

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson Governor Joanna Prukop Cabinet Secretary Lori Wrotenbery Director Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3101

Burlington Resources Oil and Gas Company PO Box 4289 Farmington, New Mexico 87499

Attention: Ms. Peggy Cole

Ross Federal Well No. 1R API No. 30-045-31252 Unit B, Section 23, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico Basin-Dakota (Prorated Gas – 71599), Otero-Chacra (Gas – 82329), and Blanco-Mesaverde (Prorated Gas – 72319) Pools

Dear Ms. Cole:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

The applicant shall consult with the supervisor of the Aztec District Office of the Division upon completion and testing of the well in order to determine a fixed allocation of production from each of the commingled zones. Upon approval by the Division's Aztec District Office, the applicant shall submit the allocation formula to the Santa Fe Office of the Division. In addition, the applicant shall provide a copy of the approved allocation to each of the interest owners in the subject well. Administrative Order DHC-3101 Burlington Resources Oil and Gas, Inc. January 29, 2003 Page 2

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 29th day of January, 2003.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Lorí Wrotenbery LORI WROTENBERY Director

LW/DRC

cc: Oil Conservation Division – Aztec Bureau of Land Management - Farmington