

COMMISSIONER'S OFFICE

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COMMERCIAL RESOURCES

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ROYALTY MANAGEMENT

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SURFACE RESOURCES

Phone (505) 827-5793

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**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

May 25, 2000

Bonneville Fuels Corporation  
1700 Broadway  
Suite 1150  
Denver, Colorado 80290

Attn: Mr. Alan L. Merrill

Re: Downhole Commingling Application  
Lake Shore 10 Federal Com Well No. 2  
Unit Letter I, Section 10-21S-26E  
West Burton Flat Strawn and Avalon Morrow Pools  
Eddy County, New Mexico

Dear Mr. Merrill:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on May 8, 2000. Your application requests our approval to downhole commingle the West Burton Flat Strawn and Avalon Morrow production within the wellbore of the Lake Shore 10 Federal Com Well No. 2 located in Unit Letter I, Section 10-21S-26E, Eddy County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil %</u>	<u>Gas %</u>
West Burton Flat Strawn	11 %	16 %
Avalon Morrow	89 %	84 %
	----- 100 %	----- 100 %

Since it appears that the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Bonneville Fuels Corporation  
May 25, 2000  
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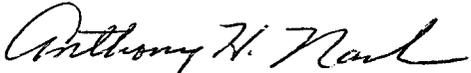
Your filing fee in the amount of \$30.00 has been received.

Also, please submit a copy of the Oil Conservation Division's Order and approval from the Bureau of Land Management approving this application.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
FOR JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm  
Enclosure  
xc: Reader File

~~OCD--Attention: David Catanach, Ben Stone~~

BLM