NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

April 8, 2003

Peggy Cole and Tom Loveland
Burlington Resources Oil & Gas Company
PO Box 4289
Farmington, New Mexico 87499

Re: **Administrative Applications for Down Hole Commingling**
Rio Arriba County
Jicarilla 153 Well No. 21
Jicarilla 153 Well No. 10E
Jicarilla 150 Well No. 10M
Jicarilla 150 Well No. 6
San Juan County
Navajo Indian B Well No. 5M

Dear Ms. Cole:

For these five (5) down hole commingle applications, please supply the New Mexico Oil Conservation "Division" with fixed allocation production percentages, preferably based on estimated remaining reserves in each pool.

This letter acknowledges the receipt on March 25, 2003, of your administrative applications for Down Hole Commingling the Otero-Chacra Gas with existing producing pools in Rio Arriba and San Juan County, New Mexico. The Chacra Gas perforations will be the only new addition to these well bores – other existing production is very mature. "Burlington" Resources Oil & Gas Company's Lewis Implementation Team has done a thorough job of using existing data to predict Chacra Gas production in this area.

Every down hole commingle case must be handled differently, but the Division encourages the supplying of fixed allocation percentages with the commingle application whenever the bulk of the data to obtain these percentages has already been gathered.

These percentages should be based whenever possible on estimated remaining reserves – exception could be if reserves estimates are not available or production rate ratios do not mirror reserves ratios.

A check of Division computer records for Burlington applications where percentages were "to be supplied later" showed most wells had no percentage data entered – even after several months or years. For whatever reason this method has been unreliable and will likely remain unreliable.

For these reasons, please supply fixed allocation percentages for these five (5) wells. If production surprises are found during completion that would alter reserves significantly, Burlington should notify the Division at that point.

Please supply the requested data within the next ten days. For questions or concerns, please contact me in Santa Fe, at 505-476-3448.

Regards,

WVJ

William V Jones
Petroleum Engineer
New Mexico Oil Conservation Division

Sent BY MAIL 4/9/03

Cc: Oil Conservation Division – Aztec
Bureau of Land Management – Albuquerque
Bureau of Land Management – Farmington

Gas and oil allocation percentages are based off of remaining reserves from the existing formations and an estimated production volume for the Chacra formation. The Chacra formation was not given any oil production.

3591301	JICARILLA 150	10M	DK	I	12	026N	005W	30%	0%	364	0
3591302	JICARILLA 150	10M	MV	I	12	026N	005W	28%	100%	337	4
3591303	JICARILLA 150	10M	CH	I	12	026N	005W	42%	0%	496	0
3589901	JICARILLA 150	6	MV	L	02	026N	005W	51%	23%	1019	3
3589902	JICARILLA 150	6	DK	L	02	026N	005W	12%	54%	254	8
3589903	JICARILLA 150	6	GL	L	02	026N	005W	12%	23%	241	3
3589904	JICARILLA 150	6	CH	L	02	026N	005W	25%	0%	496	0
3596501	JICARILLA 153	10E	MV	N	26	026N	005W	4%	23%	55	1
3596502	JICARILLA 153	10E	DK	N	26	026N	005W	60%	77%	822	4
3596503	JICARILLA 153	10E	CH	N	26	026N	005W	36%	0%	496	0
3322701	JICARILLA 153	21	MV	K	36	026N	005W	1%	2%	19	0
3322702	JICARILLA 153	21	GL-DK	K	36	026N	005W	63%	98%	874	15
3322703	JICARILLA 153	21	CH	K	36	026N	005W	36%	0%	496	0
3209001	NAVAJO INDIAN B	5M	DK	E	30	027N	008W	15%	83%	90	3
3209002	NAVAJO INDIAN B	5M	MV	E	30	027N	008W	4%	17%	24	1
3209003	NAVAJO INDIAN B	5M	CH	E	30	027N	008W	81%	0%	496	0