

BURLINGTON RESOURCES

February 15, 1999

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

Re: Grenier B #3
1225'FSL, 2070'FWL Section 5, T-29-N, R-10-W
30-045-08695

Gentlemen:

Attached is a copy of the allocation for the commingling of the subject well. DHC-1871 was issued for this well.

Gas: Mesa Verde 93%
Dakota 7%

Oil: Mesa Verde 91%
Dakota 9%

These allocations are based on historic production of the Dakota, and commingled production from the Mesa Verde and Dakota after the Mesa Verde was opened in December 1998. Please let me know if you have questions on this matter.

Sincerely,



Peggy Bradfield
Regulatory/Compliance Administrator

Xc: NMOCD – Santa Fe
Bureau of Land Management – Farmington

BURLINGTON
RESOURCES

MEMORANDUM

CALCULATIONS FOR GRENIER B #3 MV-DK

Commingled
Blanco Mesaverde
Basin Dakota

The Dakota well has been producing since 1962.
The Dakota has a cumulative of 723 MMCF and 7,074 BO.
The Dakota capacity before the Mesaverde was opened was 40 MCF/D and 0.27 BOPD.
Completion date of workover to open MV and commingle with DK: 12/1/98.
First delivery of commingled DK-MV on 12/11/98.
Total DK and MV rate after about 2 months on line: 600 MCF/D and 3 BOPD.

GAS ALLOCATION

Dakota = $40/600 = 7\%$

Mesaverde = $(600-40)/600 = 93\%$

OIL ALLOCATION

Dakota = $0.27/3.0 = 9\%$

Mesaverde = $(3-0.27)/3 = 91\%$