



Carbon Energy Corporation  
Bonneville Fuels Corporation  
CEC Resources Ltd.

AMENDED PC  
996

N/R

May 11, 2000

New Mexico Oil Conservation Division  
Attn: Mark Ashley  
2040 South Pacheco  
Santa Fe, NM 87505  
Phone (505) 827-8183

RE: APPLICATION FOR ADMINISTRATIVE APPROVAL: SURFACE COMMINGLING  
Lakeshore Fed. S. C. 10-2

Dear Mr. Ashley:

Bonneville Fuels Corporation is seeking Administrative Approval to commingle gas and oil production AT THE SURFACE from the Avalon Upper Penn Pool (9336'-9546' OA) with West Burton Flat Strawn/Avalon Morrow Pools (9724'-10848' OA) for the:

Lakeshore Fed. S. C. 10-2  
Unit I @ 1750' FSL & 660' FEL,  
Section 10, T. 21S, R. 26E, Eddy Co., New Mexico.

The Burton Flat Strawn/ Avalon Morrow Pools will be commingled downhole before being commingled with the Avalon Upper Penn Pool (Cisco/Canyon formations) at the surface.

All gas, oil and water production from the Avalon Upper Penn Pool (producing up the casing/tubing annulus) shall be daily and separately metered and recorded. All combined Avalon Upper Penn/West Burton Flat/ Avalon Morrow oil, gas, and water production will then be metered and gauged. The Strawn/Morrow production (producing up the tubing) for gas, oil, and water shall then be determined by subtracting metered Avalon Upper Penn production from gross metered and gauged Upper Penn/ Strawn/Morrow production. See Exhibit #1 and Exhibit #2 for surface facility diagrams.

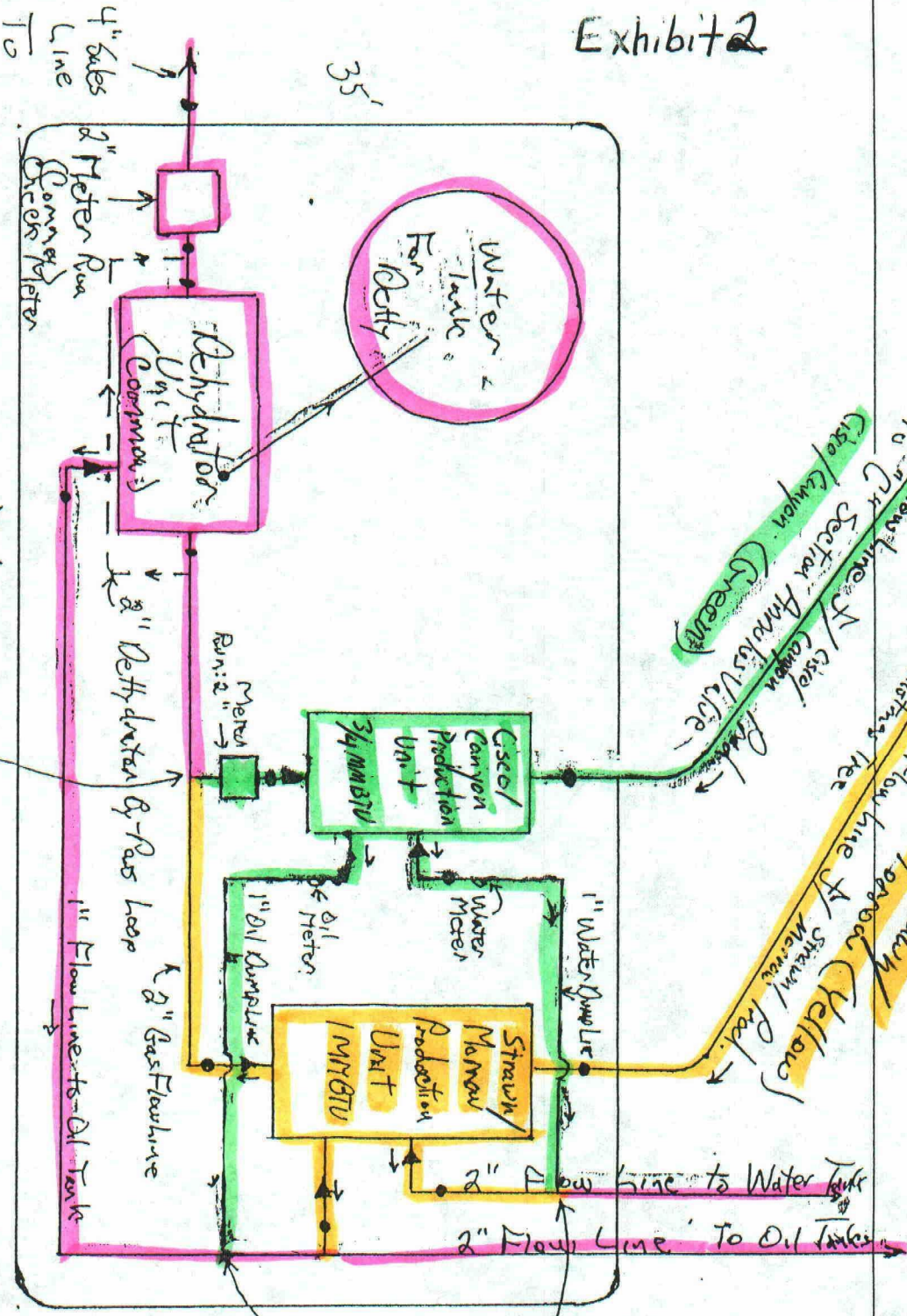
The oil and gas physical properties are listed below:

<u>Pool</u>	<u>Oil Gravity (Deg. API)</u>	<u>Gas BTU Value</u>
Avalon Upper Penn	60 (est.)	1100 BTU/SCF (est.)
W. Burton Flat Strawn	63	1100 BTU/SCF
Avalon Morrow	52	1075 BTU/SCF

The oil from all zones will be sold for the same per barrel price. The price for gas from different zones will vary slightly according to the BTU content.

Exhibit 2

Pad  
4" NGR  
Sales Meter



70' Commingled Pt. A: Gas Production Co-Mingled at This Point (Downstream of Gas Meter)

Pt. B: Oil Production Co-Mingled at This Point (Downstream of Oil Meter)

Pt. C: Water Production Co-Mingled at This Point (Downstream of Water Meter)

➔ : Check Valve w/ Flow Direction  
● : Valve

—○— : Line Meter



