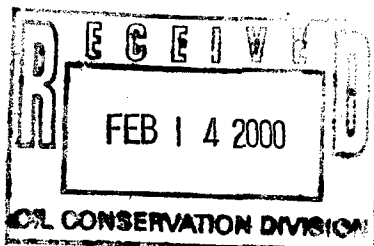


DHC



BONNEVILLE FUELS CORPORATION

FACSIMILE TRANSMITTAL SHEET

DATE 2/14/2000 TIME 2672TO: NAME Dave CatanachCOMPANY NMDCD - Santa FeFAX # 505 827-1389 PHONE # _____FROM: A. Merrill / D. MalyNumber of pages being transmitted 9 (including cover page)Document Description Form C-107 ARemarks: Please process

I guess this was sent to District
office in error - and not to
Santa Fe - New Form - might address
this to avoid confusion -

This message is transmitted from (303) 863-1558. Please call
DORIS at (303) 863-1555 if the message you receive is incomplete
or illegible.

original to follow

THANK YOU

1660 Lincoln/Suite 1800/Denver, Colorado 80264/303-863-1555/Facsimile 303-863-1558

DISTRICT I
1025 N. French Dr., Hobbs, NM 88240
DISTRICT II
611 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico
En., Minerals and Natural Resources Depar. nt
OIL CONSERVATION DIVISION
2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
Revised August 1999

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Bonneville Fuels Corporation

1660 Lincoln Street Denver CO 80264

Operator Address
Scott E. Federal 25 32 B 25 27N 11W San Juan
Lease Well No. Unit Ltr. - Sec. - Twp. - Rge. County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 0026788 Property Code 014476 API NO. 30-045-28486 Federal ☒ State ☐ (and/or) Fed ☐

The following facts are submitted in support of downhole commingling	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Basin Fruitland 71629		West Kutz Pictured Cliffs 79680
2. Top and Bottom of Pay Section (Perforations)	1530'-1690'		1754'-1767'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 400 psi est. b. (Original) 480 psi est.	a. b.	a. 150 psi est. b. 500 psi est.
6. Oil Gravity (^o API) or Gas BTU Content	1050 BTU		1050 BTU
7. Producing or Shut-In?	Not completed		Producing
Production Marginal? (yes or no)	YES		YES
* If Shut-In, give date and oil/gas/water rates of last production	Date: Rates: NA	Date: Rates:	Date: Rates: NA
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: Rates: NA	Date: Rates:	Date: Rates: NA
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)			
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: 50 % Gas: 40 %	Oil: % Gas: %	Oil: 50 % Gas: 60 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☐ Yes ☐ No

11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No

13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) _____

16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation method or formula.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE Alan L. Merrill TITLE Operations Engineer DATE 1/03/00

TYPE OR PRINT NAME Alan L. Merrill TELEPHONE NO. (303) 863-1555 x225

Allocation Method

Fruitland Coal/Pictured Cliffs Commingle
Scott E. Federal #25-32
NE/4 Sec. 25-T27N-R11W
San Juan Co., New Mexico

The allocation formula will be a fixed percentage allocation based on the estimated ultimate reserves (EUR) for each commingled zone.

The gas production allocation for the Scott E. Federal #25-32 will be based on the following information:

Fruitland Coal Estimated Ultimate Reserves: .042 BCF

Pictured Cliffs Estimated Ultimate Reserves: .064 BCF

Total Estimated Ultimate Reserves: .106 BCF

Decline curves for both zones are attached. The Fruitland Coal EUR is based on production performance for nearby Fruitland Coal wells and estimates of gas in place for the coal zones being perforated. The reserves estimate for the Fruitland Coal may be modified after testing the zone and establishing a production rate.

The allocation for the zones will be calculated by dividing the EUR for each zone by the total EUR.

Fruitland Coal Gas Allocation

$.042 \text{ BCF} / .106 \text{ BCF} \times 100 = 40\%$

Pictured Cliffs Gas Allocation

$.064 \text{ BCF} / .106 \text{ BCF} \times 100 = 60\%$

Oil Allocation

Oil production is expected to be negligible. If any oil is produced it will be allocated evenly between the two zones.

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 3004528586		Pool Code 71629		Pool Name Basin Fruitland Coal	
Property Code 014476		Property Name SCOTT E FEDERAL			Well Number 25-32
OGRIID No. 002678		Operator Name BONNEVILLE FUELS CORPORATION			Elevation 6102'

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
B	25	27N	11W		1190	North	1510	East	San Juan

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

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	16
	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Alan L. Merrill</i> Signature Alan L. Merrill Printed Name Operations Engineer Title 1/24/97 Date
	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
PO Box 1900, Hobbs, NM 88241-1900
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Bravo 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 3004528586		Pool Code 79680	Pool Name West Kutz Pictured Cliffs
Property Code 014476	Property Name SCOTT E FEDERAL		Well Number 25-32
OGRID No. 002678	Operator Name BONNEVILLE FUELS CORPORATION		Elevation 6102'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	25	27N	11W		1190	North	1510	East	San Juan

11 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

12 Dedicated Acres 160	13 Joint or Infill	14 Consolidation Code	15 Order No.
---------------------------	--------------------	-----------------------	--------------

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

16	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <i>Alan L. Merrill</i> Signature Alan L. Merrill Printed Name Operations Engineer Title 1/24/97 Date
	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

Rate/Time Graph

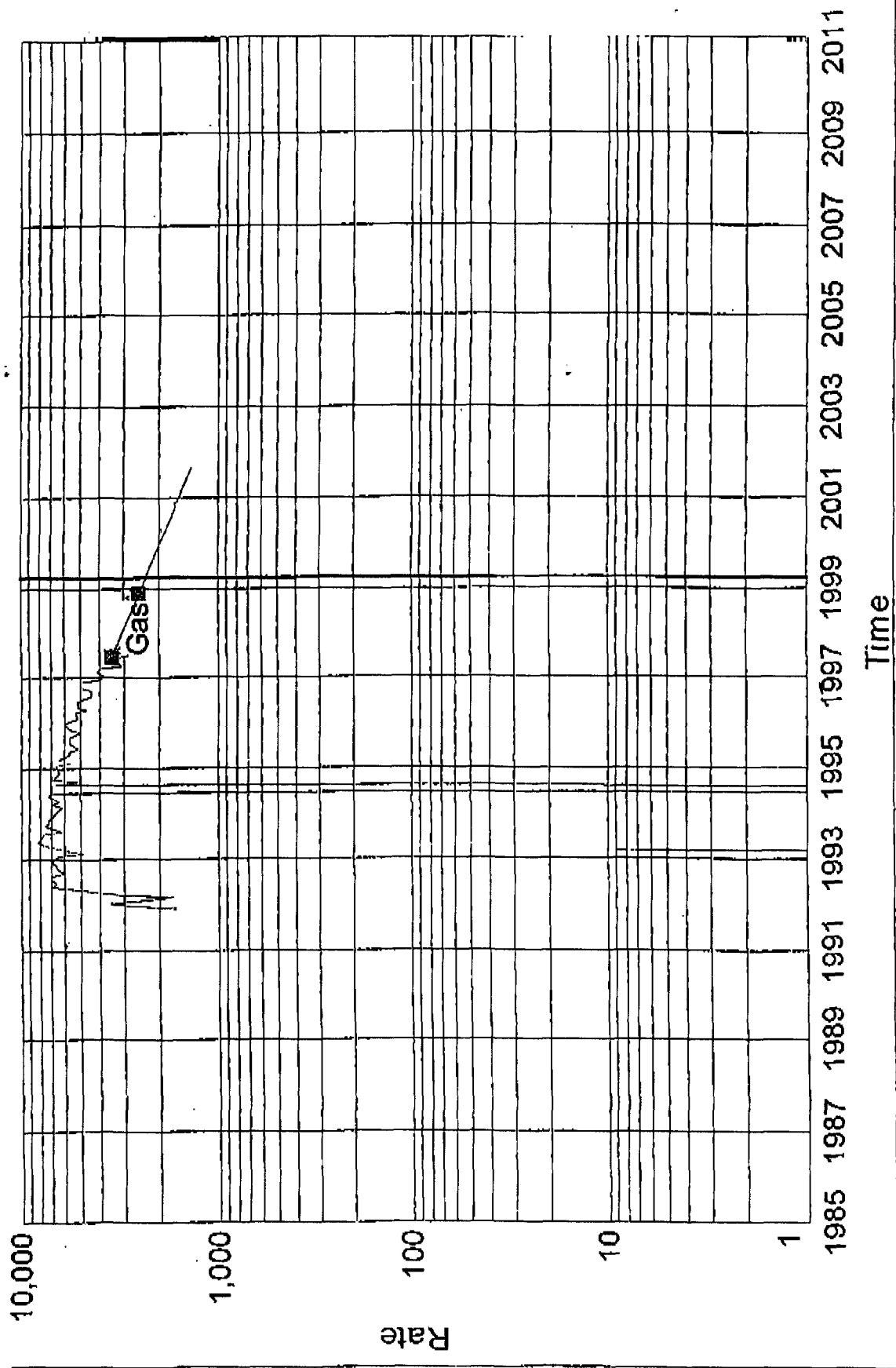
Project: S:\HHS Energy\projects\Sales\Reserves\499-2.MDB

Date: 4/14/1999
Time: 8:10 AM

Lease Name: SCOTT E FEDERAL 25-32 ()
County, ST: SAN JUAN, NM
Location: 27N-11W-25

Field Name: KUTZ WEST (PICTURED CLIFFS) PC
Operator: BONNEVILLE FUELS CORP

SCOTT E FEDERAL 25-32 - PICTURED CLIFFS - 00336



Pictured Cliffs - Production Curve

Annual CashFlow Report

007/009

Project: S:\HS Energy\plproj\cibcsales\Reserves\499-2.MDB

Lease Name: SCOTT E FEDERAL 25-32 (0)
County, ST: SAN JUAN, NM

Field Name: KUTZ WEST (PICTURED CLIFFS) PC
Operator: BONNEVILLE FUELS CORP

Location: 27N-11W-25

Date	Well Count
12/99	1
12/00	1
08/01	1
Grand Total:	

Gross Production	
Oil (Bbl)	Gas (Mcf)
0	18,881
0	20,491
0	11,203
0	50,575

Net Production	
Oil (Bbl)	Gas (Mcf)
0	8,166
0	8,862
0	4,845
0	21,873

Average Prices	
Oil (\$/Bbl)	Gas (\$/Mcf)
0.00	1.61
0.00	1.88
0.00	1.93
0.00	1.79

Sales Total (\$)	
13,147	16,634
9,329	39,110

Operating Expenses (\$)	
8,415	991
11,472	1,254
7,849	703
27,736	2,949

Operating Income (\$)	
3,741	0
3,908	0
777	0
8,425	0

Periodic Cash Flow (\$)	
3,741	3,741
3,908	7,648
777	8,425
8,425	8,425

Cumulative Cash Flow (\$)	
3,741	3,633
7,648	3,562
8,425	666
8,425	7,861

8.00 % Cash Flow	
3,633	3,562
666	7,861

Discounted Values:	
0 %	8,425
5 %	8,061
8 %	7,861
10 %	7,734

Economics Summary:	
Ultimate Gross	6,927
Cumulative Gross	6,704
Remaining Gross	6,499
Remaining Net	6,927

Bbl Oil	
9	9
0	0
0	0

Economic Dates:	
Effective Date	04/1999
Calculated Limit	08/2001
Economic Life	29 Months
Net Payout Date:	2 Years 5 Months
Rate of Return:	04/1999
Return on Investment:	>100 %

Initial Division of Interest:

WI:	50.000000	Oil:	43.250000
Reversion Date:	None	Gas:	43.250000
		Injection:	0.000000

NRI:	0.000000	ORI:	0.000000
	43.250000		0.000000
	0.000000		0.000000

Pictured Cliffs + Production Forecast

Date: 4/14/1999
Time: 8:10 AM

FEB-14-00 MON 13:45

02/14/00 MON 14:35 FAX

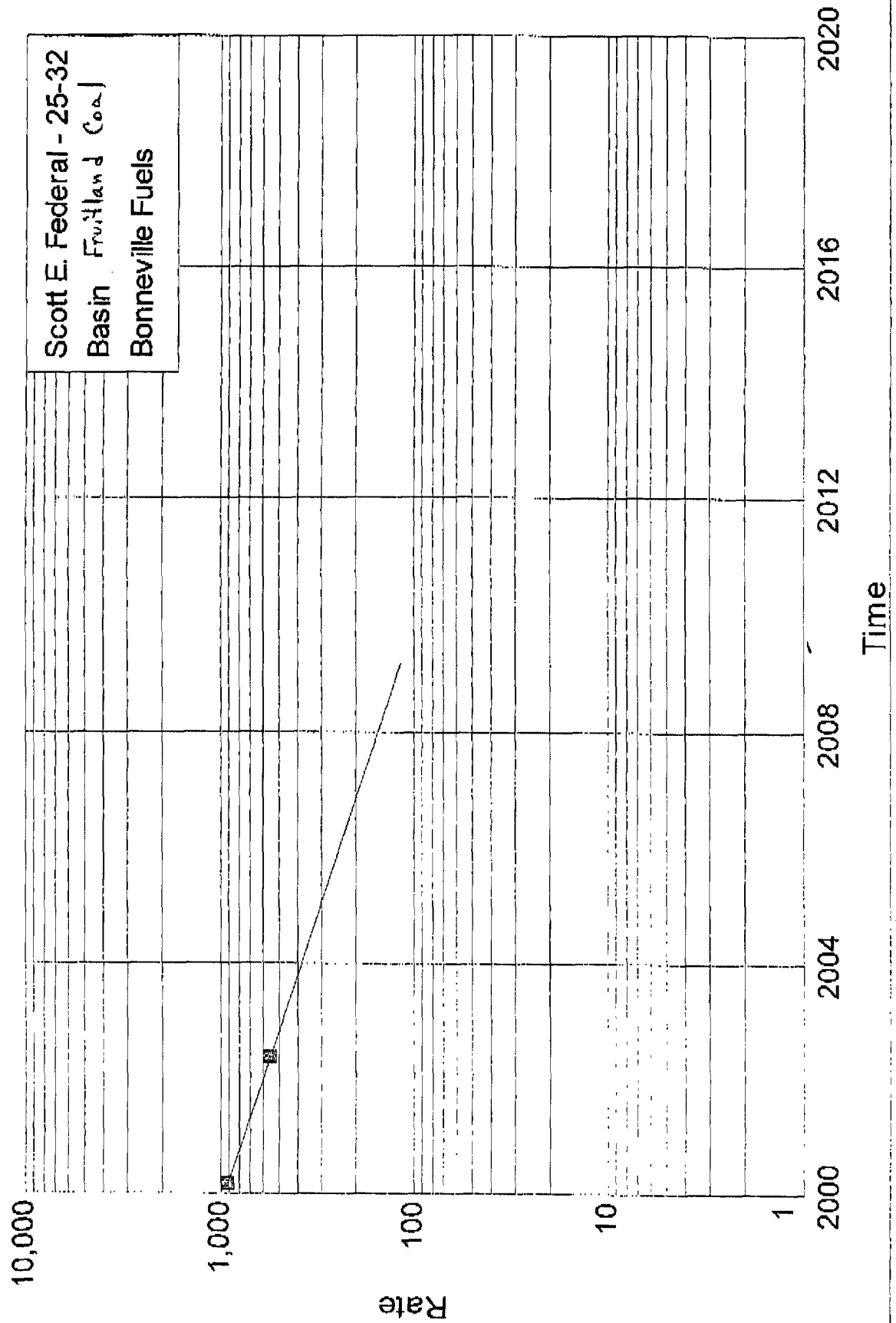
Rate/Time Graph

Project: S:\HS Energy\proj\kut3.mdb

Date: 12/21/1999
Time: 4:07 PM

Lease Name: Scott E. Federal (25-32)
County, ST: San Juan, NM
Location: 0-0-0

Field Name: Bonneville Fuels
Operator: Bonneville Fuels



Fruitland Coal Production Estimate

Date: 12/2/1999

Fruitland Coal - Production Forecast

Time: 4:06 PM

Annual CashFlow Report

Project: S:\NHS Energy\ptproj\kutz3.mdb

Lease Name: Scott E. Federal (25-32)
 County, ST: San Juan, NM
 Location: 0-0-0

Field Name: Fruitland Coal
 Operator: Bonneville Fuels

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/Mcf)	
12/00	1	0	8,224	0	7,113	0.00	2.00	14,227
12/01	1	0	8,072	0	6,982	0.00	2.00	13,964
12/02	1	0	6,479	0	5,004	0.00	2.00	11,208
12/03	1	0	5,200	0	4,498	0.00	2.00	8,996
12/04	1	0	4,174	0	3,610	0.00	2.00	7,220
12/05	1	0	3,350	0	2,898	0.00	2.00	5,795
12/06	1	0	2,689	0	2,326	0.00	2.00	4,651
12/07	1	0	2,158	0	1,867	0.00	2.00	3,733
12/08	1	0	1,732	0	1,498	0.00	2.00	2,996
02/09	1	0	253	0	219	0.00	2.00	438
Grand Total:		0	42,329	0	36,615	0.00	2.00	73,230

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	10.00 % Cash Flow (\$)
12/00	2,000	1,073	11,154	0	11,154	11,154	10,695
12/01	2,400	1,053	10,511	0	10,511	21,665	9,243
12/02	2,400	849	1,983	0	1,983	29,628	6,367
12/03	2,400	678	5,918	0	5,918	35,546	4,302
12/04	2,400	544	4,276	0	4,276	39,822	2,827
12/05	2,400	437	2,958	0	2,958	42,780	1,779
12/06	2,400	351	1,901	0	1,901	44,681	1,040
12/07	2,400	281	1,052	0	1,052	45,733	524
12/08	2,400	226	370	0	370	46,103	169
02/09	400	33	5	0	5	46,108	2
Grand Total:	21,600	5,522	46,108	0	46,108	46,108	36,947

Discount Present Worth:

8.00 %	38,465
10.00 %	36,947
15.00 %	33,659
20.00 %	30,952
30.00 %	26,775
40.00 %	23,719
50.00 %	21,394
60.00 %	19,569
70.00 %	18,099
80.00 %	16,890
100.00 %	15,016

Economic Data:

Effective Date	03/2000
Calculated Limit	02/2009
Economic Life	108 Months
	9 Years 0 Months

Economics Information:

Net Payout Date:	03/2000
Rate of Return:	>100 %
Return on Investment:	0.00
Initial Division of Interest:	

WI: 100.000000

Reversion Date: None

Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	0	42,329
Cumulative Gross	0	0
Remaining Gross	0	42,329
Remaining Net	0	36,615

NRI

Oil: 86.500000

Gas: 86.500000

Injection: 0.000000

ORI

0.000000

0.000000

0.000000