



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

OCT 22 1999
RECEIVED
OCT 25 1999
OIL CON. DIV.
DIST. 3

30-045-24267

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

Dear Mr. Thompson:

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:

| <u>Formation</u> | <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