with plan & section views of the proposed wellbore with estimated tops, potential cavernous lost circulation zones, potential productive zones and Orthodox Bottom-Hole Location hard-line target (minimum legal setbacks) identified in comments.

The closest surface location which can cause a directionally drilled well to reach the proposed Orthodox Producing Bottom-Hole Location and meet the Topographic requirements of the Bureau of Reclamation is the staked location at 2762' FSL & 2075' FEL location in Lot 31 (Unit 'O') in 1-21S.-26E. This location is identified on the Topographic Map (Exhibit 1) and the Form C-102 (Exhibit 3). Exhibit 1 and Exhibit 4 indicate that the proposed Unorthodox Surface Location is the optimum location from which to directionally drill the subject well. This surface location is the most mechanically sound (least deviation) and economical location from which to access the optimum proposed Orthodox Producing Bottom-Hole Location in the EPF Sand #1 pay interval in the Foster Draw Gas Pool – Delaware Fm.

The proposed Avalon 1 Federal #3 well **shall prevent waste** of recoverable reserves by entering the reservoir at an Orthodox Producing Bottom-Hole Location in a structurally advantaged and PREFERABLE (crestal) location. Exhibit 2 indicates that this preferred crestal location is needed in order to penetrate the maximum thickness of the EPF #1 Sand. Penetrating the maximum thickness of this sand in the crestal position in the pro-ration unit WILL optimize hydrocarbon recovery from this low-permeability gas-condensate reservoir that is comprised of finely-laminated sandstone, siltstone, and shale interbeds that are well-bounded by tight thick impermeable dolomites. The Fasken Oil & Ranch operated El Paso Federal #12 well in Lot 31 dedicates production from Lots 25, 26, 31 & 32 of 1-21S.-26E., Eddy County, New Mexico (160 ac.). Insufficient well penetrations of this 'tight-sand' gas reservoir shall result in waste as gas and condensate are stranded in the producing horizon distant from the producing wellbore. The proposed Avalon 1 Federal #3 well **shall prevent waste** by improving recovery from this reservoir **AND shall protect the correlative rights** of the mineral interest owners and lessees in Lots 35, 36, 37 & 38 in 1-21S.-26E., Eddy County, New Mexico, the lots proposed to be dedicated to this proposed well (160 ac.).

PRESENTATION OF MECHANICAL EVIDENCE AND CONSIDERATIONS IN SUPPORT OF UNORTHODOX SURFACE APPLICATION AND WAIVE ORTHODOX LOCATION TOP OF PRODUCING FORMATION PENETRATION REQUIREMENT IN FAVOR OF ORTHODOX LOCATION TOP OF PRODUCING INTERVAL REQUIREMENT:

Delaware wells in this area typically require 700' of 13-3/8" Surface Casing to be set to protect shallow surface waters. This string must be cemented back to surface.

A 12-1/4" Intermediate Hole is then drilled to approx. 2360' TVD (28' above the Top of the Delaware Fm.). The Bureau of Land management and the State of New Mexico NMOCD require full cement coverage of the intermediate hole protective casing interval for well control and environmental protection. This is due to the fact that the Delaware Fm. can be, and is expected to be, abnormally pressured and the intermediate hole penetrates the UNDER-pressured Capitan Reef Fm. vugular and cavernous intervals that commonly cause a partial or complete loss of circulation during drilling operations.

The INEXCO operated Federal 1 Avalon #1 well (Morrow Test drilled in 1976: 803' FSL & 320' FEL) in the SE of Section 1 encountered a cavernous interval @ 1035'. After penetrating this interval the well was dry-drilled to TD & the intermediate casing was set. After 2 days of remedial cementing operations using 1" tubing the well was finally cemented back to surface. THIS IS NOT UNCOMMON IN THIS AREA. The nearby Fasken Oil and Ranch operated El Paso Fed. #11 (Morrow Test drilled in 1998: 4277' FNL & 1787' FEL) and El Paso Fed. #12 (Delaware Test drilled in 1999: 4379' FNL & 1780' FEL) wells, approx. 300' NE of proposed BFC operated Avalon 1 Fed. #2 well Unorthodox Surface Location, lost circulation in the 1200'-1250' and 1600'-1650' intervals. Circulation was regained by the application of lost circulation material. Only minor remedial cementing operations were required to raise cement to the surface in these wells.

BFC has proposed a plan that calls for vertically drilling the well to a depth of 1300'. This plan facilitates substantial remedial cementing operations if they are required in order to address cavernous lost circulation. These operations can be prudently conducted with 1" tubing down the 12-1/4" x 8-5/8" casing annulus in a vertically drilled well section to 1300' (best chance of success) and in a deviated well bore section to 1650'. The maximum inclination of the well at 1650' (deepest lost circulation) is 21.5° from vertical with maximum displacement at 35' from original bottom-hole location. BFC is of the opinion that 1" remedial cementing operations can easily be conducted to this depth. BFC plans to bring long string production casing cement to 1000' (above all potential cavernous lost circulation zones) in any case.

Targeting and directionally drilling the well to prospective prolific gas sands (the reason for drilling the well) dictates beginning the directional drilling of this well at 1300'. A well kicked-off at a deeper point (eg. below 1650') would require a much harder turn to near horizontal and a much steeper drop at the Orthodox Location Limit to achieve penetration of targeted sands in a favorable structural position. The more deviated wellbore would be less serviceable and, if the project were successful, might lead to premature abandonment of significant gas reserves in place. All of these factors militate toward a well design that commences the directional drilling of this well at a depth of 1300'.

DIRECTIONAL WELL PLAN:

The well will be drilled as near to vertical as possible to a depth of 1300' MD as described above. The directional effort will then commence at 1300' (Exhibit 4) and the well will build angle at 6°/100' to a maximum 50° inclination on a course of S. 58.0469° W. at 2032' TVD (2133' MD). A 50° inclination will be held until the 8-5/8" Intermediate Casing will be set and cemented to surface @ 2360' TVD (2644' MD).

A 7-7/8" Production Hole will then be drilled at a constant S. 58.0469° W. azimuth. The 50° vertical inclination will be held to the legal setback limit of the Orthodox Bottom-Hole location production (hard-line limit @ 1967' FSL & 2008' FWL) at approx. 3000' TVD (3640' MD). The well will then Drop Inclination at a rate of 3°/100' to a minimum 21.92° inclination at 3750' TVD (4576' MD) and then hold inclination to a TD @ 3820' TVD (4112' MD). The entire course length of the well below 3000' TVD will meet the 660' setback requirements (north line and east line) of an Orthodox Bottom-Hole Location.

STATEMENT OF FACT:

1. BFC has undertaken to plan the well in such fashion as to be able to easily address (relatively speaking) the proper cement coverage of the Intermediate Casing.
2. BFC has NO ANTICIPATED INTEREST in producing any portion of the Delaware Fm. above 3000' TVD and does not anticipate, in fact, that any Delaware Fm. potentially productive interval will be encountered before the well reaches 3123' TVD (3821' MD).
3. BFC anticipates that its planned wellbore will have an Orthodox Bottom-Hole Location from 3000' TVD (3640' MD) to Total Depth at 3830' TVD (4662' MD) in the Delaware Fm. The Delaware Fm. will be initially penetrated at 2388' TVD in an Unorthodox Bottom-Hole Location.
4. BFC does only intend to produce gas, condensate and oil from that portion of the wellbore that is in an Orthodox Bottom-Hole Location and seeks permission to do so in an unrestricted fashion as is allowed for in the Foster Draw Pool Rules for an Orthodox Bottom-Hole Location.
5. BFC realizes that ANY effort to produce hydrocarbons from the Delaware Fm. in ANY wellbore interval that DOES NOT MEET the Orthodox Location setbacks (660' from north & east lines of Lot 35) will require a separate hearing and adjudication by the NMOCD.

Page 5

Letter to NMOCD: Unorthodox Location

Avalon 1 Fed. #3: 5/10/2000

ADDITIONAL EXHIBITS:

- Exhibit 6: A type-log from the Fasken Oil & Ranch operated El Paso Fed. #12 well. This log indicates that all of the potentially productive sands above the EPF Sand #1 are wet and, therefore, non-productive.
- Exhibit 7: An Affidavit of Mailing to all offset Delaware Operators and unleased mineral interest owners. Attached to this Affidavit of Mailing is a generic copy of the notice BFC is mailing to the affected parties. This Mailing constitutes required notification of BFC's request for Administrative Approval of the Unorthodox Surface Location and Unrestricted Production ONLY from that portion of the proposed wellbore which meets the Orthodox Bottom-Hole Location definition in the proposed Avalon 1 Federal #3 well.

Therefore, the Bonneville Fuels Corporation does herewith request:

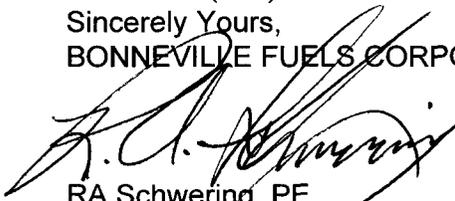
1. Administrative Approval of the proposed Unorthodox Surface Location of the Avalon 1 Federal #3 well at 2762' FSL & 2075' FEL, Lot 31 (Unit 'O'), Section 1, T.21S., R.26E., Eddy County, New Mexico to be used to directionally drill the subject well to an Orthodox Bottom-Hole Location in Lot 35 (Unit 'S') **for Topographic Reasons.**
2. Administrative Approval that the subject well be allowed to produce at an unrestricted rate from the Foster Draw Delaware Gas Pool from that portion of the wellbore which meets the legal setback limits of the Orthodox Bottom-Hole Location in **the interest of preventing waste and securing the correlative rights of mineral interest holder(s) and the lessee(s).** Further, that production be prohibited in said wellbore from intervals that DO NOT meet the Orthodox Bottom-Hole Location requirements of the relevant pool rules without further testimony and hearing.

Thank you for your timely review of this matter.

Call me at (303) 863-1555 ext. 213 if I can be of any further assistance.

Sincerely Yours,

BONNEVILLE FUELS CORPORATION



RA Schwering, PE
Operations Manager
Permian Area

cc: NMOCD @ Artesia
Bureau of Land management @ Roswell & Carlsbad
Bureau of Reclamation @ Albuquerque

EXHIBIT ' 1 Pages:

1/2



United States Bureau of Reclamation
Albuquerque Area Office

505 Marquette, NW - Suite 1313
Albuquerque, New Mexico 87102

FROM: RIK ARNDT - LEAD REALTY SPECIALIST

PHONE : 505.248.5311

FAX: 505.248.5308

TO: Sharon McDonald - Bonneville

Fax: 303.863.1558

Phone: 303.863.1555

SUBJECT: NM13624 Oil and Gas Lease - Stipulations

MESSAGE: Sharon, I have attached the elevations and current stipulations for leases on our project lands - Carlsbad and Tucumcari . The elevations for Avalon should be followed on your existing lease as reference to the contour elevation. I have not been able to locate page 322 of the Water Supply Paper 898, but will fax that to you as soon as I am able to locate that information. If you have any questions please feel free to call me at the above number. Thanks, Rik

Pages including cover sheet : 2

If you do not receive all facsimile pages please call me at 505.248.5311

MINERAL LEASING STIPULATIONS FOR CARLSBAD AND TUCUMCARI PROJECTS

The Bureau of Reclamation is the surface managing agency for approximately 59,800 acres in the Roswell Resource area. Subject lands are located within three reservoirs within the Carlsbad Project and two lakes within the Tucumcari Project and being listed as follows:

- | | | |
|----------------------|----------------------|--------------|
| 1. Carlsbad Project | - Brantley Reservoir | = 43,500 ac. |
| 2. Carlsbad Project | - Avalon Reservoir | = 4,000 ac. |
| 3. Carlsbad Project | - Sumner Reservoir | = 11,500 ac. |
| 4. Tucumcari Project | - Hudson Lake | = 160 ac. |
| 5. Tucumcari Project | - Dry Lake | = 640 ac. |

With regards to the leasing of the mineral estate(s) beneath said 59,800 ac. the BOR will provide specific leasing stipulations for each prospective lease. The general overall leasing stipulations and requirements for subject BOR lands are as follows:

BRANTLEY RESERVOIR

No surface occupancy will be allowed within one-half mile of the Brantley Dam site, drilling between one-half mile and one mile of the Brantley Dam site shall be reviewed on a case by case basis.
 No surface occupancy within the Brantley Lake State Park.
 No storage facilities will be allowed below El. 3286.
 Surface occupancy below natural El. 3271 shall be reviewed on a case by case basis.

AVALON RESERVOIR

No surface occupancy within one-half mile of the Avalon Dam site.
 No surface occupancy below El. 3190.
 No storage facilities below El. 3200.

SUMNER RESERVOIR

No surface occupancy within one-half mile of the Sumner Dam site.
 No surface occupancy within Sumner Lake State Park.
 No surface occupancy below El. 4279.
 No storage facilities below El. 4300.

HUDSON LAKE

No surface occupancy within boundaries of Hudson Lake.

DRY LAKE

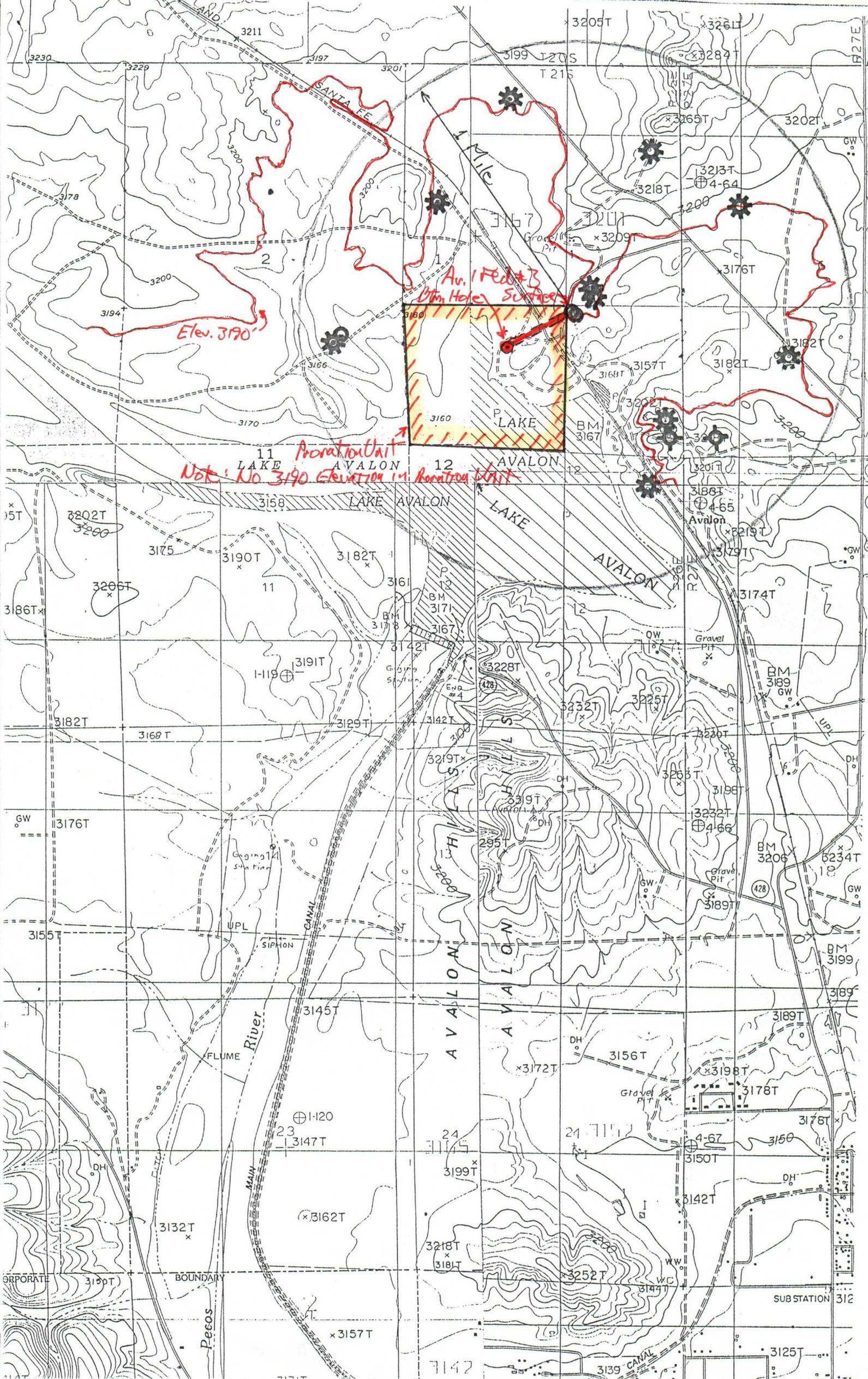
No surface occupancy below El. 4085.

The BOR proposes that the first paragraph at the top of page 3 of your MANAGEMENT COMMON TO ALL ALTERNATIVES be omitted. Subject paragraph states if lands presently managed by the BOR revert back to the management of the BLM, they would be leased and managed under appropriate Roswell District stipulations or conditions of approval (e.g., stipulations for flood plains).

Hazardous Waste Level I

EXHIBIT 2: TOPOGRAPHIC MAP

1 Mile



T 21 S / R 26 E

FASKEN
EL PASO FED



DAVID FASKEN
#1 GULF FED COM



DAVID FASKEN
#3 EL PASO FED



MOE
#3 BURTON FLAT SEC 6

EXHIBIT # 3:
Net Gas Pay: Delaware Fm.
EPP Sand #1
GEOLOGIC MAP

DAVID FASKEN
#6 EL PASO



10?

DAVID FASKEN
#3 EL PASO FED



ARCO
#1 KURLAND A FED



FASKEN
#2 EL PASO 2 FED



FASKEN
#9 EL PASO FED



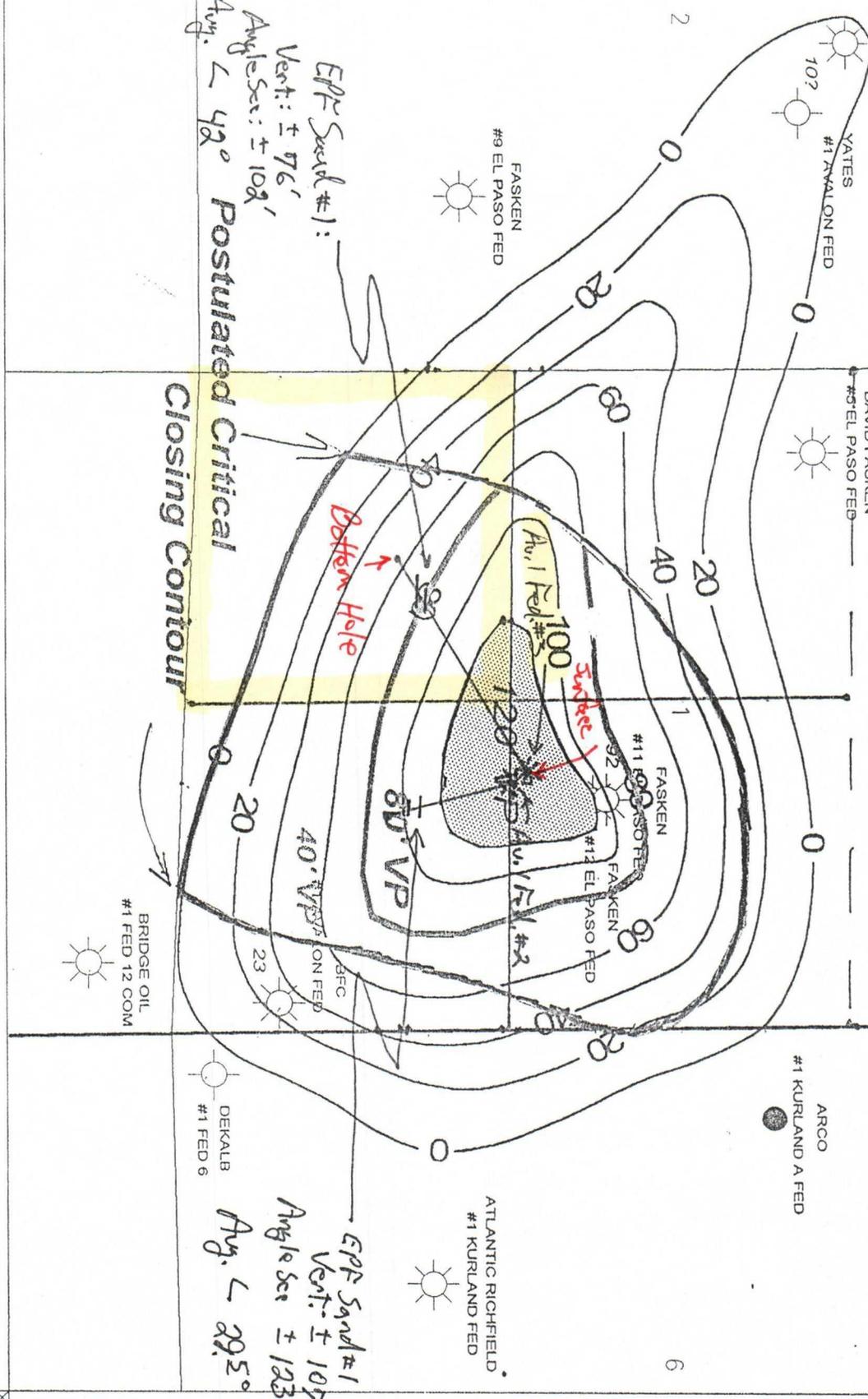
ATLANTIC RICHFIELD
#1 KURLAND FED



EPP Sand #1:
Vent: $\pm 96'$
Angle See: $\pm 108'$
Avg. $\angle 42^\circ$

Postulated Critical
Closing Contour

EPP Sand #1:
Vent: $\pm 107'$
Angle See $\pm 123'$
Avg. $\angle 29.5^\circ$



BRIDGE OIL
#1 FED 12 COM



DEKALB
#1 FED 6



DISTRICT I
P.O. Box 1800, Hobbs, NM 88241-1800

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer 80, Artesia, NM 88211-0719

EXHIBIT 4:

OIL CONSERVATION DIVISION
P.O. Box 2088

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. BOX 2066, SANTA FE, N.M. 87504-2066

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Foster Draw : Delaware Gas
Property Code	Property Name	Well Number
	AVALON 1 FEDERAL	3
OGRID No.	Operator Name	Elevation
002678	BONNEVILLE FUELS CORPORATON	3193

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 31	1	21 S	26 E		2762	SOUTH	2075	EAST	EDDY

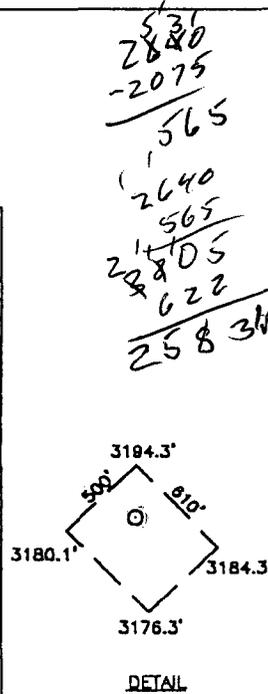
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 35	1	21 S	26 E		1993	SOUTH	2008	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
163.20			

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

20	19	18	17
29.49 AC.	29.85 AC.	30.28 AC.	30.85 AC.
21	22	23	24
38.99 AC.	39.39 AC.	39.93 AC.	40.29 AC.
28	27	26	25
39.01 AC.	39.41 AC.	40.06 AC.	40.42 AC.
29	30	31	32
39.02 AC.	39.42 AC.	40.19 AC.	40.56 AC.
36	35	34	33
SEE DETAIL SURFACE 2075'			
BOTTOM HOLE 2008'			
37	38	39	40
40.59 AC.	40.66 AC.	41.07 AC.	41.14 AC.
1993'	2762'		
40.94 AC.	41.01 AC.	41.19 AC.	41.26 AC.



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

R.A. Schweryn
Signature

R.A. Schweryn
Printed Name

Operations Manager
Title

5/11/2000
Date

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.

DECEMBER 9, 1999

Date Surveyed LMP

Ronald J. Edson
Signature & Seal of Professional Surveyor

Ronald J. Edson 12-14-99
99-11-1082

Certificate No. RONALD J. EDSON 3239
GARY EDSON 12641

Dedicated ACREAGE
in HASHURES

EXHIBIT #5

Bonneville Fuels Corp.

New Mexico

Eddy County

Sec. 1-T21S-R26E

Federal 1 Avalon #3 - Plan 4-4-00

Avalon 1 Pedem #3

PROPOSAL REPORT

5 April, 2000

sperry-sun
DRILLING SERVICES
A Halliburton Company

Proposal Ref: pro4671

Sperry-Sun Drilling Services

Proposal Report for Federal 1 Avalon #3 - Plan 4-4-00

Bonneville Fuels Corp.
New Mexico

Eddy County
Sec. 1-T21S-R26E

Measured Depth (ft)	Incl.	Azim.	Vertical Depth (ft)	Northings (ft)	Eastings (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)
0.00	0.000	0.000	0.00	0.00 N	0.00 E	0.00	
100.00	0.000	0.000	100.00	0.00 N	0.00 E	0.00	0.00
200.00	0.000	0.000	200.00	0.00 N	0.00 E	0.00	0.00
300.00	0.000	0.000	300.00	0.00 N	0.00 E	0.00	0.00
400.00	0.000	0.000	400.00	0.00 N	0.00 E	0.00	0.00
500.00	0.000	0.000	500.00	0.00 N	0.00 E	0.00	0.00
600.00	0.000	0.000	600.00	0.00 N	0.00 E	0.00	0.00
700.00	0.000	0.000	700.00	0.00 N	0.00 E	0.00	0.00 ← Set 13 3/8
800.00	0.000	0.000	800.00	0.00 N	0.00 E	0.00	0.00
900.00	0.000	0.000	900.00	0.00 N	0.00 E	0.00	0.00
1000.00	0.000	0.000	1000.00	0.00 N	0.00 E	0.00	0.00
1100.00	0.000	0.000	1100.00	0.00 N	0.00 E	0.00	0.00
1200.00	0.000	0.000	1200.00	0.00 N	0.00 E	0.00	0.00
1300.00	0.000	0.000	1300.00	0.00 N	0.00 E	0.00	0.00
1400.18	6.011	238.047	1400.00	2.78 S	4.45 W	5.25	6.00
1501.49	12.090	238.047	1500.00	11.21 S	17.97 W	21.18	6.00
1605.17	18.310	238.047	1600.00	25.59 S	41.02 W	48.35	6.00
1712.73	24.764	238.047	1700.00	46.47 S	74.51 W	87.81	6.00
1826.23	31.574	238.047	1800.00	74.81 S	119.94 W	141.36	6.00
1948.77	38.926	238.047	1900.00	112.22 S	179.91 W	212.04	6.00
2085.70	47.142	238.047	2000.00	161.62 S	259.12 W	305.40	6.00
2133.33	50.000	238.047	2031.52	180.53 S	289.43 W	341.11	6.00
2239.87	50.000	238.047	2100.00	223.72 S	358.67 W	422.73	0.00
2395.44	50.000	238.047	2200.00	286.79 S	459.79 W	541.90	0.00
2551.02	50.000	238.047	2300.00	349.86 S	560.91 W	661.08	0.00
2644.36			2360	387.20 S	621.58 W	732.58	0.00 ← Set 8 5/8
2706.59	50.000	238.047	2400.00	412.93 S	662.03 W	780.25	0.00
2862.16	50.000	238.047	2500.00	476.00 S	763.15 W	899.43	0.00
3017.73	50.000	238.047	2600.00	539.07 S	864.26 W	1018.60	0.00
3173.31	50.000	238.047	2700.00	602.14 S	965.38 W	1137.78	0.00
3328.88	50.000	238.047	2800.00	665.21 S	1066.50 W	1256.95	0.00
3484.45	50.000	238.047	2900.00	728.28 S	1167.62 W	1376.13	0.00
3640.02	50.000	238.047	3000.00	791.35 S	1268.74 W	1495.30	0.00
3788.84	45.535	238.047	3100.00	849.65 S	1362.21 W	1605.46	3.00
3821.39	44.559	238.047	3123.00	861.85 S	1381.75 W	1628.50	3.00
3926.66	41.401	238.047	3200.00	899.82 S	1442.63 W	1700.26	3.00
4056.20	37.515	238.047	3300.00	943.38 S	1512.47 W	1782.57	3.00
4072.54	37.025	238.047	3313.00	948.62 S	1520.87 W	1792.46	3.00
4179.31	33.821	238.047	3400.00	981.36 S	1573.37 W	1854.34	3.00
4297.31	30.281	238.047	3500.00	1014.50 S	1626.49 W	1916.95	3.00
4411.20	26.865	238.047	3600.00	1043.32 S	1672.70 W	1971.41	3.00
4466.85	25.195	238.047	3650.00	1056.24 S	1693.42 W	1995.83	3.00
4521.74	23.549	238.047	3700.00	1068.23 S	1712.64 W	2018.48	3.00
4575.95	21.922	238.047	3750.00	1079.32 S	1730.42 W	2039.43	3.00
4629.85	21.922	238.047	3800.00	1089.97 S	1747.49 W	2059.55	0.00
4662.19	21.922	238.047	3830.00	1096.36 S	1757.74 W	2071.63	0.00

Continued...

Sperry-Sun Drilling Services

Proposal Report for Federal 1 Avalon #3 - Plan 4-4-00

Bonneville Fuels Corp.
New Mexico

Eddy County
Sec. 1-T21S-R26E

All data is in feet unless otherwise stated. Directions and coordinates are relative to True North. Vertical depths are relative to RKB. Northings and Eastings are relative to Wellhead.

The Dogleg Severity is in Degrees per 100 feet.

Vertical Section is from Wellhead and calculated along an Azimuth of 238.047° (True).

Based upon Minimum Curvature type calculations, at a Measured Depth of 4662.19ft., The Bottom Hole Displacement is 2071.63ft., in the Direction of 238.047° (True).

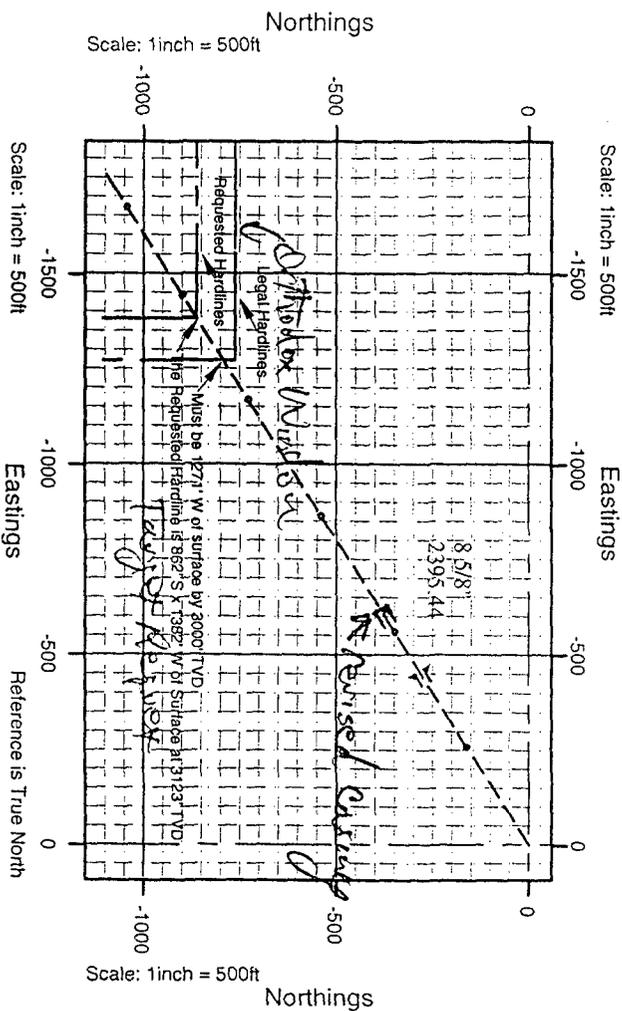
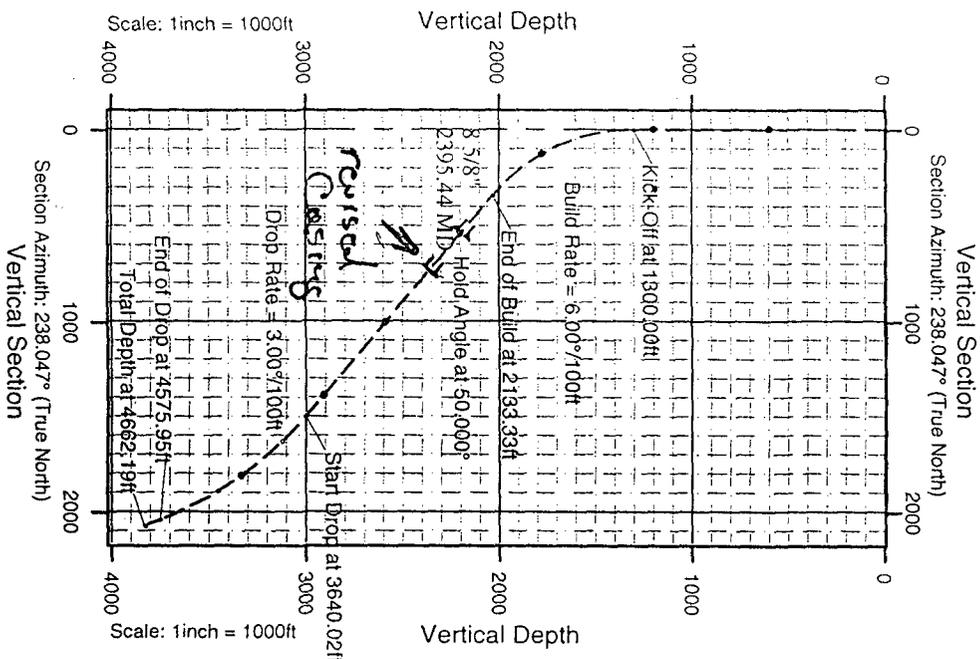
Comments

Measured Depth (ft)	Station Coordinates			Comment
	TVD (ft)	Northings (ft)	Eastings (ft)	
1300.00	1300.00	0.00 N	0.00 E	Kick-Off at 1300.00ft
1716.67	1703.57	47.35 S	75.91 W	Build Rate = 6.00°/100ft
2133.33	2031.52	180.53 S	289.43 W	End of Build at 2133.33ft
2264.39	2115.76	233.66 S	374.61 W	Hold Angle at 50.000°
3640.02	3000.00	791.35 S	1268.74 W	Start Drop at 3640.02ft
3730.71	3059.92	827.37 S	1326.48 W	Drop Rate = 3.00°/100ft
3821.39	3123.00	861.85 S	1381.75 W	Start Drop at 3821.39ft
3946.96	3215.30	906.88 S	1453.96 W	Drop Rate = 3.00°/100ft
4072.54	3313.00	948.62 S	1520.87 W	Start Drop at 4072.54ft
4269.69	3476.25	1007.04 S	1614.53 W	Drop Rate = 3.00°/100ft
4466.85	3650.00	1056.24 S	1693.42 W	Start Drop at 4466.85ft
4521.40	3699.69	1068.16 S	1712.53 W	Drop Rate = 3.00°/100ft
4575.95	3750.00	1079.32 S	1730.42 W	End of Drop at 4575.95ft
4619.07	3790.00	1087.84 S	1744.08 W	Hold Angle at 21.922°
4662.19	3830.00	1096.36 S	1757.74 W	Total Depth at 4662.19ft

Casing details

From		To		Casing Detail
Measured Depth (ft)	Vertical Depth (ft)	Measured Depth (ft)	Vertical Depth (ft)	
<Surface>	<Surface>	2395.44	2200.00	8 5/8" Casing

New Mexico
Eddy County
Sec. 1-T21S-R26E
Federal 1 Avalon #3



Proposal Data for Plan 4-4-00

Vertical Origin: Horizontal Origin: Measurement Units: North Reference:	RKB ft True North	Wellhead ft True North	Degrees per 100 feet	Vertical Section Description: Reinforced	Vertical Section Origin: 0.00 N18.00 E		
Measured Depth	Incl.	Azim.	Vertical Depth	Northings	Eastings	Vertical Section	Dogleg Rate
0.00	0.000	0.048	0.00	0.00 N	0.00 E	0.00	0.00
1.000.00	0.000	0.048	1.000.00	0.00 N	0.00 E	0.00	0.00
1.133.33	0.000	0.048	2.001.32	180.33 S	290.31 W	241.11	6.00
2.000.00	0.000	0.047	3.000.00	220.00 S	1286.74 W	1495.50	0.00
3640.02	50.000	238.047	3000.00	791.35 S	1381.75 W	1628.50	3.00
3821.39	44.559	238.047	3121.00	861.85 S	1520.67 W	1792.26	3.00
4072.34	31.025	238.047	3313.00	948.82 S	1700.25 W	2071.63	3.00
4375.95	21.025	238.047	3480.00	1026.52 S	1757.74 W	2071.63	0.00
4662.19	21.922	238.047	3830.00	1096.56 S			0.00

Prepared by: Jim Davidson Date/Time: 5 April 2000 - 8:17 Checked: _____ Approved: _____



HALLIBURTON
EXCELL
SOLUTIONS

SPECTRAL DENSITY
DUAL SPACED
NEUTRON LOG

Tops
Trends
Perfs marked

COMPANY FASKEY OIL AND RANCH, LTD. WELL EL PASO FEDERAL NO. 12 FIELD BURTON FLAT WEST (DELAWARE) COUNTY EDDY STATE N.M.	COMPANY	FASKEN OIL AND RANCH, LTD.		
	WELL	EL PASO FEDERAL NO. 12		
	FIELD	BURTON FLAT WEST (DELAWARE)		
	COUNTY	EDDY	STATE	N.M.
API No.		30-015-30634		Other Services DLL-MSFL FWS MRIL
Location		1379' FNL AND 1780' FEL		
Sect	1	Twp	21-S	Rge 26-E

Permanent Datum	G.L.	Elev	3192'	Elev.	K.B.	3207'
Log measured from	K.B.	15	ft. above perm datum	D.F.	3206'	
Drilling measured from	KELLY BUSHING			G.L.	3192'	

Date	09-16-99			
Run No.	ONE			
Depth - Driller	1603'			
Depth - Logger	4603'			
Bottom - Logged Interval	4523'			
Top - Logged Interval	200'			
Casing - Driller	8.625 @ 2294'	@	@	@
Casing - Logger	2294'			
Bit Size	7.875"			
Type Fluid in Hole	BRINE WATER			
Dens. Visc.	9.8 28			
Ph Fluid Loss	10.5 N/C			
Source of Sample	FLOWLINE			
Rm @ Meas. Temp.	.132 @ 70 F	@	@	@
Rint @ Meas. Temp.	N/A @ N/A	@	@	@
Rinc @ Meas. Temp.	N/A @ N/A	@	@	@
Source Rmi Rinc	N/A N/A			
Rm @ BHT	0.071 @ 135 F	@	@	@
Time Since Circ.	0800 Sep: 5			
Time on Bottom	11:15 A.M.			
Max. Rec. Temp.	135 F @ TD	@	@	@
Equip. Location	52555 ODTX.			
Recorded By	F. DAVILA			
Witnessed By	MH. BROWN			

	4690		

TENSION		DENSITY CORR	
POUNDS	0	GM/CC	.9
GAMMA	100	PF	10
API	100	DEN POROSITY	% MTX=2.71 -10
SDL CALIPER	16	NEU POROSITY	% MTX=LIME -10
INCHES	16		



2/6

2850

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2900

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2950

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BOREHOLE

ANNULUS

TENSION 3000

GAMMA

SDL CALIPER

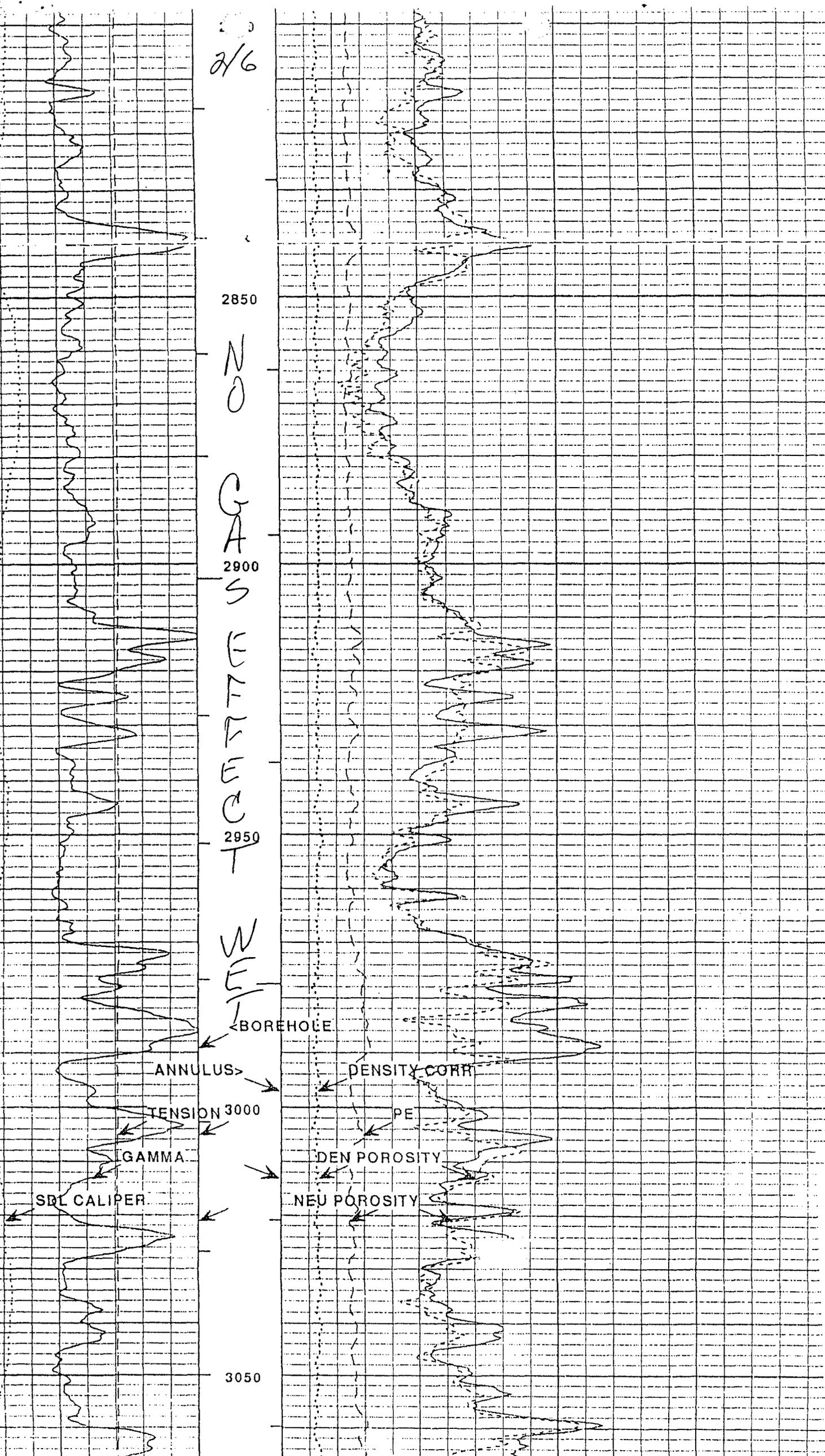
DENSITY CORR

PE

DEN POROSITY

NEU POROSITY

3050



3/6

3050

UPr
San Andae
Dolomite
Finger

3100

Valon
Gal
Pny

3150

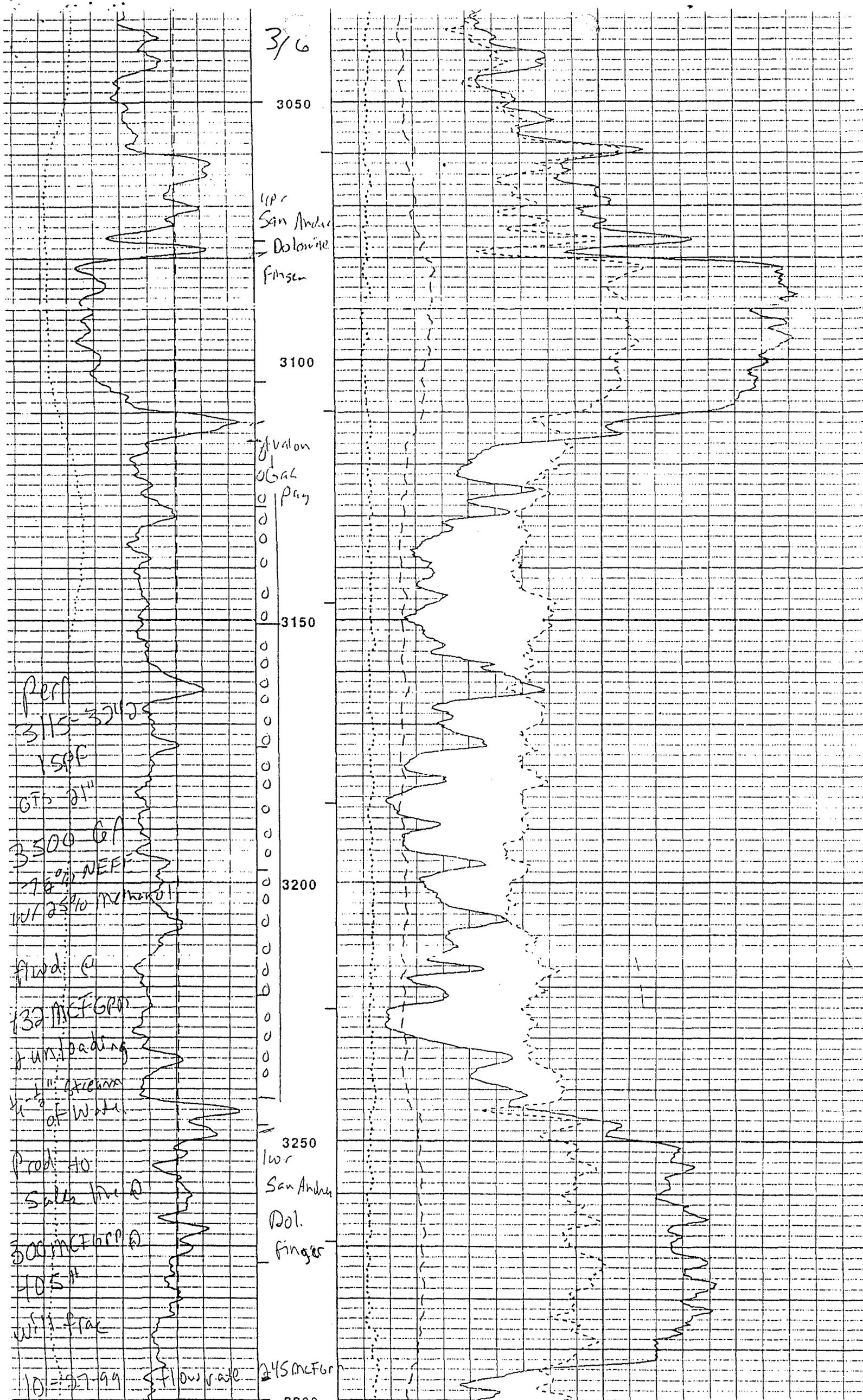
3200

3250

lwr
San Andae
Dol.
Finger

3300

Perf
3115-3212
15PF
GTs 21"
3500 G
75% NEFF
WT 25% NCHWOL
fwd @
132 MCF GRM
unloading
1" screens
of water
Prod to
Sales line @
300 MCF GRM @
405"
with frac
10-157-99 flow rate 245 MCF GRM



2800

5/6

2850

2.5D

W
E
T

2900

2950

ANNULUS

TENSION 3000

GAMMA

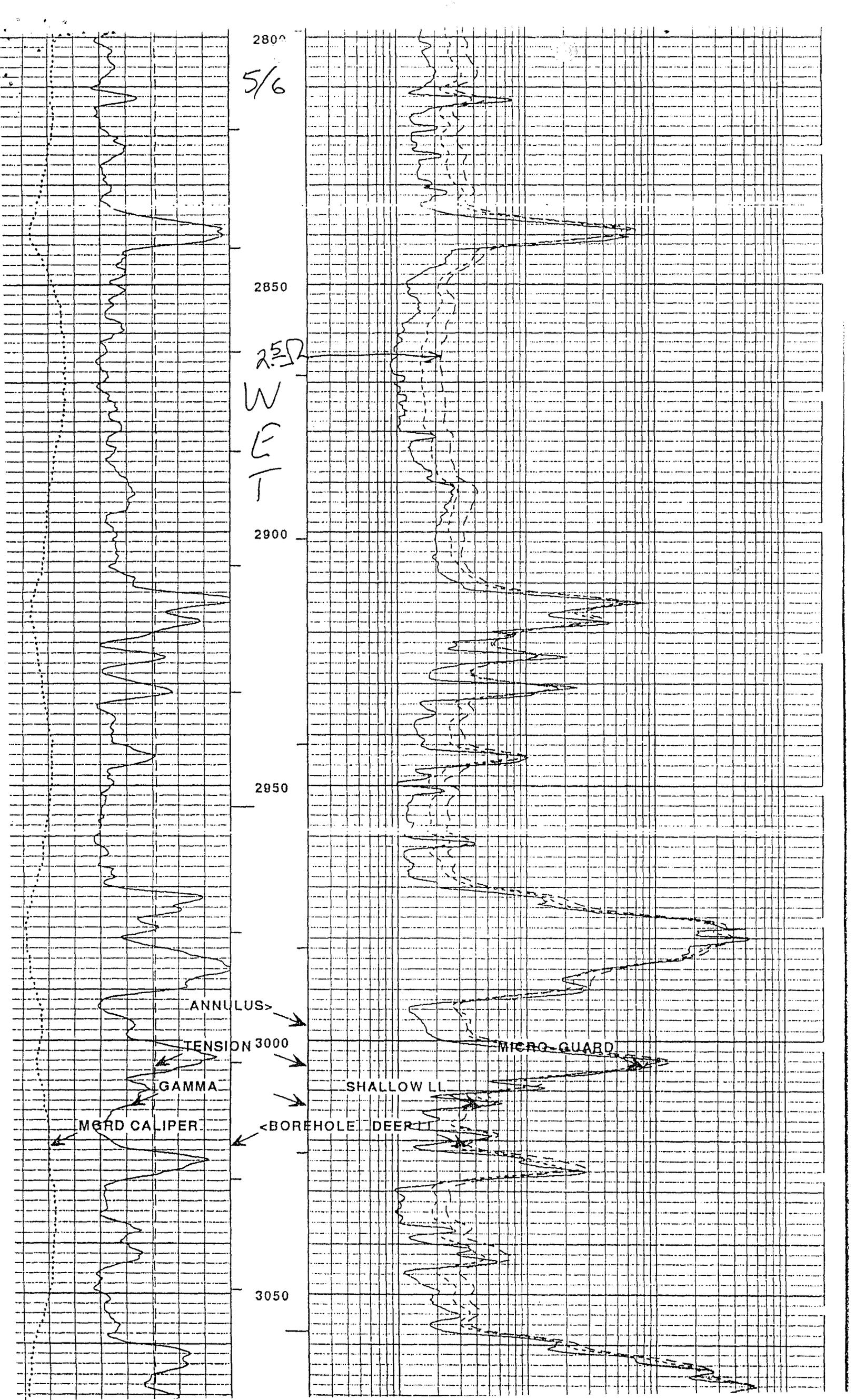
MGRD CALIPER

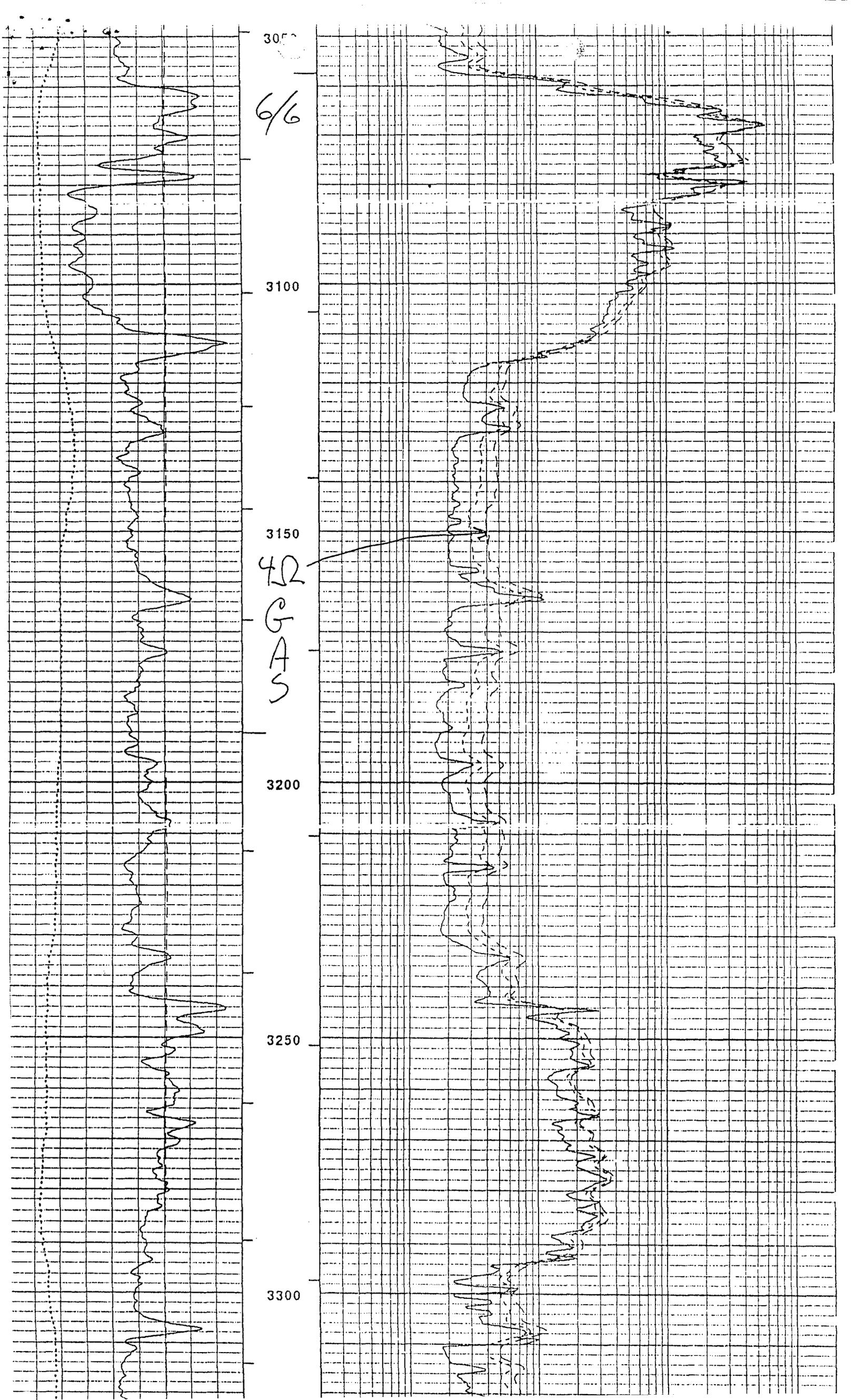
BOREHOLE DEERT

MICRO GUARD

SHALLOW LI

3050





3050

6/6

3100

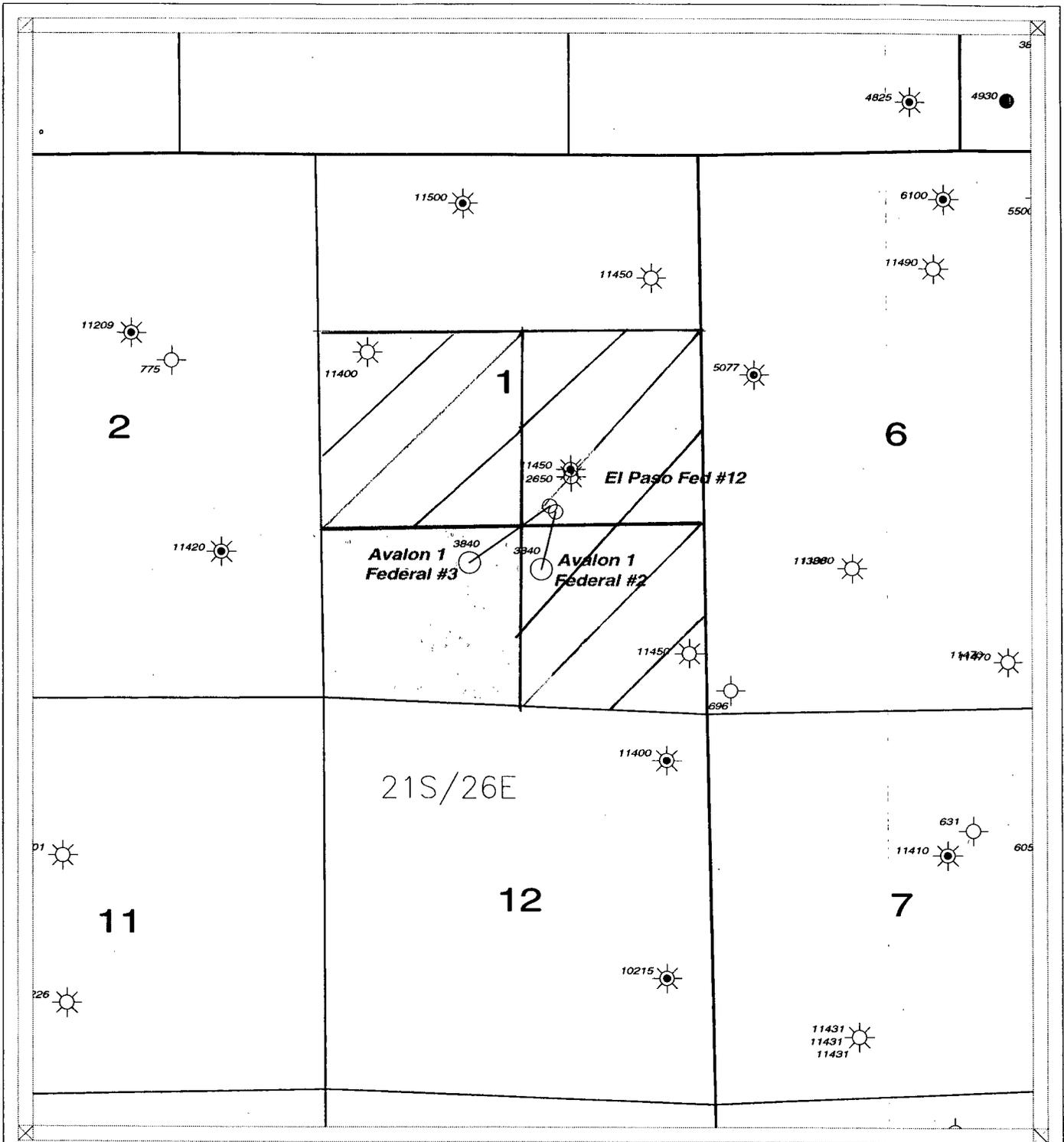
3150

42
GAS

3200

3250

3300



Spacing Unit



Adjoining Spacing Units towards which the unorthodox location encroaches

Bonneville Fuels Corporation		
NEW MEXICO-SE		
AVALON		
Eddy County, New Mexico		

NAMES AND ADDRESSES OF OFFSET OWNERS

Avalon 1 Federal #3 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 Avalon 1 Federal #3 well.

T21S-R26E-Section 1: Lots 25,26,31,32

Operator:
Fasken Oil and Ranch, Ltd.
303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5116

T21S-R26E-Section 1: Lots 27,28,29,30 (Contractual Working Interests under Operating Agreement dated March 12, 1973, as amended)

Fasken Land and Minerals, Ltd.
303 West Wall Avenue, Suite 1800
Midland, Texas 79701

Robert H. Angevine
3601 Imperial
Midland, Texas 79707

Aspen Resources Company
P.O. Box 7015
Midland, Texas 79708

Brooks Oil & Gas Interests, L.P.
9550 Skillman, Suite 400, LB-138
Dallas, Texas 75243

David Brooks
c/o Dugan & Rasure
900 Main Street, Suite A
Durango, CO 81301

Merchant Resources #1, L.P.
16800 Greenpoint Park Drive, Suite - S
Houston, Texas 77060

James B. Henry and Billie Jean Henry,
Trustees of the Henry Trust
3104 Shell Avenue
Midland, Texas 79705

Lowe Partners, L.P.
5151 San Felipe, Suite 400
Houston, Texas 77056-3607

c/o Maralo, Inc.
Attn: Debbie Osburg
P.O. Box 832
Midland, Texas 79702

Nadel & Gussman Permian, L.L.C.
15 East 5th Street
3200 First National Tower
Tulsa, Oklahoma 74103-4313

Ocean Energy Resources, Inc.
Attn: Brian Blome
1670 Broadway, Suite 2700
Denver, Colorado 80202

Signal Petroleum Company
4110 Sycamore Lane
Parker, Texas 75002

Howell Spear
P.O. Box 30169
Pensacola, Florida 32503-1169

Vista Resources Partnership
550 West Texas Avenue, Suite 700
Midland, Texas 79701

Western Reserves Oil Company
P.O. Box 993
Midland, Texas 79702

T21S-R26E-Section 1: Lots 33,34,39,40

Bonneville Fuels Corporation
(applicant)

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 Avalon 1 Federal #3 Well by Bonneville Fuels Corporation to the offset owners and operators was deposited on May 12, 2000, in the U. S. Mail for delivery, as certified mail, to each of the following named parties at the addresses shown below:

Fasken Oil and Ranch, Ltd.
303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5116

Fasken Land and Minerals, Ltd.
303 West Wall Avenue, Suite 1800
Midland, Texas 79701

Robert H. Angevine
3601 Imperial
Midland, Texas 79707

Aspen Resources Company
P.O. Box 7015
Midland, Texas 79708

Brooks Oil & Gas Interests, L.P.
9550 Skillman, Suite 400, LB-138
Dallas, Texas 75243

David Brooks
c/o Dugan & Rasure
900 Main Street, Suite A
Durango, CO 81301

Merchant Resources #1, L.P.
16800 Greenpoint Park Drive, Suite - S
Houston, Texas 77060

James B. Henry and Billie Jean Henry,
Trustees of the Henry Trust
3104 Shell Avenue
Midland, Texas 79705

Lowe Partners, L.P.
5151 San Felipe, Suite 400
Houston, Texas 77056-3607

c/o Maralo, Inc.
Attn: Debbie Osburg
P.O. Box 832
Midland, Texas 79702

Nadel & Gussman Permian, L.L.C.
15 East 5th Street
3200 First National Tower
Tulsa, Oklahoma 74103-4313

Ocean Energy Resources, Inc.
Attn: Brian Blome
1670 Broadway, Suite 2700
Denver, Colorado 80202

Signal Petroleum Company
4110 Sycamore Lane
Parker, Texas 75002

Howell Spear
P.O. Box 30169
Pensacola, Florida 32503-1169

Vista Resources Partnership
550 West Texas Avenue, Suite 700
Midland, Texas 79701

Western Reserves Oil Company
P.O. Box 993
Midland, Texas 79702

Affiant Further Sayeth Not.



Sharon R. McDonald, Landman

SUBSCRIBED AND SWORN TO BEFORE ME, IN MY PRESENCE, THIS 12th 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 12, 2000

TO: SEE ATTACHED MAILING LIST

Re: Notice of Unorthodox Location
and Request for Waiver of Objection
Avalon 1 Federal #3
T21S, R 26E, Sec. 1: Lots 35,36,37,38
Eddy County, New Mexico

Dear Offset Owner/Operator:

BONNEVILLE FUELS CORPORATION is proposing to directionally drill the Avalon 1 Federal #3 well as follows:

Section 1, T21S, R26E, Eddy County, New Mexico

Surface Location (Unorthodox): 2762' FSL & 2075' FEL, Lot 31 (Unit 'O').

Point at which we anticipate entering the Top
of the Delaware Formation (Unorthodox): 2348.72' FSL & 2630.60' FWL, Lot 35 (Unit 'S')

Legal Orthodox Location in the Delaware Fm.
which meets the setback requirements: 1993' FSL & 2008' FWL, Lot 35 (Unit 'S').
(Minimum 660' South of North Line in SW Quarter & minimum 660' West of East Line in SW
Quarter)

Anticipated Bottom Hole Total Depth
Location (Orthodox): 1666' FSL & 1530' FWL, Lot 35 (Unit 'S')

Foster Draw Delaware Gas Pool: 160 acre spacing w/ 660' setbacks required.

Bonneville Fuels Corporation is requesting administrative approval of this directional well on the following basis:

1. Administrative approval of the proposed Unorthodox Surface Location of the Avalon 1 Federal #3 well at 2762' FSL & 2075' FEL, Lot 31 (Unit 'O'), Section 1, T21S, R26E, Eddy County, New Mexico to be used to directionally drill the subject well to an orthodox location in Lot 35 (Unit 'S') for **Topographic Reasons (Bureau of Reclamation surface occupancy elevation restrictions in the vicinity of Avalon Lake).**

Waiver Request
Avalon 1 Federal #3 Well
Page 2

2. Administrative approval that the subject well be allowed to produce at an unrestricted rate from the Foster Draw Delaware Gas Pool from that portion of the wellbore which meets the legal setback limits for an Orthodox Delaware Location in **the interest of preventing waste and securing the correlative rights of mineral interest holder(s) and the lessee(s)**. Further, that production be prohibited in said wellbore from intervals that DO NOT meet the Orthodox Location requirements of the relevant pool rules without further testimony and hearing.

You are being notified of Bonneville's unorthodox location in accordance with Rule 104.F (Unorthodox Locations) and Rule 111.C. (Directional Wellbores) of the New Mexico Oil Conservation Division. Providing you have no objection to Bonneville's application, Bonneville respectfully requests your execution of the attached Waiver of Objection, in triplicate, within the required 20-day notice period. Please mail a fully executed original to the State of New Mexico Oil Conservation Division in the attached self-addressed envelope, return a fully executed copy in the attached envelope to Bonneville Fuels Corporation, and retain a fully executed original 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.

Bonneville Fuels Corporation sincerely believes that administrative approval of this proposed unorthodox location is in the best interest of the oil and gas conservation and protects the correlative rights of all affected parties. Please call the undersigned at 303-863-1555, extension 234, if you have any questions concerning the above.

Sincerely,

Bonneville Fuels Corporation



Sharon McDonald
Landman

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

NAMES AND ADDRESSES OF OFFSET OWNERS

Avalon 1 Federal #3 Well
Application for Unorthodox Location

List of offset owners and operators in the adjoining spacing units towards which the unorthodox location encroaches:

ADJOINING SPACING UNITS - T21S-R26E-Section 1: Lots 25,26,31,32
T21S-R26E-Section 1: Lots 27,28,29,30
T21S-R26E-Section 1: Lots 33,34,39,40

Fasken Oil and Ranch, Ltd.
303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5116

Fasken Land and Minerals, Ltd.
303 West Wall Avenue, Suite 1800
Midland, Texas 79701

Robert H. Angevine
3601 Imperial
Midland, Texas 79707

Aspen Resources Company
P.O. Box 7015
Midland, Texas 79708

Brooks Oil & Gas Interests, L.P.
9550 Skillman, Suite 400, LB-138
Dallas, Texas 75243

David Brooks
c/o Dugan & Rasure
900 Main Street, Suite A
Durango, CO 81301

Merchant Resources #1, L.P.
16800 Greenpoint Park Drive, Suite - S
Houston, Texas 77060

James B. Henry and Billie Jean Henry,
Trustees of the Henry Trust
3104 Shell Avenue
Midland, Texas 79705

Lowe Partners, L.P.
5151 San Felipe, Suite 400
Houston, Texas 77056-3607

c/o Maralo, Inc.
Attn: Debbie Osburg
P.O. Box 832
Midland, Texas 79702

Nadel & Gussman Permian, L.L.C.
15 East 5th Street
3200 First National Tower
Tulsa, Oklahoma 74103-4313

Ocean Energy Resources, Inc.
Attn: Brian Blome
1670 Broadway, Suite 2700
Denver, Colorado 80202

Signal Petroleum Company
4110 Sycamore Lane
Parker, Texas 75002

Howell Spear
P.O. Box 30169
Pensacola, Florida 32503-1169

Vista Resources Partnership
550 West Texas Avenue, Suite 700
Midland, Texas 79701

Western Reserves Oil Company
P.O. Box 993
Midland, Texas 79702

State of New Mexico
Oil Conservation Division
Attention: Mr. Michael E. Stogner
2040 South Pacheco
Santa Fe, New Mexico 87505

RECEIVED
MAY 30 2000

RE: Unorthodox Drilling Location Application
Avalon 1 Federal #3
T21S, R26E, Sec. 1: Lots 35,36,37,38
Eddy County, New Mexico

Gentlemen:

In the matter of the request by Bonneville Fuels Corporation for the administrative approval of the unorthodox drilling location for the Avalon 1 Federal #3 well, please be advised that the undersigned has no objection to the drilling of the subject well in accordance with the application filed by Bonneville, which includes the following:

1. Directionally drilling said well from the following Unorthodox Surface Location required by Topography:

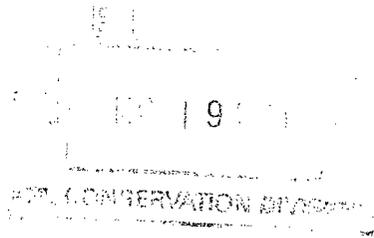
2762' FSL & 2075' FEL, Lot 31, Unit 'O',
2. Directionally drilling to an Orthodox Location in the Foster Draw Delaware Gas Pool, which meets the 660' setback requirements (1993' FSL & 2008' FWL, Lot 35, Unit 'S'), then continuing to directionally drill until reaching the anticipated, orthodox, bottom hole total depth location (1666' FSL & 1530' FWL, Lot 35, Unit 'S'), and
3. That said well be permitted to produce at capacity and without restriction from any portion of the wellbore which is orthodox by meeting the minimum 660' setback requirements.

The undersigned does hereby waive all objection to the administrative approval of this matter as described herein.

Company: Howell SPEAR

By: Howell Spear
Name(print) _____
Title: Owner
Date: 5-23-2000

State of New Mexico
Oil Conservation Division
Attention: Mr. Michael E. Stogner
2040 South Pacheco
Santa Fe, New Mexico 87505



RE: Unorthodox Drilling Location Application
Avalon 1 Federal #3
T21S, R26E, Sec. 1: Lots 35,36,37,38
Eddy County, New Mexico

Gentlemen:

In the matter of the request by Bonneville Fuels Corporation for the administrative approval of the unorthodox drilling location for the Avalon 1 Federal #3 well, please be advised that the undersigned has no objection to the drilling of the subject well in accordance with the application filed by Bonneville, which includes the following:

1. Directionally drilling said well from the following Unorthodox Surface Location required by Topography:

2762' FSL & 2075' FEL, Lot 31, Unit 'O',

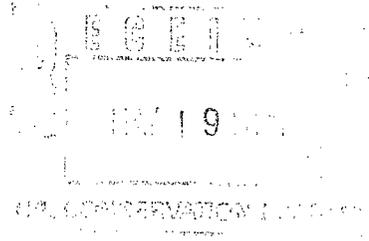
2. Directionally drilling to an Orthodox Location in the Foster Draw Delaware Gas Pool, which meets the 660' setback requirements (1993' FSL & 2008' FWL, Lot 35, Unit 'S'), then continuing to directionally drill until reaching the anticipated, orthodox, bottom hole total depth location (1666' FSL & 1530' FWL, Lot 35, Unit 'S'), and
3. That said well be permitted to produce at capacity and without restriction from any portion of the wellbore which is orthodox by meeting the minimum 660' setback requirements.

The undersigned does hereby waive all objection to the administrative approval of this matter as described herein.

Company: Robert H. Angevine

By: Robert H. Angevine
Name(print) _____
Title : -- Owner --
Date: 05-17-00

State of New Mexico
Oil Conservation Division
Attention: Mr. Michael E. Stogner
2040 South Pacheco
Santa Fe, New Mexico 87505



RE: Unorthodox Drilling Location Application
Avalon 1 Federal #3
T21S, R26E, Sec. 1: Lots 35,36,37,38
Eddy County, New Mexico

Gentlemen:

In the matter of the request by Bonneville Fuels Corporation for the administrative approval of the unorthodox drilling location for the Avalon 1 Federal #3 well, please be advised that the undersigned has no objection to the drilling of the subject well in accordance with the application filed by Bonneville, which includes the following:

1. Directionally drilling said well from the following Unorthodox Surface Location required by Topography:

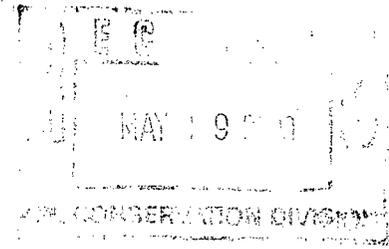
2762' FSL & 2075' FEL, Lot 31, Unit 'O',
2. Directionally drilling to an Orthodox Location in the Foster Draw Delaware Gas Pool, which meets the 660' setback requirements (1993' FSL & 2008' FWL, Lot 35, Unit 'S'), then continuing to directionally drill until reaching the anticipated, orthodox, bottom hole total depth location (1666' FSL & 1530' FWL, Lot 35, Unit 'S'), and
3. That said well be permitted to produce at capacity and without restriction from any portion of the wellbore which is orthodox by meeting the minimum 660' setback requirements.

The undersigned does hereby waive all objection to the administrative approval of this matter as described herein.

Company: HENRY TRUST

By: James B. Henry
Name (print) JAMES B. HENRY
Title: Trustee
Date: 5-17-00

State of New Mexico
Oil Conservation Division
Attention: Mr. Michael E. Stogner
2040 South Pacheco
Santa Fe, New Mexico 87505



RE: Unorthodox Drilling Location Application
Avalon 1 Federal #3
T21S, R26E, Sec. 1: Lots 35,36,37,38
Eddy County, New Mexico

Gentlemen:

In the matter of the request by Bonneville Fuels Corporation for the administrative approval of the unorthodox drilling location for the Avalon 1 Federal #3 well, please be advised that the undersigned has no objection to the drilling of the subject well in accordance with the application filed by Bonneville, which includes the following:

1. Directionally drilling said well from the following Unorthodox Surface Location required by Topography:

2762' FSL & 2075' FEL, Lot 31, Unit 'O',
2. Directionally drilling to an Orthodox Location in the Foster Draw Delaware Gas Pool, which meets the 660' setback requirements (1993' FSL & 2008' FWL, Lot 35, Unit 'S'), then continuing to directionally drill until reaching the anticipated, orthodox, bottom hole total depth location (1666' FSL & 1530' FWL, Lot 35, Unit 'S'), and
3. That said well be permitted to produce at capacity and without restriction from any portion of the wellbore which is orthodox by meeting the minimum 660' setback requirements.

The undersigned does hereby waive all objection to the administrative approval of this matter as described herein.

Company: ASPEN RES. CO.

By:
Name(print) FRED R. ...
Title: PRINCIPAL
Date: 5-18-00