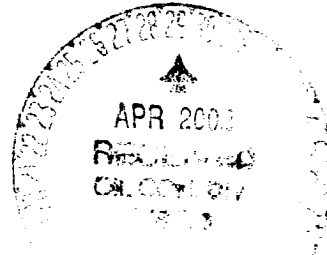


BURLINGTON RESOURCES

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410



Re: Shults Federal #1E
NWSW, Section 1, T-29-N, R-11-W
30-045-30778
San Juan County, New Mexico

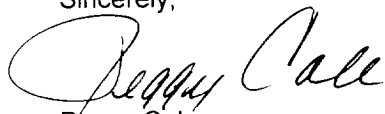
Gentlemen:

The above referenced well is a Chacra/Mesaverde/Dakota commingle. Attached is a copy of the allocation for the commingling of the subject well completed on April 18, 2002. DHC-2979 was issued for this well.

Gas:	Chacra	20%
	Mesa Verde	75%
	Dakota	5%
Oil:	Chacra	20%
	Mesa Verde	75%
	Dakota	5%

These allocations are based on isolated flow tests from the Chacra, Mesa Verde, and Dakota during completion operations. Oil was not present during flow test operations. For this reason, oil percentages are based upon gas allocation and are provided in the event this wellbore begins producing oil at some point in the future. Please let me know if you have any questions.

Sincerely,


Peggy Cole
Regulatory Supervisor

Xc: NMOCD – Santa Fe
Bureau of Land Management

PRODUCTION ALLOCATION FORMULA USING WELL TEST INFORMATION

Shults Federal 1E
(Mesaverde/Dakota/Chacra) Commingle
Unit L, 1-T29N-R11W
San Juan County, New Mexico

Allocation Formula Method:

Separator test from Mesaverde = 1282 MCFD & 0 BO

Separator test from Dakota = 80 MCFD & 0 BO

Separator test from Chacra = 338 MCFD & 0 BO

GAS:

$$\frac{(MV) 1282 \text{ MCFD}}{(MV/ CH/ DK) 1700 \text{ MCFD}} = (MV) \% \text{ Mesaverde 75\%}$$

$$\frac{(DK) 80 \text{ MCFD}}{(MV/ CH/ DK) 1700 \text{ MCFD}} = (DK) \% \text{ Dakota 5\%}$$

$$\frac{(CH) 338 \text{ MCFD}}{(MV/ CH/ DK) 1700 \text{ MCFD}} = (CH) \% \text{ Chacra 20\%}$$

OIL:

$$\frac{(MV) 0 \text{ BO}}{(MV/ CH/ DK) 0 \text{ BO}} = (MV) \% \text{ Mesaverde 75\%}$$

$$\frac{(DK) 0 \text{ BO}}{(MV/ CH/ DK) 0 \text{ BO}} = (DK) \% \text{ Dakota 5\%}$$

$$\frac{(CH) 0 \text{ BO}}{(MV/ CH/ DK) 0 \text{ BO}} = (CH) \% \text{ Chacra 20\%}$$