

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

DHC

IN REPLY REFER TO
SF-077874 et al. (wc)
3162.7 (07100)

August 21, 2003

Peggy Cole
Burlington Resources
P.O. Box 4289
Farmington, NM 87401

Re: Accept Commingle Applications and Allocation Method:

Dear Ms. Cole:

The following wells were reviewed for downhole commingling. After reviewing the production history for these wells, we concur with the allocation factors you established. The effective date is the date that downhole commingling actually occurs. The approved allocation factors are listed below. In the case where oil allocations were not provided, it was agreed upon that the proportions established for gas would also be used for oil.

Well Name	Location	API #	Lease Number	Formation Allocation	Formation Allocation
Hanks # 24	B sec 05, T27N, R-9-W	3004523105	SF -077874	CH gas 14% oil 00%	MV gas 86% oil 100%
Hardie E # 2C	J sec 09, T28N, R-8-W	3004530905	SF -078499A	CH gas 22% oil 22%	MV gas 78% oil 78%
San Juan 27-5 Unit # 70Y	O sec 08, T27N, R-5-W	3003927244	SF -079391	MV gas 60% oil 60%	DK gas 40% oil 40%
San Juan 28-6 Unit # 154	N sec 27, T28N, R-6-W	3003920389	SF- 079050D	MV gas 93% oil 50%	DK gas 07% oil 50%
San Juan 29-7 Unit # 49A	I sec 20, T29N, R-7-W	3003921916	SF - 078424	MV gas 58% oil 100%	DK gas 42% oil 00%
San Juan 29-7 Unit # 124M	D sec 28, T29N, R-7-W	3003923958	SF - 078945	MV gas 87% oil 87%	DK gas 13% oil 13%

If you have any questions, please contact Matt Halbert, at (505) 599-6350 or the undersigned at (505) 599-6367.

Sincerely,

/s/ Jim Lovato

Jim Lovato
Team Leader, Petroleum Management Team

cc:

NMOCD, Aztec, NM
NMOCD, Santa Fe, NM