DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
Revised August 1999

APPROVAL PROCESS:
_x_ Administrative ___Hearing

EXISTING WELLBORE
_x_ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Bonneville Fuels Corporation — 1660 Lincoln Street Denver CO 80264
Operator — Address

Scott E. Federal 25 — 32 — B 25 27N 11W — San Juan
Lease — Well No. — Unit Ltr. - Sec - Twp - Rge — County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO._0026738___ Property Code__014476______ API NO _30-045-28486____ Federal __x_ , State ____, (and/or) Fee ____

The following facts are submitted in support of downhole commingling	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	[illegible]		[illegible]
2. Top and Bottom of Pay Section (Perforations)	[illegible]		[illegible]
3. Type of production (Oil or Gas)	[illegible]		[illegible]
4. Method of Production (Flowing or Artificial Lift)	[illegible]		[illegible]
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. [illegible] b. [illegible]	a. b.	[illegible]
6. Oil Gravity (°API) or Gas BTU Content	[illegible]		[illegible]
7. Producing or Shut-In?	[illegible]		[illegible]
Production Marginal? (yes or no)	[illegible]		[illegible]
* If Shut-In, give date and oil/gas/water rates of last production	Date: [illegible] Rates: [illegible]	[illegible]	[illegible]
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates: NA	Date: Rates:	Date: Rates: NA
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: 50 % Gas: 40 %	Oil: % Gas: %	Oil: 50 % Gas: 60 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? _x_ Yes ___ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ____ Yes ___ No

11. Will cross-flow occur? ___ Yes _x_ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ____ Yes ___ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? _x_ Yes __ No

13. Will the value of production be decreased by commingling? ___ Yes _x_ No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. _x_ Yes ___ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). ______________

16. ATTACHMENTS
* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
* Production curve for each zone for at least one year. (If not available, attach explanation.)
* For zones with no production history, estimated production rates and supporting data.
* Data to support allocation method or formula.
* Notification list of working, overriding, and royalty interests for uncommon interest cases.
* Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Alan L. Merrill TITLE Operations Engineer DATE 1/03/00

TYPE OR PRINT NAME Alan L Merrill TELEPHONE NO. (_303_)863-1555 x225

Allocation Method

Fruitland Coal/Pictured Cliffs Commingle
Scott E. Federal #25-32
NE/4 Sec. 25-T27N-R11W
San Juan Co., New Mexico

The allocation formula will be a fixed percentage allocation based on the estimated ultimate reserves (EUR) for each commingled zone.

The gas production allocation for the Scott E. Federal #25-32 will be based on the following information:

Fruitland Coal Estimated Ultimate Reserves:	.042 BCF
Pictured Cliffs Estimated Ultimate Reserves:	.064 BCF
Total Estimated Ultimate Reserves:	.106 BCF

Decline curves for both zones are attached. The Fruitland Coal EUR is based on production performance for nearby Fruitland Coal wells and estimates of gas in place for the coal zones being perforated. The reserves estimate for the Fruitland Coal may be modified after testing the zone and establishing a production rate.
The allocation for the zones will be calculated by dividing the EUR for each zone by the total EUR.

Fruitland Coal Gas Allocation

.042 BCF/.106 BCF X 100 = 40%

Pictured Cliffs Gas Allocation

.064 BCF/.106 BCF X 100 = 60%

Oil Allocation

Oil production is expected to be negligible. If any oil is produced it will be allocated evenly between the two zones.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
3004528586	71629	Basin Fruitland Coal

[4] Property Code	[5] Property Name	[6] Well Number
014476	SCOTT E FEDERAL	25-32

[7] OGRID No.	[8] Operator Name	[9] Elevation
002678	BONNEVILLE FUELS CORPORATION	6102'

[10] Surface Location

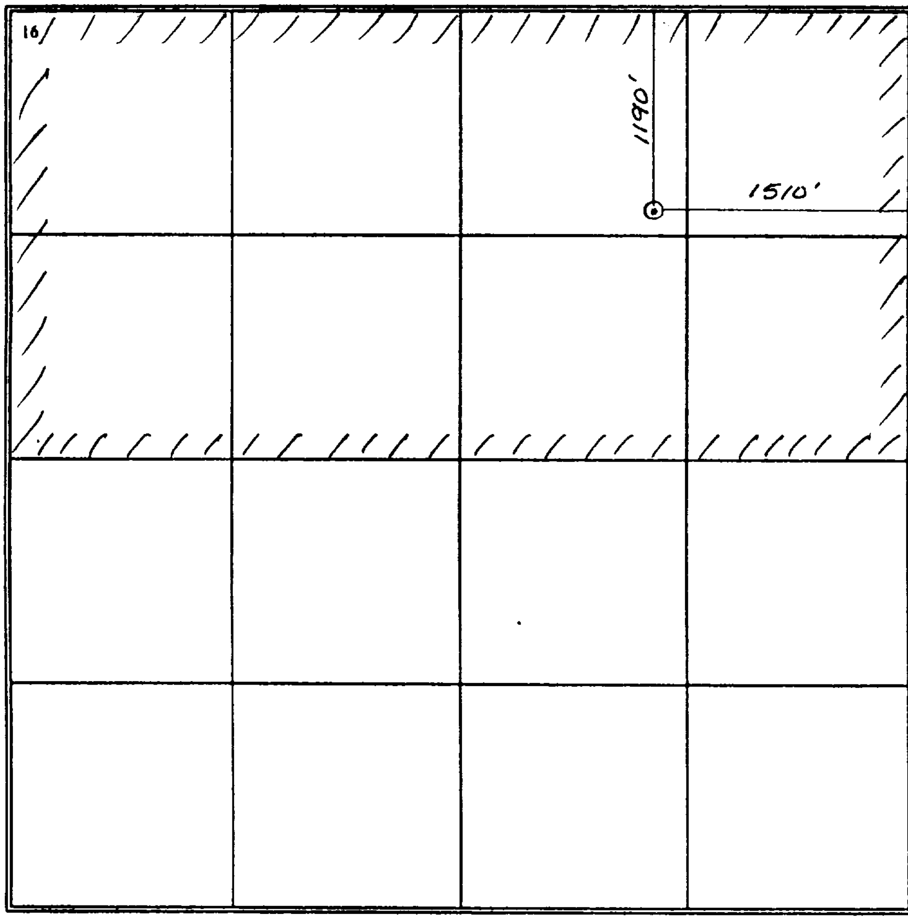
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	25	27N	11W		1190	North	1510	East	San Juan

[11] 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

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320			

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



[17] OPERATOR CERTIFICATION

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

Alan L. Merrill
Signature

Alan L. Merrill
Printed Name

Operations Engineer
Title

1/24/97
Date

[18] 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.

Date of Survey

Signature and Seal of Professional Surveyer:

Certificate Number

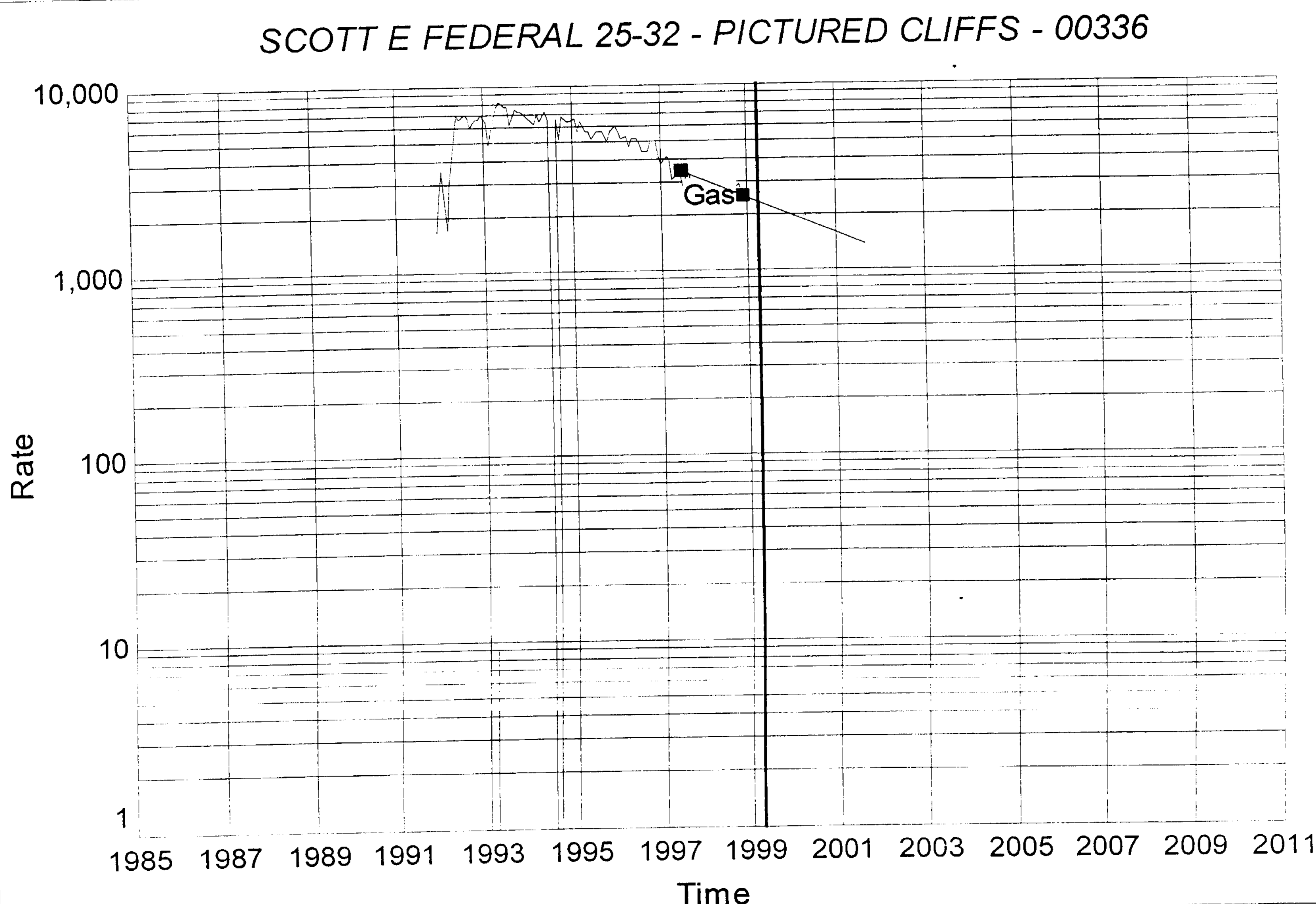
Pictured Cliffs - Production Curve

Rate/Time Graph

Project: S:\IHS Energy\ptproj\...csales\Reserves\r499-2.MDB

Date: 4/14/19..
Time: 8:10 AM

Lease Name:	SCOTT E FEDERAL 25-32 ()	Field Name:	KUTZ WEST (PICTURED CLIFFS) PC
County, ST:	SAN JUAN, NM	Operator:	BONNEVILLE FUELS CORP
Location:	27N-11W-25		



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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
3004528586	79680	West Kutz Pictured Cliffs

[4] Property Code	[5] Property Name	[6] Well Number
014476	SCOTT E FEDERAL	25-32

[7] OGRID No.	[8] Operator Name	[9] Elevation
002678	BONNEVILLE FUELS CORPORATION	6102'

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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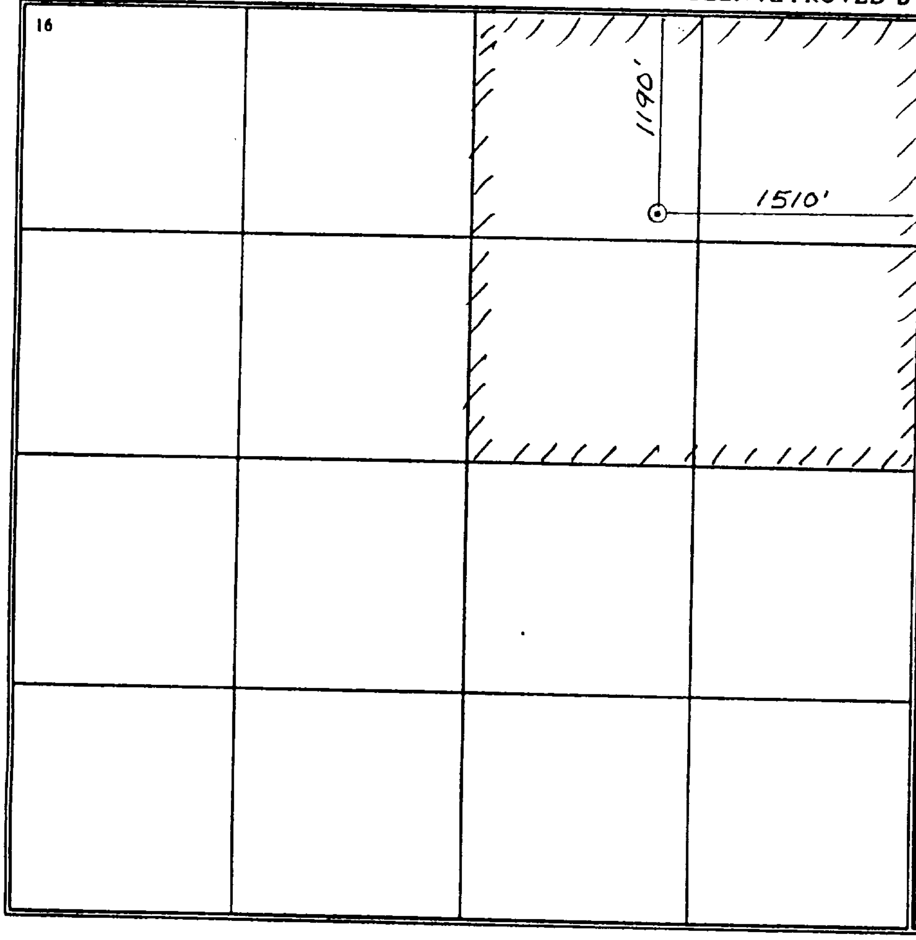
[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
160			

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

16



[17] OPERATOR CERTIFICATION

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

Signature: Alan L. Merrill

Printed Name: Alan L. Merrill

Title: Operations Engineer

Date: 1/24/97

[18] 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.

Date of Survey

Signature and Seal of Professional Surveyer:

Certificate Number

Pictured Cliffs - Production Forecast

Annual CashFlow Report

Date: 4/14/1999
Time: 8:10 AM

Project: S:\IHS Energy\ptproj\cibcsales\Reserves\r499-2.MDB

Lease Name:	SCOTT E FEDERAL 25-32 ()	Field Name:	KUTZ WEST (PICTURED CLIFFS) PC
County, ST:	SAN JUAN, NM	Operator:	BONNEVILLE FUELS CORP

Location: 27N-11W-25

Date	Well Count	Gross Production Oil (Bbl)	Gross Production Gas (Mcf)	Net Production Oil (Bbl)	Net Production Gas (Mcf)	Average Prices Oil ($/Bbl)	Average Prices Gas ($/Mcf)	Sales Total ($)
12/99	1	0	18,881	0	8,166	0.00	1.61	13,147
12/00	1	0	20,491	0	8,862	0.00	1.88	16,634
08/01	1	0	11,203	0	4,845	0.00	1.93	9,329
Grand Total:		0	50,575	0	21,873	0.00	1.79	39,110

Date	Operating Expenses ($)	Taxes ($)	Operating Income ($)	Other Costs ($)	Periodic Cash Flow ($)	Cumulative Cash Flow ($)	8.00 % Cash Flow ($)
12/99	8,415	991	3,741	0	3,741	3,741	3,633
12/00	11,472	1,254	3,908	0	3,908	7,648	3,562
08/01	7,849	703	777	0	777	8,425	666
Grand Total:	27,736	2,949	8,425	0	8,425	8,425	7,861

Discounted Values:

0 %	8,425	12 %	7,612	25 %	6,927
5 %	8,061	15 %	7,439	30 %	6,704
8 %	7,861	18 %	7,275	35 %	6,499
10 %	7,734	20 %	7,171		

Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	9	482,721
Cumulative Gross	9	422,619
Remaining Gross	0	50,575
Remaining Net	0	21,873

Economic Dates:

Effective Date	04/1999
Calculated Limit	08/2001
Economic Life	29 Months
	2 Years 5 Months
Net Payout Date:	04/1999
Rate of Return:	>100 %
Return on Investment:	0.00

Initial Division of Interest:

			NRI	ORI
WI:	50.000000	Oil:	43.250000	0.000000
		Gas:	43.250000	0.000000
Reversion Date:	None	Injection:	0.000000	0.000000

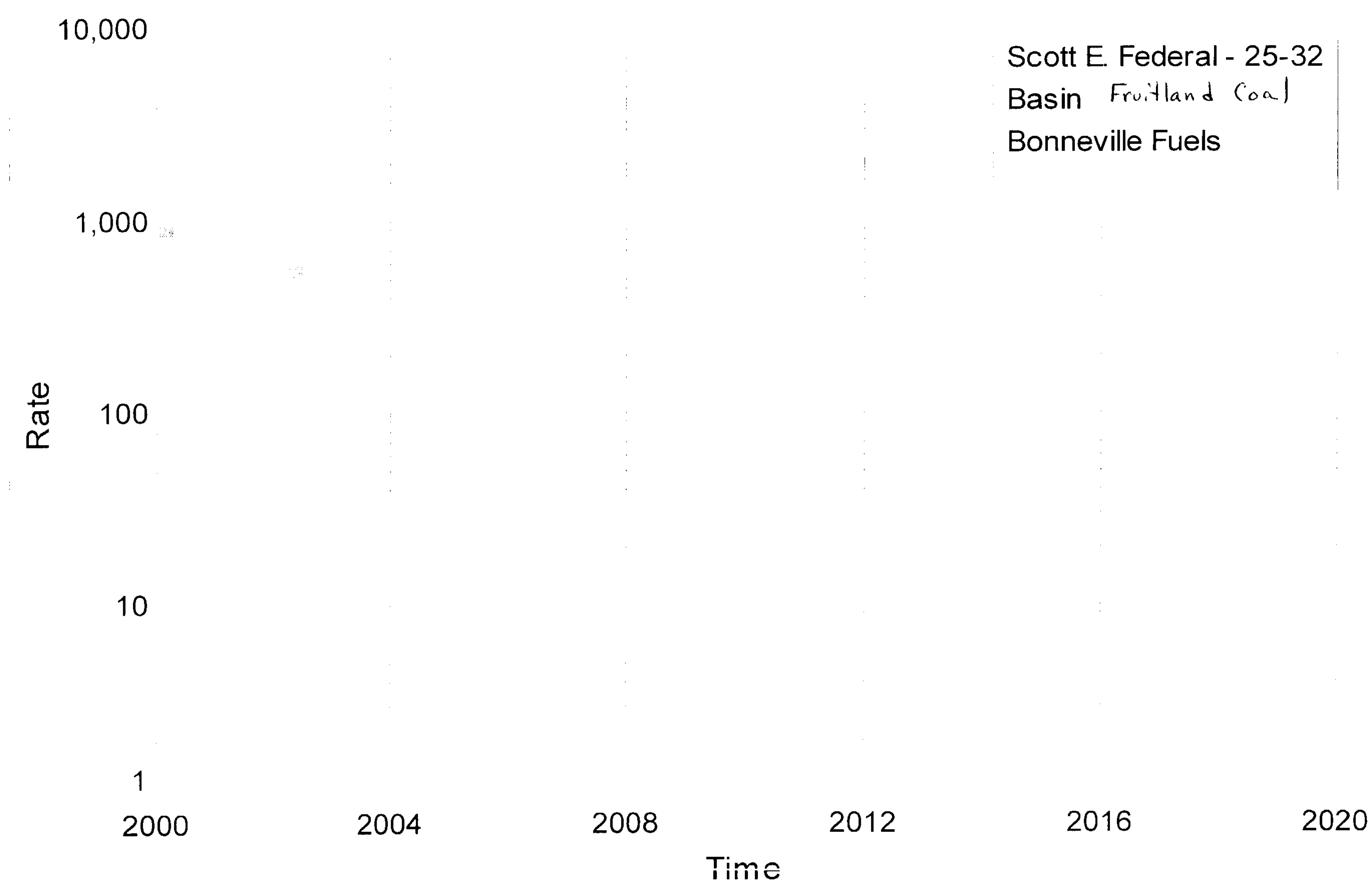
Rate/Time Graph

Fruitland Coal Production Estimate

Project: S:\IHS Energy\ptproj\kutz3.mdb

Date: 12/2/1999
Time: 4:07 PM

Lease Name:	Scott E. Federal (25-32)	Field Name:	Basin
County, ST:	San Juan, NM	Operator:	Bonneville Fuels
Location:	0-0-0		



Date: 12/2/1999 Fruitland Coal - Production Forecast Time: 4:06 PM

Annual CashFlow Report

Project: S:\IHS Energy\ptproj\kutz3.mdb

Lease Name:	Scott E. Federal (25-32)	Field Name:	Basin Fruitland Coal
County, ST:	San Juan, NM	Operator:	Bonneville Fuels
Location:	0-0-0		

Date	Well Count	Gross Production Oil (Bbl)	Gross Production Gas (Mcf)	Net Production Oil (Bbl)	Net Production Gas (Mcf)	Average Prices Oil ($/Bbl)	Average Prices Gas ($/Mcf)	Sales Total ($)
12/00	1	0	8,224	0	7,113	0.00	2.00	14,227
12/01	1	0	8,072	0	6,982	0.00	2.00	13,964
12/02	1	0	6,479	0	5,604	0.00	2.00	11,208
12/03	1	0	5,200	0	4,498	0.00	2.00	8,996
12/04	1	0	4,174	0	3,610	0.00	2.00	7,220
12/05	1	0	3,350	0	2,898	0.00	2.00	5,795
12/06	1	0	2,689	0	2,326	0.00	2.00	4,651
12/07	1	0	2,158	0	1,867	0.00	2.00	3,733
12/08	1	0	1,732	0	1,498	0.00	2.00	2,996
02/09	1	0	253	0	219	0.00	2.00	438
Grand Total:		0	42,329	0	36,615	0.00	2.00	73,230

Date	Operating Expenses ($)	Taxes ($)	Operating Income ($)	Other Costs ($)	Periodic Cash Flow ($)	Cumulative Cash Flow ($)	10.00 % Cash Flow ($)
12/00	2,000	1,073	11,154	0	11,154	11,154	10,695
12/01	2,400	1,053	10,511	0	10,511	21,665	9,243
12/02	2,400	845	7,963	0	7,963	29,628	6,367
12/03	2,400	678	5,918	0	5,918	35,546	4,302
12/04	2,400	544	4,276	0	4,276	39,822	2,827
12/05	2,400	437	2,958	0	2,958	42,780	1,779
12/06	2,400	351	1,901	0	1,901	44,681	1,040
12/07	2,400	281	1,052	0	1,052	45,733	524
12/08	2,400	226	370	0	370	46,103	169
02/09	400	33	5	0	5	46,108	2
Grand Total:	21,600	5,522	46,108	0	46,108	46,108	36,947

Discount Present Worth:

8.00 %	38,465
10.00 %	36,947
15.00 %	33,659
20.00 %	30,952
30.00 %	26,775
40.00 %	23,719
50.00 %	21,394
60.00 %	19,569
70.00 %	18,099
80.00 %	16,890
100.00 %	15,016

Economic Dates:

Effective Date	03/2000
Calculated Limit	02/2009
Economic Life	108 Months
	9 Years 0 Months

Economics Information:

Net Payout Date:	03/2000
Rate of Return:	>100 %
Return on Investment:	0.00

Initial Division of Interest:

			NRI	ORI
WI:	100.000000	Oil:	86.500000	0.000000
		Gas:	86.500000	0.000000
Reversion Date:	None	Injection:	0.000000	0.000000

Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	0	42,329
Cumulative Gross	0	0
Remaining Gross	0	42,329
Remaining Net	0	36,315