



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:
Shults Federal 1E
3162.7 (07100)

January 14, 2002

Burlington Resources Oil & Gas Company
Attn: Dan T. Voecks
PO Box 4289
Farmington, NM 87499

Re: Shults Federal 1E
1-29N-11W
Lease No. SF 078161
San Juan Co., NM

Dear Mr. Voecks:

Reference is made to your application requesting authorization to downhole commingle gas and associated liquid hydrocarbons from the Chacra, Mesaverde, and Dakota formations in the above referenced well. After reviewing the production history of the Chacra, Mesaverde, and Dakota formations, we have determined that these intervals have similar projected decline rates, pressures, and fluid characteristics. As such, we hereby approve your request for commingling. Upon completion, please provide allocation methodology.

If you have any questions, please contact Adrienne Garcia at (505) 599-6358 or the undersigned with this office at (505) 599-6367.

Sincerely,

Jim Lovato
Team Leader, Petroleum Management Team

cc: NMOCD, Santa Fe, NM
NMOCD, Aztec, NM

bcc: Shults 1E
DOMR
07100:AGarcia:1/14/02:6358:Shults1E