



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
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Jami Bailey
Division Director
Oil Conservation Division



May 10, 2011

Administrative Order DHC-4374
Application Reference Number: pTGW11-11236304

Burlington Resources Oil & Gas Company, LP
Attn: Ms. Crystal Tafoya
P.O. Box 4289
Farmington, NM 87499

Re: Sharp Well No. 2
API No. 30-045-13219
Unit P, Section 18-28N-8W
San Juan County, New Mexico

Pools: Basin Fruitland Coal Gas (71629)
Blanco Mesaverde Gas (72319)

Dear Ms. Tafoya:

Reference is made to your application for an exception to Division Rule 12.9.A [19.15.12.9.A NMAC] to permit down hole commingling of production from the subject pools within the above-described wellbore.

It appears that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 12.11.A [19.15.12.11.A NMAC], and that reservoir damage or waste will not result from such down hole commingling, and correlative rights will not be violated. Accordingly, you are hereby authorized to commingle the production as described.

In accordance with Division Rule 12.11.A(6) [19.15.12.11.A(6)], the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable and allocation of production from the well shall be as follows:

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



Basin Fruitland Coal Gas Pool	Pct Gas: To be supplied	Pct Oil: To be supplied
Blanco Mesaverde Gas Pool	Pct Gas: To be supplied	Pct Oil: To be supplied

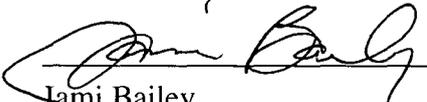
It is our understanding that allocation percentages will be determined from volumetric calculations after workover of the well has been completed. The production allocation percentages of oil and gas between these pools shall be reported to the Division's Santa Fe office within 60 days following completion of the workover.

It is also understood that ownership of all interests in the pools from which production is being commingled is identical.

This approval is conditional upon approval by the United States Bureau of Land Management prior to commencement of commingling.

The operator shall notify the Division's Aztec district office upon implementation of commingling operations.

Pursuant to Rule 12.11.B [19.15.12.11.B NMAC], the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.


Jami Bailey
Director

JB/db

cc: Oil Conservation Division – Aztec
United States Bureau of Land Management