



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:

Lively #21E
3162.7 (07100)



January 7, 2002

Mr. J. C. Ridens

Cordillera Energy, Inc.
5802 Highway 64
Farmington, NM 87401

RE: Payne 3E- Accept downhole commingle applications & allocation factors

Dear Mr.Ridens:

The Payne 3E well was reviewed for downhole commingling of the Gallup/Dakota formations. After reviewing the production history for this well, we concur with the allocation factors established for gas and the associated hydrocarbons in your application. The effective date is the date that downhole commingling actually occurs. The well and the approved allocation factors are listed below.

Well Name	Lease	Location	API#	Formation Allocation	Formation Allocation
Payne 3E	NMSF078464	sec26, T31N, R13W	3004525953	GP gas 23.4% oil 31.2%	DK gas 76.6% oil 68.8%

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

Sincerely,

/s/ Jim Lovato

Jim Lovato
Team Leader, Petroleum Management Team

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

bcc: 1 well file
DOMR
07100:AGarcia:1/7/02:x6358Cordillera

