BURLINGTON
RESOURCES

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

Re: Grambling C #1M
SWNW, Section 14, T-30-N, R-10-W
30-045-31108
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 22, 2003. DHC1025az was issued for this well.

Gas:	Mesa Verde	80%
	Dakota	20%
Oil:	Mesa Verde	80%
	Dakota	20%

These allocations are based on isolated flow tests from the Mesa Verde and Dakota during completion operations. Oil was not present during flow test operations. For that reason, 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

3401 East 30th, Post Office Box 4289, Farmington, NM 87499 505-326-9727 Fax: 505-326-9563

PRODUCTION ALLOCATION FORMULA USING WELL TEST INFORMATION

Grambling C 1M
(Mesaverde/Dakota) Commingle
Unit E, 14-T30N-R10W
San Juan County, New Mexico

Allocation Formula Method:

Separator test from Mesaverde = 1719 MCFD & 0 BO

Separator test from Dakota = 426 MCFD & 0 BO

GAS:

$$\frac{\text{(MV) 1719 MCFD}}{\text{(MV/ DK) 2145 MCFD}} = \text{(MV) \% Mesaverde 80\%}$$

$$\frac{\text{(DK) 426 MCFD}}{\text{(MV/ DK) 2145 MCFD}} = \text{(DK) \% Dakota 20\%}$$

OIL:

$$\frac{\text{(MV) 0 BO}}{\text{(MV/ DK) 0 BO}} = \text{(MV) \% Mesaverde 80\%}$$

$$\frac{\text{(DK) 0 BO}}{\text{(MV/ DK) 0 BO}} = \text{(DK) \% Dakota 20\%}$$

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