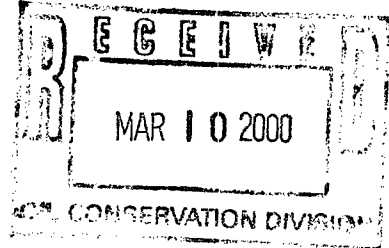




Carbon Energy Corporation
Bonneville Fuels Corporation
CEC Resources Ltd.

March 7, 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 #2

Dear Mr. Stogner:

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

Avalon '1' Federal #2: 30-015-31104
Surface Location (Unorthodox): 2686' FSL & 1999' FEL, Lot 31 (Unit 'O').
Orthodox Location (Min. Setbacks): 1989' FSL & 1824' FEL, Lot 34 (Unit 'R').
Minimum 660' South of North Line in SE Quarter &
Minimum 660' East of West Line in SE 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 2686' FSL & 1999' 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 34 (Unit 'R') **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.

March 7, 2000

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

Re: Unorthodox Surface Location for Topographic Reasons
Orthodox Production Interval Bottom-Hole Location
Federal '1' Avalon #2

Dear Mr. Stogner:

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

Avalon '1' Federal #2:

Surface Location (Unorthodox):	2686' FSL & 1999' FEL, Lot 31 (Unit 'O').
Target Bottom-Hole Location (Orthodox):	1900' FSL & 1800' FEL, Lot 34 (Unit 'R'): +3100' TVD.
Legal Bottom-Hole Location (Orthodox):	1989' FSL & 1824' FEL, Lot 34 (Unit 'R'). Minimum 660' South of North Line in SE Quarter & Minimum 660' East of West Line in SE 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 a Bureau of Reclamation off-site Right-of-Way for the Proposed Unorthodox Surface Location. BFC proposes to obtain an APD approved by the Bureau of Land Management, Bureau of Reclamation, and NMOCD.

Prior to application for these Permits & Rights-of-Way 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 2686' FSL & 1999' 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 #2 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 Easken 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 #2 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 33, 34, 39 & 40 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 600' 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. 2300' (50' 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 1700'. 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 (best chance of success).

DIRECTIONAL WELL PLAN:

The well will be drilled as near to vertical as possible to a depth of 1700' MD as described above. The directional effort will then commence at 1700' (Exhibit 4) and the well will build angle at 6°/100' to a maximum 36° inclination on a course of S. 14.0943° E. at 2300' TVD (2384' MD). 8-5/8" Intermediate Casing will be set and cemented to surface @ 2300' TVD.

A 7-7/8" Production Hole will then be drilled at a constant S. 14.0943° E. azimuth. The 36° vertical inclination will be held to the legal setback limit of the Orthodox Bottom-Hole location production (hard-line limit @ 1989' FSL & 1824' FEL) at approx. 3000' TVD (3213' MD). The well will then Drop Inclination at a rate of 3°/100' to a minimum 15.88° inclination at 3710' TVD (3998' 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 west 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 3113' TVD.
3. BFC anticipates that its planned wellbore will have an Orthodox Bottom-Hole Location from 3000' TVD (3213' MD) to Total Depth at 3820' TVD (4112' 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 & west lines of Lot 34) will require a separate hearing and adjudication by the NMOCD.

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 #2 well.

Page 5

Letter to NMOCD: Unorthodox Location
Avalon 1 Fed. #2: 3/7/2000

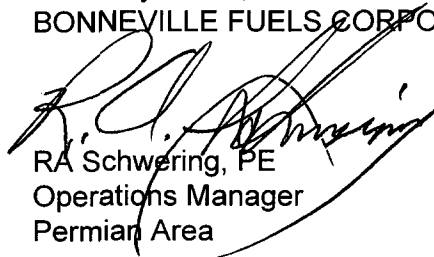
Therefore, the Bonneville Fuels Corporation does herewith request:

1. Administrative Approval of the proposed Unorthodox Surface Location of the Avalon 1 Federal #2 well at 2686' FSL & 1999' 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 34 (Unit 'R') **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.

Mike, Thank You for your timely review of this matter.

Call me at (303) 376-2564 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 4 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

2/2

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.

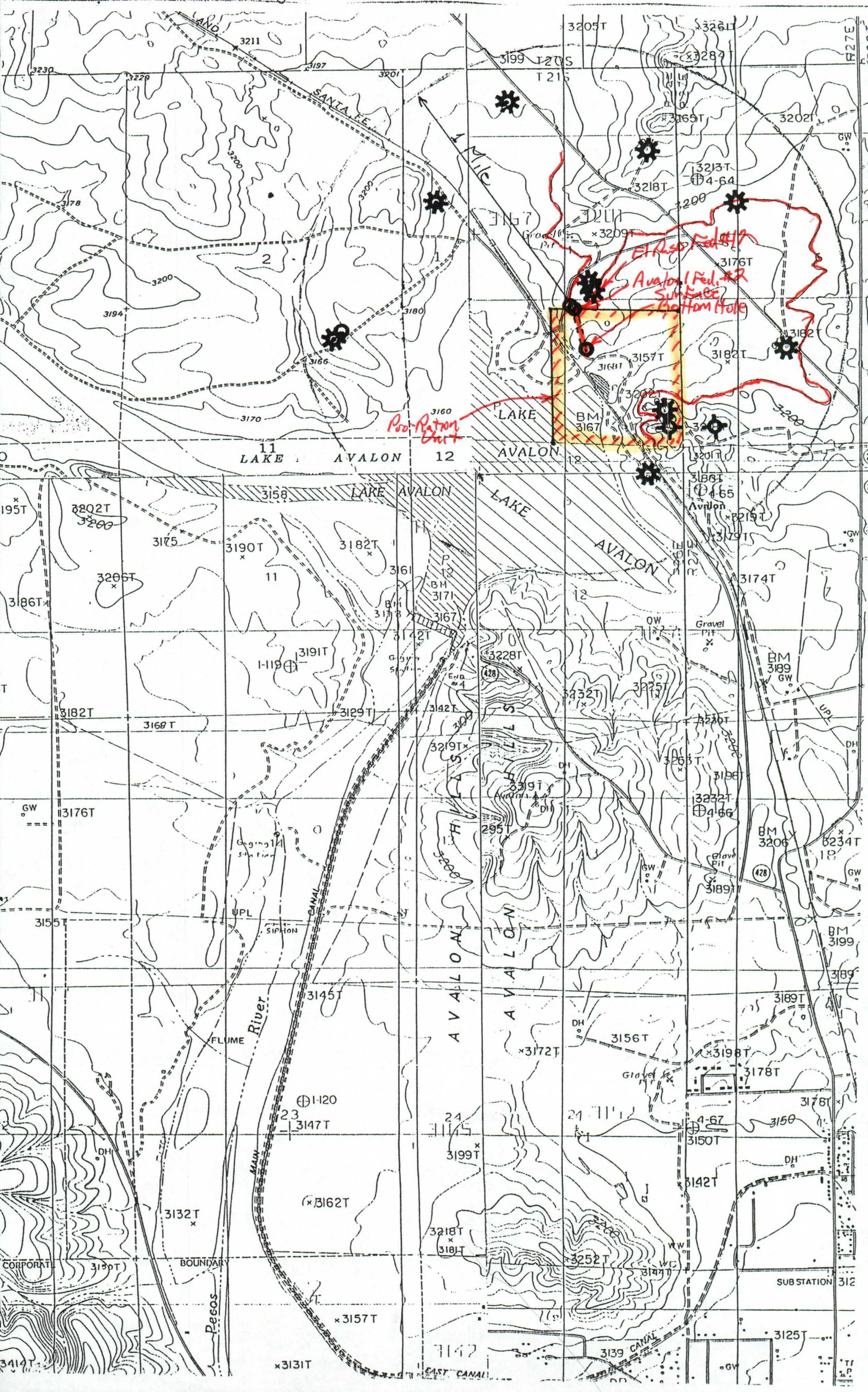
DRY LAKE

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).

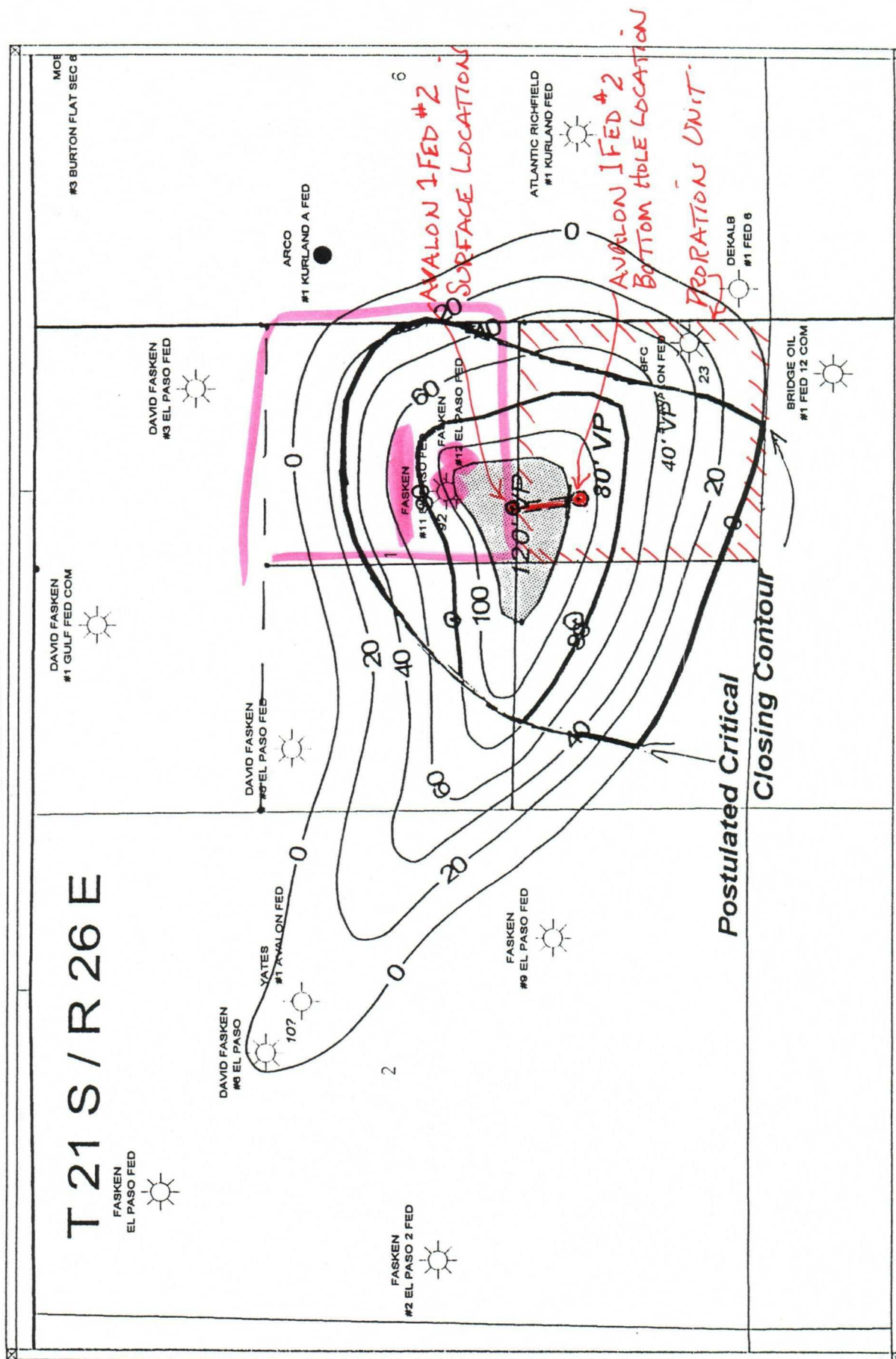
Hazardous Waste Level I

1 MILE



Eddy County, New Mexico
Delaware Study
Net Gas Delaware 'EPF' Sand

R J Kozarek	C.I. = 27	11/04/1999
lead	Scale t: 18000	dw1met.gaf



DISTRICT I
P.O. Box 2880, Hobbs, NM 88241-1880

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

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

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

EXHIBIT 4
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name <i>Foster Draw: Delaware Gas</i>
Property Code	Property Name AVALON 1 FEDERAL	Well Number 2
OGRID No. 002678	Operator Name BONNEVILLE FUELS CORPORATON	Elevation 3191

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		2686	SOUTH	1999	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 34	1	21 S	26 E		1900	SOUTH	1800	EAST	EDDY
Dedicated Acres 164.66	Joint or Infill	Consolidation Code	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

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
40.59 AC.	40.66 AC.	41.07 AC.	41.14 AC.
37	38	39	40
40.94 AC.	41.01 AC.	41.19 AC.	41.26 AC.

SEE DETAIL

SURFACE 1999'

BOTTOM HOLE 1800'

2686'

1900'

41.19 AC.

Acreage Dedication: 164.66 ac.
Lots 33, 34, 39 & 40.

OPERATOR CERTIFICATION

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

Signature

Printed Name

Title

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 8, 1999

Date Surveyed

Signature & Seal of
Professional Surveyor

Certificate No. RONALD L. EIDSON 3239
GARY EIDSON 12641

EXHIBIT 5
Bonneville Fuels Corp.

**New Mexico
Eddy County
Sec. 1-T21S-R26E
Federal 1 Avalon # 2 - 2/1/00**

PROPOSAL REPORT

1 February, 2000

sperry-sun
DRILLING SERVICES
A HALLIBURTON COMPANY

Proposal Ref: pro4430

Sperry-Sun Drilling Services

Proposal Report for Federal 1 Avalon # 2 - 2/1/00



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	0.000
200.00	0.000	0.000	200.00	0.00 N	0.00 E	0.00	0.000
300.00	0.000	0.000	300.00	0.00 N	0.00 E	0.00	0.000
400.00	0.000	0.000	400.00	0.00 N	0.00 E	0.00	0.000
500.00	0.000	0.000	500.00	0.00 N	0.00 E	0.00	0.000
600.00	0.000	0.000	600.00	0.00 N	0.00 E	0.00	0.000
700.00	0.000	0.000	700.00	0.00 N	0.00 E	0.00	0.000
800.00	0.000	0.000	800.00	0.00 N	0.00 E	0.00	0.000
900.00	0.000	0.000	900.00	0.00 N	0.00 E	0.00	0.000
1000.00	0.000	0.000	1000.00	0.00 N	0.00 E	0.00	0.000
1100.00	0.000	0.000	1100.00	0.00 N	0.00 E	0.00	0.000
1200.00	0.000	0.000	1200.00	0.00 N	0.00 E	0.00	0.000
1300.00	0.000	0.000	1300.00	0.00 N	0.00 E	0.00	0.000
1400.00	0.000	0.000	1400.00	0.00 N	0.00 E	0.00	0.000
1500.00	0.000	0.000	1500.00	0.00 N	0.00 E	0.00	0.000
1600.00	0.000	0.000	1600.00	0.00 N	0.00 E	0.00	0.000
1700.00	0.000	0.000	1700.00	0.00 N	0.00 E	0.00	0.000
1800.18	6.011	165.906	1800.00	5.09 S	1.28 E	5.25	6.000
1901.49	12.090	165.906	1900.00	20.54 S	5.16 E	21.18	6.000
2005.17	18.310	165.906	2000.00	46.89 S	11.77 E	48.35	6.000
2112.73	24.764	165.906	2100.00	85.17 S	21.38 E	87.81	6.000
2226.23	31.574	165.906	2200.00	137.11 S	34.42 E	141.36	6.000
2300.00	36.000	165.906	2261.29	176.89 S	44.41 E	182.38	6.000
2347.84	36.000	165.906	2300.00	204.16 S	51.26 E	210.50	0.000
2471.45	36.000	165.906	2400.00	274.63 S	68.95 E	283.15	0.000
2595.06	36.000	165.906	2500.00	345.09 S	86.65 E	355.81	0.000
2718.66	36.000	165.906	2600.00	415.56 S	104.34 E	428.46	0.000
2842.27	36.000	165.906	2700.00	486.03 S	122.03 E	501.11	0.000
2965.88	36.000	165.906	2800.00	556.50 S	139.72 E	573.77	0.000
3089.48	36.000	165.906	2900.00	626.96 S	157.42 E	646.42	0.000
3213.09	36.000	165.906	3000.00	697.43 S	175.11 E	719.08	0.000
3334.00	32.373	165.906	3100.00	763.31 S	191.65 E	787.00	3.000
3450.23	28.886	165.906	3200.00	820.74 S	206.07 E	846.21	3.000
3562.68	25.512	165.906	3300.00	870.58 S	218.58 E	897.60	3.000
3672.05	22.231	165.906	3400.00	913.50 S	229.36 E	941.86	3.000
3778.91	19.025	165.906	3500.00	950.01 S	238.53 E	979.50	3.000
3883.75	15.880	165.906	3600.00	980.51 S	246.18 E	1010.94	3.000
3987.72	15.880	165.906	3700.00	1008.10 S	253.11 E	1039.39	0.000
4091.69	15.880	165.906	3800.00	1035.69 S	260.04 E	1067.84	0.000
4112.48	15.880	165.906	3820.00	1041.21 S	261.42 E	1073.53	0.000

Continued...

Sperry-Sun Drilling Services

Proposal Report for Federal 1 Avalon # 2 - 2/1/00



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 100ft.
Vertical Section is from Wellhead and calculated along an Azimuth of 165.906° (True).

Based upon Minimum Curvature type calculations, at a Measured Depth of 4112.48ft.,
The Bottom Hole Displacement is 1073.53ft., in the Direction of 165.906° (True).

Comments

Measured Depth (ft)	Station TVD (ft)	Coordinates Northings (ft)	Eastings (ft)	Comment
1700.00	1700.00	0.00 N	0.00 E	Kick-Off at 1700.00ft
2000.00	1995.09	45.33 S	11.38 E	Build Rate = 6.000°/100ft
2300.00	2261.29	176.89 S	44.41 E	End of Build at 2300.00ft
2756.55	2630.65	437.16 S	109.76 E	Hold Angle at 36.000°
3213.09	3000.00	697.43 S	175.11 E	Must be inside Hardline
3213.09	3000.00	697.43 S	175.11 E	Start Drop at 3213.09ft
3548.42	3287.16	864.58 S	217.08 E	Drop Rate = 3.000°/100ft
3883.75	3600.00	980.51 S	246.18 E	End of Drop at 3883.75ft
3998.12	3710.00	1010.86 S	253.80 E	Hold Angle at 15.880°
4112.48	3820.00	1041.21 S	261.42 E	Total Depth at 4112.48ft

Set 8 5/8" Casing

Casing details

From Measured Depth (ft)	Vertical Depth (ft)	To Measured Depth (ft)	Vertical Depth (ft)	Casing Detail
<Surface>	<Surface>	600.00	600.00	13 3/8" Casing
<Surface>	<Surface>	2300.00	2261.29	8 5/8" Casing

Continued...

Sperry-Sun Drilling Services

Proposal Report for Federal 1 Avalon # 2 - 2/1/00



Bonneville Fuels Corp.
New Mexico

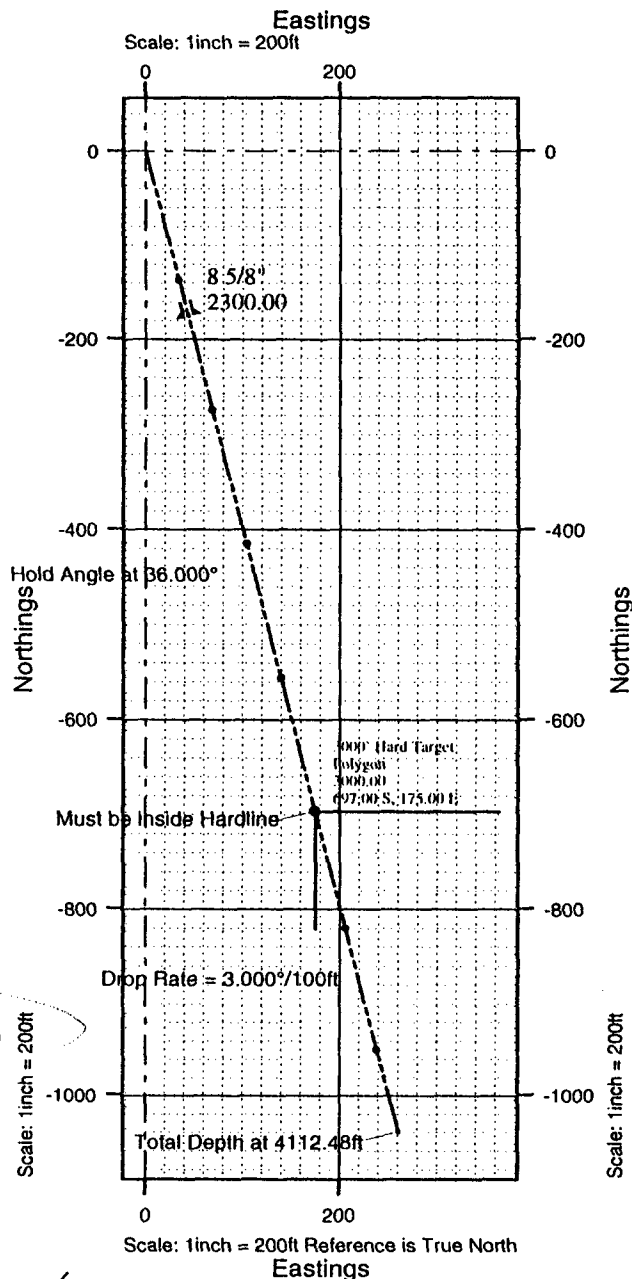
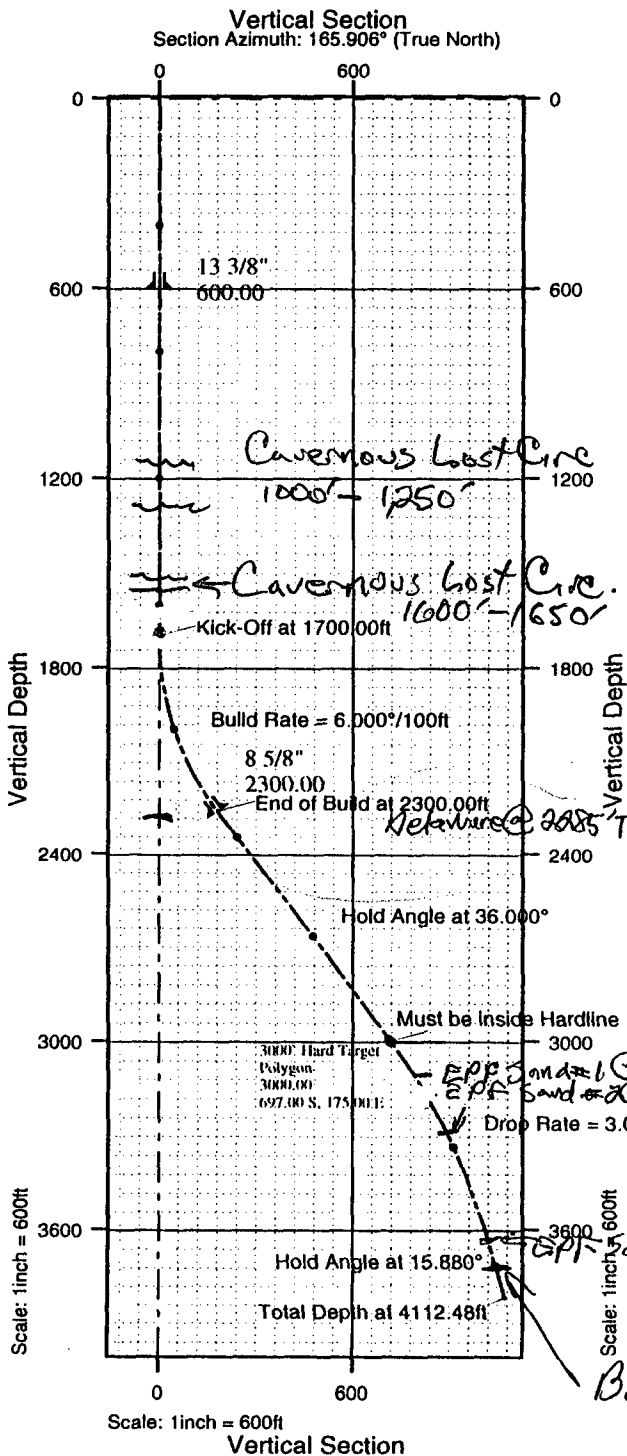
Eddy County
Sec. 1-T21S-R26E

Targets associated with this wellpath

Target Name	Target Entry Coordinates			Target Shape	Target Type
	TVD (ft)	Northings (ft)	Eastings (ft)		
3000' Hard Target	3000.00	697.00 S	175.00 E	Polygon	Current Target

WELL @ MINIMUM (ORTHODOX) LEGAL SETBACKS

**New Mexico
Eddy County
Sec. 1-T21S-R26E
Federal 1 Avalon # 2**



Proposal Data for 3/1/00									
Vertical Origin:	Ref B								
Horizontal Origin:	Wellhead								
Measurement Unit:	True North								
North Reference:									
Drop per 100ft:	166.000								
Vertical Section Description:	Wellhead								
Vertical Section Origin:	0.00 at 0.00 E								
Measured Depth	Incl.	Azim.	Vertical Depth	Northings	Eastings	Vertical Section	Drop Rate		
0.00	0.000	165.906	0.00	0.00	0.00	0.00	166.000		
170.00	0.000	165.906	170.00	0.00	0.00	0.00	166.000		
230.00	6.000	165.906	230.00	1.75	1.75	1.75	166.000		
370.00	36.000	165.906	370.00	1.75	1.75	1.75	166.000		
4112.48	36.000	165.906	4112.48	1.75	1.75	1.75	166.000		

Brush Canyon Top @ 3740' TVO

Prepared:

Checked:

Approved:



HALLIBURTON

EXCELL

SPECTRAL DENSITY
DUAL SPACED
NEUTRON LOG

Top
Fwd's
Perf's
M.C. 1/10

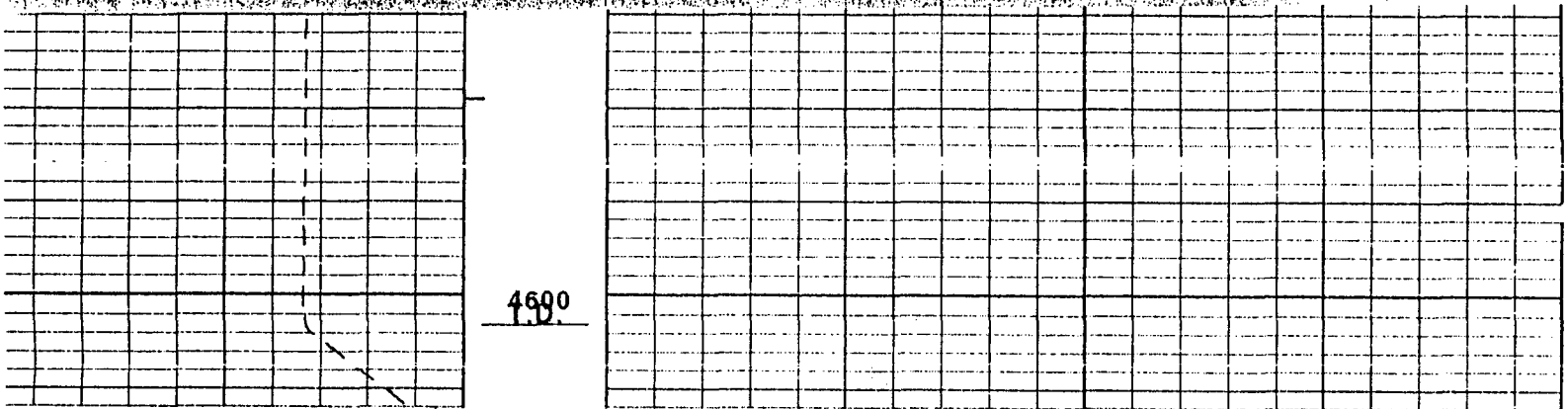
COMPANY FASKEN OIL AND RANCH, LTD.
WELL EL PASO FEDERAL NO. 12
FIELD BURTON FLAT WEST (DELAWARE)
COUNTY EDDY STATE N.M.

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
Location 4379' FNL AND 1780' FEL
Other Services
DLL-MSFL
FWS
MRIL
Sect 1 Twp 21-S Rge 26-E

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

Date	09-16-99			
Run No.	ONE			
Depth - Driller	4603'			
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	@	@	@
Rmf @ Meas. Temp.	N/A @ N/A	@	@	@
Rmc @ Meas. Temp.	N/A @ N/A	@	@	@
Source Rmf Rmc	N/A N/A			
Rm @ BHT	0.071 @ 135 F	@	@	@
Time Since Circ.	0800Sep:6			
Time on Bottom	11:15 A.M.			
Max. Rec. Temp.	135 F @ T.D.	@	@	@
Equip. Location	52555 ODTX.			
Recorded By	F. CAVILA			
Witnessed By	MH. BROWN			



TENSION		1:240	DENSITY CORR	
POUNDS			GM/CC	
0000	0	FT.	0	10
GAMMA		ANNULUS>	DEN POROSITY	
API		100	30.	% MTX=2.71
SDL CALIPER		<BOREHOLE	NEU POROSITY	
INCHES		16	30.	% MTX=LIME

2/6

2850

$$N_D$$

GA

2900

1111

EC
295

2959

W
E

BOREHOLE

ANNULUS>

TENSION 3000

GAMMA

SD1 CALIPER

~~DENSITY CORR~~

PRE

DEN POROSITY

NEU POROSITY

3050

49

3/6

3050

lpr
San Andre
Dolomite
finger

3100

Avallon
UGal
Pay

3150

Perf
3115-3200
15PF
GTs 01"
3500 GA
75% NEFF
WT 2510 m/m

3200

flwd. @
432 MCF/GP
unloading
1/2" screens
of water

3250

Prod. to
Salt line @
300 MCF/GP @
405"
with frac

lwr
San Andre
Dol.
finger

3300

10-27-99 flow rate 245 MCF/GP
FOF



HALLIBURTON

EXCELL
CORPORATIONDUAL LATEROLOG
MICRO-SFL

4/6

COMPANY FASKEN OIL AND RANCH, LTD.	WELL EL PASO FEDERAL NO. 12	FIELD BURTON FLAT WEST (DELAWARE)	STATE N.M.	COMPANY FASKEN OIL AND RANCH, LTD.
COMPANY FASKEN OIL AND RANCH, LTD.				WELL EL PASO FEDERAL NO. 12
FIELD BURTON FLAT WEST (DELAWARE)				STATE N.M.
COUNTY EDDY				STATE N.M.
API No. 30-015-30634				Other Services
Location 43° 12' ETL AND 1780 FFL				DSN-SFL
Sec 1 Twp 21-S Rge 26-E				FWS
				GRILL
Permanent Datum G.L. Elev. 3192'				Elev. K.B. 3207'
Log measured from K.B. 15' 4' above perm. datum				D.F. 3206'
Drilling measured from KELLY BUSHING				C.L. 3192'
Date	09-16-99			
Run No.	ONE			
Depth - Driller	4603'			
Depth - Logger	4603'			
Bottom - Logged Interval	4602'			
Top - Logged Interval	2294'			
Casing - Driller	3.525 @ 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 @ 79 F	@	@	@
Rmt @ Meas. Temp.	N/A @ N/A	@	@	@
Rmc @ Meas. Temp.	N/A @ N/A	@	@	@
Source Rmt Rmc	N/A N/A			
Rin @ BHT	0.071 @ 135 F	@	@	@
Time Since Circ.	0800Sep15			
Time on Bottom	11:15 A.M.			
Max. Rec. Temp.	135 F @ T.D.	@	@	@
Equip. Location	52535 ODTX.			
Recorded By	F. DAVILA			
Witnessed By	MR. BROWN			

4600

TENSION	1:240	MICRO-GUARD
POUNDS	FT.	OHM-M
GAMMA	ANNULUS>	SHALLOW LL
API	TIC=10FT3	OHM-M
MGRD CALIPER	<BOREHOLE	DEEP LL
INCHES	TIC=10FT3	OHM-M



HALLIBURTON

EXCELL
CORPORATION

Version No: 4.0 | hc:3.0

Data File: 0916_0951_s2700.5.cls

Format File: plot_01_2.spc

Plot Time: 09-17-1999 02:47:09

Log Time: 09-16-1999 12:39:58

Top Depth: 2281.00

Bottom Depth: 4612.00

REPEAT SECTION



HALLIBURTON

EXCELL
CORPORATION

Version No: 4.0 | hc:3.0

Data File: 0916_0951_s2700.3.cls

Format File: plot_01_2.spc

Plot Time: 09-17-1999 02:50:22

2800

5/6

2850

2852

W
E
T

2900

2950

ANNULUS

TENSION 3000

GAMMA

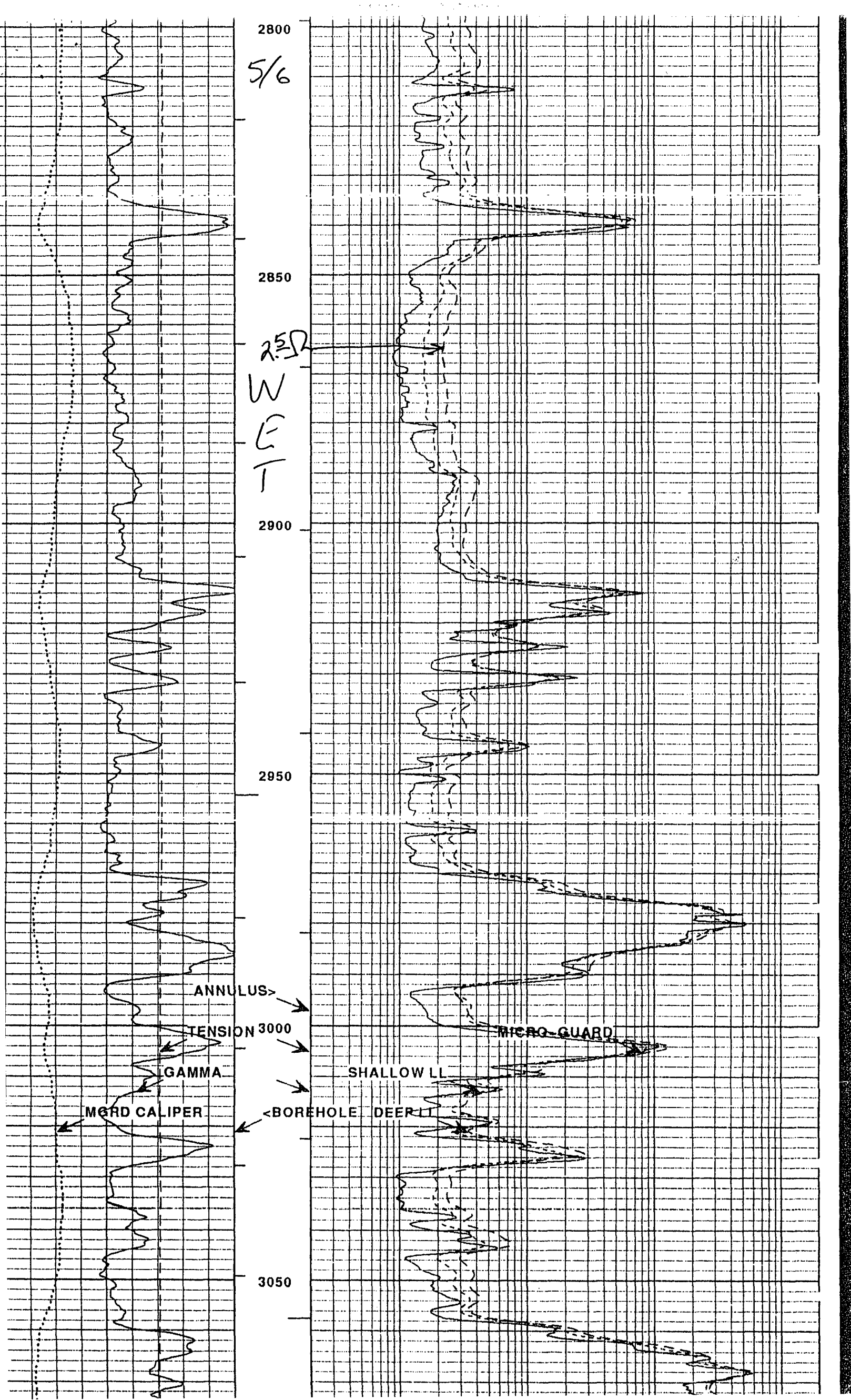
MGRD CALIPER

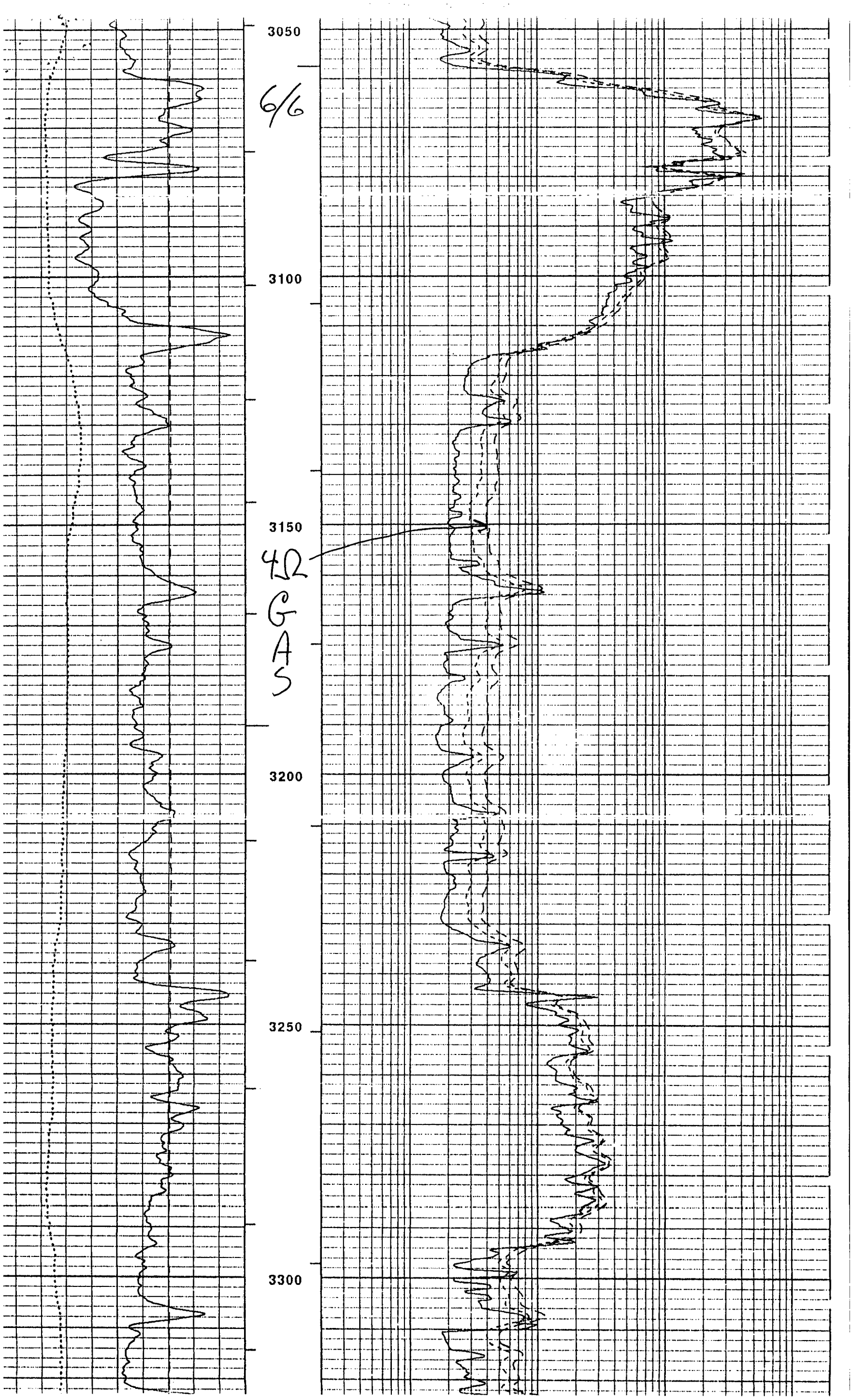
MICRO-GUARD

SHALLOW LI

BOREHOLE DEEPLI

3050





AFFIDAVIT OF MAILING

EXHIBIT 7

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 #2 Well (Avalon Area) by Bonneville Fuels Corporation to the offset owners and operators was deposited on March 9, 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

William G. Abbott
P. O. Box 3978
Hobbs, New Mexico 88241

Bravo Energy Inc.
P.O. Box 2160
Hobbs, New Mexico 88241

First Roswell Co., Ltd.
P.O. Box 1797
Roswell, New Mexico 88202

James J. Gilbert
P.O. Box 860
Hobbs, New Mexico 88241

Joe T. Janica
P.O. Box 2188
Hobbs, New Mexico 88241

W. A. Jourdan
P.O. Drawer J
Hobbs, New Mexico 88241

LRW Corporation
P.O. Box 168
Midland, Texas 79702

Kenneth D. and Wilma Luanne McPeters, Trustees of the
McPeters Family Trust dated 11/18/99
P.O. Box 1860
Hobbs, New Mexico 88241

502 W. Gold Street
Hobbs, New Mexico 88240


Moran Rental Co.
P. O. Box 1860
Hobbs, New Mexico 88241

Devon Energy Corp.
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

Affiant Further Sayeth Not.


Sharon R. McDonald, Landman

SUBSCRIBED AND SWORN TO BEFORE ME, IN MY PRESENCE, THIS 9th day of March, 2000, a
Notary Public in and for the State of Colorado.


Cindy L. Richardson

My Commission Expires: 8/21/2001



My Commission Expires August 21, 2001



Carbon Energy Corporation
Bonneville Fuels Corporation
CEC Resources Ltd.

March 7, 2000

TO: SEE ATTACHED MAILING LIST

Re: Notice of Unorthodox Location
and Request for Waiver of Objection
Avalon 1 Federal #2
T21S, R 26E, Sec. 1: Lots 33, 34, 39, 40
Eddy County, New Mexico

Dear Offset Owner/Operator:

BONNEVILLE FUELS CORPORATION is proposing to directionally drill the Avalon 1 Federal #2 well as follows:

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

Surface Location (Unorthodox): 2686' FSL & 1999' FEL, Lot 31 (Unit 'O').

Point at which we anticipate entering the Top
of the Delaware Formation (Unorthodox): 2492.91' FSL & 1950.40' FEL, Lot 34 (Unit 'R')

Legal Orthodox Location in the Delaware Fm.
which meets the setback requirements: 1989' FSL & 1824' FEL, Lot 34 (Unit 'R').
(Minimum 660' South of North Line in SE Quarter & minimum 660' East of West Line in SE
Quarter)

Anticipated Bottom Hole Total Depth
Location (Orthodox): 1900' FSL & 1800' FEL, Lot 34 (Unit 'R')

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 #2 well at 2686' FSL & 1999' 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 34 (Unit 'R') **for Topographic Reasons (Bureau of Reclamation surface occupancy elevation restrictions in the vicinity of Avalon Lake).**
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 303-376-2577 if you have any questions concerning the above.

Sincerely,

Bonneville Fuels Corporation

A handwritten signature in black ink, appearing to read 'Sharon McDonald', written over a horizontal line.

Sharon McDonald
Landman

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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 #2
T21S, R26E, Sec. 1: Lots 33,34,39,40
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 #2 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:

2686' FSL & 1999' 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 (1989' FSL & 1824' FEL, Lot 34, Unit 'R'), then continuing to directionally drill until reaching the anticipated, orthodox, bottom hole total depth location (1900' FSL & 1800' FEL, Lot 34, Unit 'R'), 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: _____

By: _____
Name(print) _____
Title : _____
Date: _____

NAMES AND ADDRESSES OF OFFSET OWNERS

Avalon 1 Federal #2 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 35,36,37,38
T21S-R26E-Section 12: NW/4
T21S-R27E-Section 6: Lots 11,12,13,14**

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

William G. Abbott
P. O. Box 3978
Hobbs, New Mexico 88241

Bravo Energy Inc.
P.O. Box 2160
Hobbs, New Mexico 88241

First Roswell Co., Ltd.
P.O. Box 1797
Roswell, New Mexico 88202

James J. Gilbert
P.O. Box 860
Hobbs, New Mexico 88241

Joe T. Janica
P.O. Box 2188
Hobbs, New Mexico 88241

W. A. Jourdan
P.O. Drawer J
Hobbs, New Mexico 88241

LRW Corporation
P.O. Box 168
Midland, Texas 79702

Kenneth D. and Wilma Luanne McPeters, Trustees of the
McPeters Family Trust dated 11/18/99

P.O. Box 1860
Hobbs, New Mexico 88241

502 W. Gold Street
Hobbs, New Mexico 88240

Moran Rental Co.
P. O. Box 1860
Hobbs, New Mexico 88241

Devon Energy Corp.
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102



Carbon Energy Corporation
Bonneville Fuels Corporation
CEC Resources Ltd.

March 7, 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 #2

Dear Mr. Stogner:

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

Avalon '1' Federal #2:

Surface Location (Unorthodox):	2686' FSL & 1999' FEL, Lot 31 (Unit 'O').
Orthodox Location (Min. Setbacks):	1989' FSL & 1824' FEL, Lot 34 (Unit 'R').
	Minimum 660' South of North Line in SE Quarter &
	Minimum 660' East of West Line in SE Quarter.

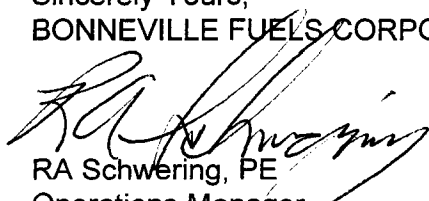
Section 1, T.21S., R.26E., Eddy County, New Mexico

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 2686' FSL & 1999' 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 34 (Unit 'R') **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.

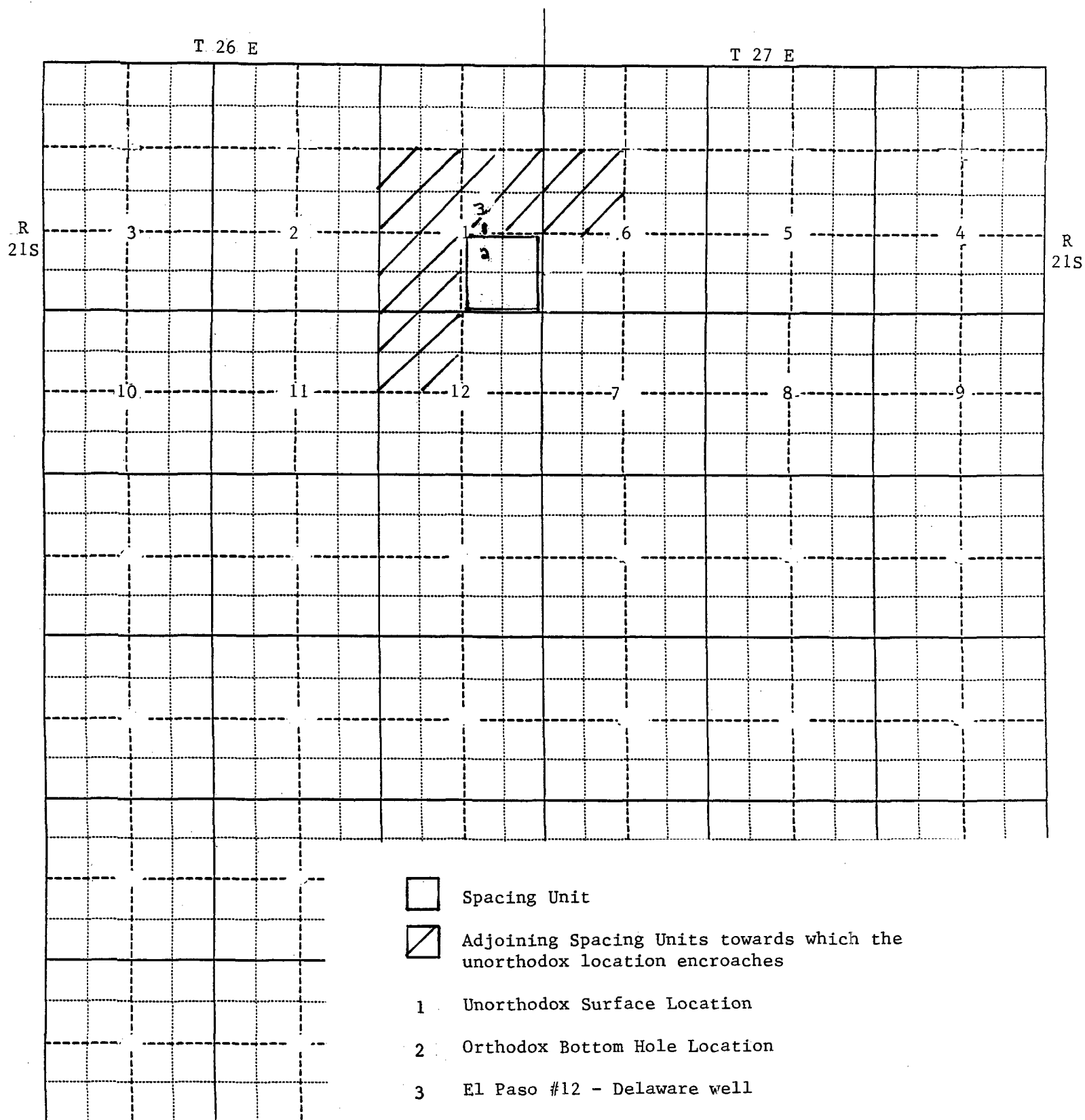
Sincerely Yours,
BONNEVILLE FUELS CORPORATION



RA Schwering, PE
Operations Manager
Permian Area

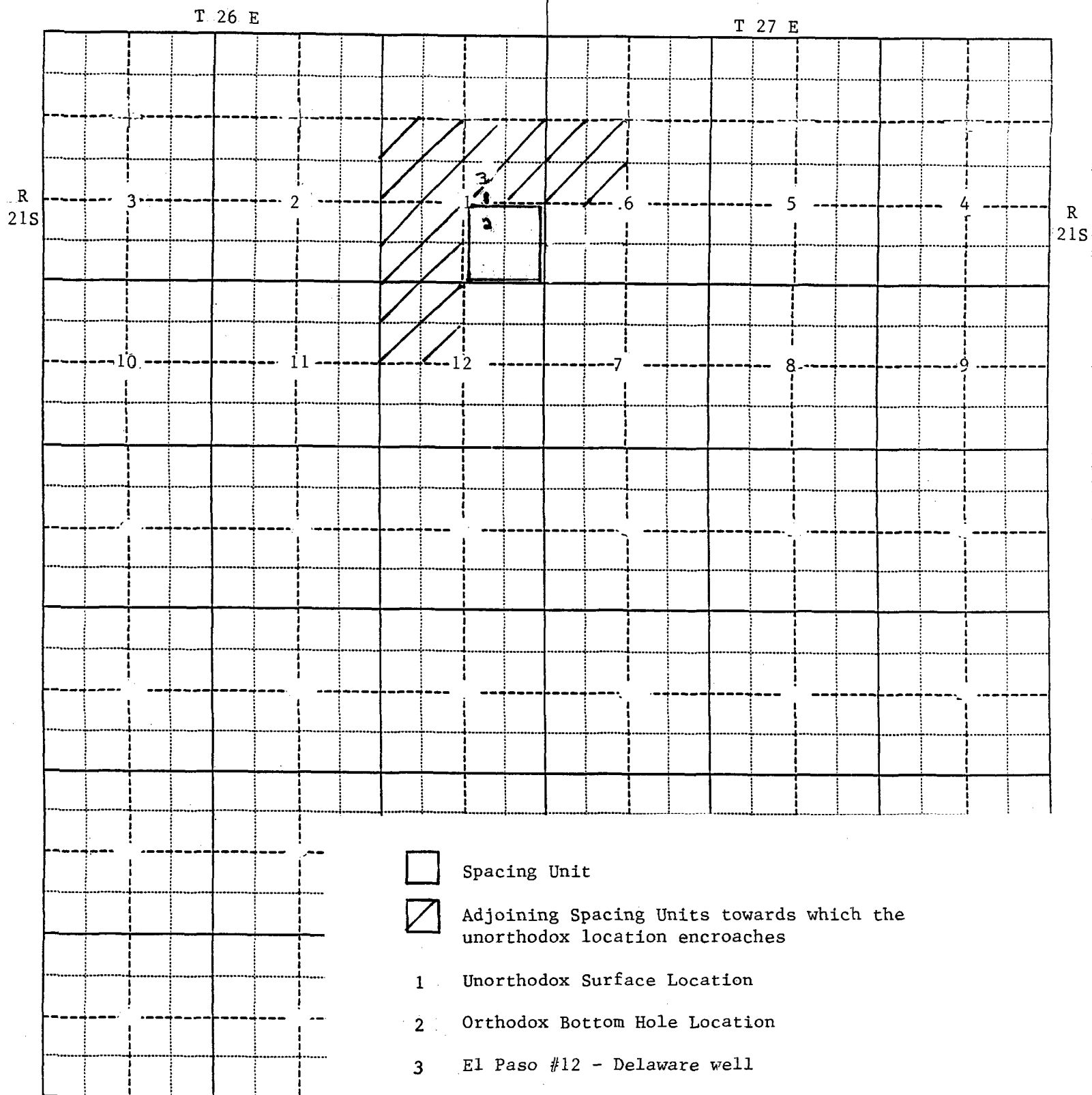
Attachments: Affidavit of Mailing and Notice to Affected Parties
Map Identifying Noticed Pro-Ration Units
Letter in Support of Unorthodox Location Application

Section _____ Township _____ Range _____
County _____ State _____



SCALE: 1.25 INCH = 1 MILE

Section _____ Township _____ Range _____
 County _____ State _____



SCALE: 1.25 INCH = 1 MILE

NAMES AND ADDRESSES OF OFFSET OWNERS

By Tract

Avalon 1 Federal #2 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 #2 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
(Contractural 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
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James B. Henry and Billie Jean Henry,
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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 35,36,37,38

Bonneville Fuels Corporation
(applicant)

T21S-R26E-Section 12: NENW

Western Reserves Oil Co.
(address as above)

William G. Abbott
P. O. Box 3978
Hobbs, New Mexico 88241

Bravo Energy Inc.
P.O. Box 2160
Hobbs, New Mexico 88241

First Roswell Co., Ltd.
P.O. Box 1797
Roswell, New Mexico 88202

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Joe T. Janica
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Hobbs, New Mexico 88241

W. A. Jourdan
P.O. Drawer J
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Hobbs, New Mexico 88241

502 W. Gold Street
Hobbs, New Mexico 88240

Moran Rental Co.
P. O. Box 1860
Hobbs, New Mexico 88241

Merchant Resources #1. L.P.
(address as above)

**T21S-R26E-Section 12: W/2NW, SENW lying on the left or
East Bank of the Pecos River**

Western Reserves Oil Co.
(address as above)

William G. Abbott
(address a above)

First Roswell Co., Ltd.
(address as above)

James J. Gilbert
(address as above)


Joe T. Janica
(address as above)

W. A. Jourdan
(address as above)

LRW Corporation
(address as above)

Kenneth D. McPeters & Wilma Luanne McPeters, Trustees
of the McPeters Family Trust dated 11/18/99
(address as above)

Moran Rental Co.
(address as above)



Merchant Resources #1 L.P.
(address as above)

T21S-R27E-Section 6: Lots 11,12,13,14

Devon Energy Corp.
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102