

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

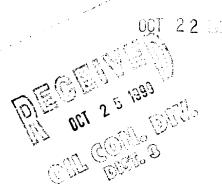
Farmington Field Office 1235 La Plata Highway, Suite A Farmington, New Mexico 87401

IN REPLY REFER TO:

SF-046563 3162.3-2 (07100)

Breck Operating Corporation Attn.: Paul Thompson 7415 East Main Farmington, NM 87402

Dear Mr. Thompson:



30-045-24267

Re: Well No. 5J Kutz Government Lease No. SF-046563 SENW 2-27N-10W F San Juan County, NM

Reference is made to your application dated August 31, 1999, requesting authorization to down hole commingle gas from the Pictured Cliffs and the Fruitland Coal formations in the above referenced well. After reviewing the information you supplied, we concur with the fixed allocation factors established in your application. Authorization is hereby given to allocate production in accordance with the allocation factors outlined below:

Formation	<u>Gas</u>	<u>Oil</u>
Pictured Cliffs	12%	0%
Fruitland Coal	88%	0%

Commingled production from each zone must be reported in accordance with these established allocation factors. The effective date of commingling will be the date commingling first occurs. File a Subsequent Report of Operations (form 3160-5) within 30 days of commingling this well.

If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

/s/ Joe Hewitt

Joe Hewitt Acting Team Leader, Petroleum Management Team

cc: NMOCD, Santa Fe NMOCD, Aztec