

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: Nye Federai 1M 3162.7 (07100)

January 24, 2002

Burlington Resources Oil & Gas Company Attn: Jack Kean PO Box 4289 Farmington, NM 87499 Re: Nye Federal 1M 8-29N-10W Lease No. SF 078197 San Juan Co., NM

Dear Mr. Kean:

Reference is made to your application requesting authorization to downhole commingle gas and associated liquid hydrocarbons from the Chacra, Mesaverde, and Dakota formations in the above referenced well. After reviewing the production history of the Chara, Mesaverde, and Dakota formations, we have determined that these intervals have similar projected decline rates, pressures, and fluid characteristics. As such, we hereby approve your request for commingling. Upon completion, please provide allocation methodology.

If you have any questions, please contact Adrienne Garcia at (505) 599-6358 or the undersigned with this office at (505) 599-6367.

Sincerely,

Jim Lovato Team Leader, Petroleum Management Team

cc: NMOCD, Santa Fe, NM NMOCD, Aztec, NM

bcc: Nye Federal 1M DOMR

07100:AGarcia:1/24/02:6358:NyeFederal1M

