



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
SF - 077652 et al. (wc)
3162.7 (07100)

July 12, 2002

Peggy Cole
Burlington Resources
P.O. Box 4289
Farmington, NM 87401

Re: Accept Commingle Applications and Allocation Method:

Dear Ms. Cole:

The following wells were reviewed for downhole commingling. After reviewing the production history for these wells, we concur with the allocation factors you established. The effective date is the date that downhole commingling actually occurs. The approved allocation factors are listed below. In the case where oil allocations were not provided, it was agreed upon that the proportions established for gas would also be used for oil.

| Well Name | Location | API No. | Lease No. | Formation Allocation | Formation Allocation | Formation Allocation |
|---------------------|-------------------------|-------------|-----------|-----------------------|------------------------|-----------------------|
| East # 11 | NENE sec 24, T31N, R12W | 30045-10599 | SF-077652 | MV gas 60% oil 00% | DK gas 37% oil 100% | PC gas 03% oil 00% |
| Shults Federal # 1E | NWSW sec 1, T29N, R11W | 30045-30778 | SF-078161 | MV gas 75% oil 75% | DK gas 05% oil 05% | CH gas 20% oil 20% |
| Kelly # 4M | SWNE sec 35, T30N, R10W | 30045-30403 | NM-04240 | MV gas 31% oil 31% | DK gas 61% oil 61% | CH gas 08% oil 08% |

If you have any questions, please contact Matt Halbert, at 505-599-6350 or the undersigned at (505) 599-6367.

Sincerely,

/s/ Jim Lovato

Jim Lovato
Team Leader, Petroleum Management Team

Enclosures:

cc:

NMOCD, Aztec, NM
NMOCD, Santa Fe, NM