

BURLINGTON RESOURCES

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

Re: Houck #3
SWNE, Section 12, T-29-N, R-10-W
30-045-08548
San Juan County, New Mexico

Gentlemen:

The above referenced well is a Mesaverde/Dakota commingle. Attached is a copy of the allocation for the commingling of the subject well completed on May 28, 2002. DHC-668az was issued for this well.

Gas:	Mesa Verde	82%
	Dakota	18%

Oil:	Mesa Verde	82%
	Dakota	18%

The gas percentages are based upon remaining reserves assigned to each formation founded on production from the respective formations before and after the completion of the Mesaverde. This well has not produced any oil therefore; 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 Documentation

Houck #3

Production Allocation

Based on Remaining Reserves

Dakota / Mesaverde Recompletion

Gas

	<u>RR (MMCF)</u>	<u>Allocation %</u>
Mesaverde	238	82%
Dakota	<u>53</u>	18%
All	290.39	

Oil

	<u>(Avg BOPD)</u>	<u>Allocation %</u>
Mesaverde	0.00	82%
Dakota	<u>0.00</u>	18%
All	0.00	



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
SF-078503 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
San Juan 29-7 Unit # 112M	C sec 29, T29N, R-7-W	3003922398	SF - 078503	MV gas 60% oil 81%	DK gas 40% oil 19%
Houck # 3	sec 12, T29N, R-10-W	3004508548	SF - 077092	MV gas 82% oil 82%	DK gas 18% oil 18%
Sunray H COM # 6M	sec 11, T30N, R-10-W	3004530728	NM - 03195	MV gas 85% oil 78%	DK gas 15% oil 22%
Grambling C # 1M	sec 14, T30N, R10-W	3004531108	SF- 078200A	MV gas 80% oil 80%	DK gas 20% oil 20%
Lambe # 1B	sec 21, T31N, R-10-W	3004530744	NM - 03187	MV gas 74% oil 74%	DK gas 26% oil 26%
Thompson # 6	sec 27, T31N, R-12-W	3004510266	NM - 01614	MV gas 64% oil 46%	DK gas 36% oil 54%

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