

DHC-2167



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:

NMSF-080810
3162.3-2 (07100)

APR 13 1999

Burlington Resources
Attn. Peggy Bradfield
P.O. Box 4289
Farmington, New Mexico 87499

Re: Huerfano Unit 105
SESE 29-27N-10W
Lease No. SF-080810
San Juan Co., NM

Dear Ms. Bradfield:

Reference is made to your application requesting authorization to down hole commingle gas and associated liquid hydrocarbons from the Dakota and Gallup formations in the above referenced well. After reviewing the production history of the Dakota and Gallup formations, we have determined that these intervals have similar decline rates, pressures, and fluid characteristics. As such, we hereby approve your request for commingling and allocation of production. The fixed allocation factors for the Dakota and Gallup production are outlined below:

<u>Formation</u>	<u>Gas</u>	<u>Oil</u>
Gallup	76%	63%
Dakota	24%	37%

Commingled production from each zone must be reported in accordance with these established allocation factors. The effective date of commingling will be the date commingling first occurs.

If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

/S/ Duane W. Spencer

Duane Spencer
Team Leader, Petroleum Management Team

cc:

NMOCD, Santa Fe
NMOCD, Aztec