

***BURLINGTON
RESOURCES***

SAN JUAN DIVISION

November 9, 1998

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Re: San Juan 27-4 Unit #121
1020' FNL 980' FEL Section 18, T-27-N, R-4-W, San Juan
30-039-20973

Gentlemen:

The above referenced well is a Mesa Verde/Pictured Cliffs commingle. Order DHC-2107 was issued for the commingling. The following allocation formula is submitted for your approval:

| | | |
|------------------|-------------|-------------|
| Mesa Verde - | 92.73 % gas | 97.75 % oil |
| Pictured Cliffs- | 7.27 % gas | 2.25 % oil |

These percentages are based on historical data for the Mesa Verde and Pictured Cliffs.

Please let me know if you have any questions.

Sincerely,



Peggy Bradfield
Regulatory/Compliance Administrator

xc: Bureau of Land Management
NMOCD - Santa Fe

**San Juan 27-4 #121
Sec. 18, T27N R4W
Rio Arriba County, New Mexico**

Production Allocation Based On Cumulative Production Through 06/98

| | Cumulative Production | | % Allocation | |
|-----------------|-----------------------|---------|--------------|---------|
| | MCF | Bbl Oil | % Gas | % Oil |
| Mesa Verde | 1,712,843 | 6,336 | 92.73% | 97.75% |
| Pictured Cliffs | 134,341 | 146 | 7.27% | 2.25% |
| Total | 1,847,184 | 6,482 | 100.00% | 100.00% |

Gas Allocation:

| | | | |
|-------------------|-------------------------------|---------------|-----------------|
| | (Total Mesa Verde Production) | 1,712,843 MCF | |
| Mesa Verde | ----- | | = 92.73% |
| | (Total Combined Production) | 1,847,184 MCF | |

| | | | |
|------------------------|------------------------------------|-------------|----------------|
| | (Total Pictured Cliffs Production) | 134341 MCF | |
| Pictured Cliffs | ----- | | = 7.27% |
| | (Total Combined Production) | 1847184 MCF | |

Oil Allocation:

| | | | |
|-------------------|-------------------------------|---------------|-----------------|
| | (Total Mesa Verde Production) | 6,336 Bbl Oil | |
| Mesa Verde | ----- | | = 97.75% |
| | (Total Combined Production) | 6,482 Bbl Oil | |

| | | | |
|------------------------|------------------------------------|---------------|----------------|
| | (Total Pictured Cliffs Production) | 146 Bbl Oil | |
| Pictured Cliffs | ----- | | = 2.25% |
| | (Total Combined Production) | 6,482 Bbl Oil | |