



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 — 30-039-23413
Jicarilla 153 Well No. 10E — 30-039-22418
Jicarilla 150 Well No. 10M — 30-039-21779
Jicarilla 150 Well No. 6 — 30-039-20240

San Juan County

Navajo Indian B Well No. 5M — 30-045-23639



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.

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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,



William V Jones
Petroleum Engineer
New Mexico Oil Conservation Division

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