



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO
SF-078503A et al. (wc)
3162.7 (07100)

August 22, 2003

Peggy Cole
Burlington Resources
P.O. Box 4289
Farmington, NM 87401



Re: Accept Commingle Applications and Allocation Method:

Dear Ms. Cole:

The following wells were reviewed for downhole commingling. After reviewing the production history for these wells, we concur with the allocation factors you established. The effective date is the date that downhole commingling actually occurs. The approved allocation factors are listed below. In the case where oil allocations were not provided, it was agreed upon that the proportions established for gas would also be used for oil.

| Well Name <i>DHC#</i> | Location | API # | Lease # CA #/ PA # | Formation Allocation | Formation Allocation |
|---|--------------------------|------------|---|-------------------------|-------------------------|
| San Juan 29-7 Unit # 92M <i>796AZ</i> | B sec 16, T29N, R-7-W | 3003926809 | STATE MV (NM78417A) - PA DK (NM78417B) - PA | MV gas 71% oil 71% | DK gas 29% oil 29% |
| San Juan 29-7 Unit # 127M <i>1140AZ</i> | O sec 19, T29N, R-7-W | 3003925586 | SF -078503A | MV gas 73% oil 100% | DK gas 27% oil 00% |
| Aztec A # 1B <i>736AZ</i> | sec 22, T31N, R-11W | 3004530397 | FEE DK (NM104897) - CA | MV gas 57% oil 57% | DK gas 43% oil 43% |
| Allison Unit # 6M <i>2213</i> | sec 16, T32N, R-6-W | 3004529809 | STATE MV (NM78372A) - PA | MV gas 47% oil 47% | DK gas 53% oil 53% |
| Culpepper Martin # 7B <i>508AZ</i> | sec 28, T32N, R-12-W | 3004530072 | FEE MV (NM73397) - CA DK (NM103112) - CA | MV gas 83% oil 83% | DK gas 17% oil 17% |

If you have any questions, please contact Matt Halbert, at (505) 599-6350 or the undersigned at (505) 599-6367.

Sincerely,

/s/ Jim Lovato

Jim Lovato
Team Leader, Petroleum Management Team

cc:

NMOCD, Aztec, NM
NMOCD, Santa Fe, NM