



Carbon Energy Corporation  
Bonneville Fuels Corporation

March 21, 2002

State of New Mexico: Oil Conservation Division  
Attn.: Mr. Bryan Arrant: District Geologist  
1301 West Grand Avenue  
Artesia, New Mexico 88210  
Phone: (505) 748-1283

Re: Avalon 1 Federal #2 Well  
Pool Change Request  
Form C-102: Well Location & Acreage Dedication Plat



Mr. Arrant:

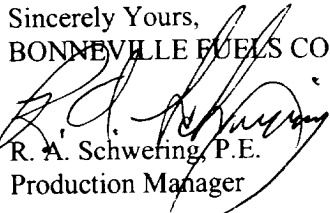
Attached please find a Form C-102 for the directionally drilled:

Avalon 1 Federal #2  
Unorthodox Surface Location: 2686' FSL & 1999' FEL, Lot 31  
Orthodox Productive Interval: 1686.2' to 1684.7' FSL & 1696.3' to 1696.0' FEL, Lot 34  
Unorthodox Bottom-Hole Location: 1508' FSL & 1653' FEL, Lot 34  
Section 1 (Irregular), T.21S., R.26E., Eddy County, New Mexico

The purpose of this C-102 is to properly categorize this well as a producing oil well in the Foster Draw Delaware Oil Pool and designate its pro-ration unit to constitute Lot 34 (41.07 ac.). BFC believes that this well has additional productive potential above the completed interval, in the Delaware Fm., within the Orthodox Wellbore Segment.

I have attached five pages to this letter which explicitly delineate the wellbore segments which are in Lot 31 and Lot 34, and which are Orthodox and Unorthodox within Lot 34. This material is submitted in order to assist with your approval of this matter and your consideration of other future matters that BFC may bring to the NMOCD as regards this wellbore. Thank you for your timely consideration of, and assistance with, this matter.

Sincerely Yours,  
BONNEVILLE FUELS CORPORATION

  
R. A. Schwerfing, P.E.  
Production Manager

Cc: Well File