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SURFACE RESOURCES  
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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: Application for Surface Commingling  
Lake Shore Fed S. C. 10-2  
Unit Letter I, Section 10-21S-26E  
Burton Flat Strawn/Avalon Morrow and Avalon Upper Penn Pools  
Eddy County, New Mexico

Dear Mr. Merrill:

We have received your letter of May 11, 2000, wherein you requested our approval to surface commingle the production from the above well from the Burton Flat Strawn/Avalon Morrow and Avalon Upper Penn pools.

It is our understanding that the Burton Flat Strawn/Avalon Morrow pools will be commingled downhole before being commingled with the Avalon upper Penn pool at the surface.

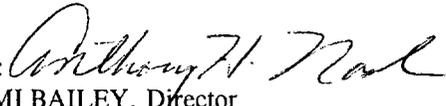
Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 filing fee has been received.

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

RP/JB/cpm  
Enclosure

xc: Reader File

~~CC: Mr. David Catanach~~, Mr. Ben Stone

BLM