NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

May 1, 2000

Burlington Resources Oil & Gas Company
P.O. Box 4289
Farmington, New Mexico 87499

Attention: Ms. Peggy Cole

Re: Form C-107-A
San Juan 27-5 Unit No. 70
Unit G, Section 8, T-27N, R-5W
Rio Arriba County, New Mexico

Dear Ms. Cole:

I have reviewed the above described application for downhole commingling and I have concerns regarding Burlington's proposed fixed allocation. Your application states that the current production from the well, as of 2/2000 is as follows:

Blanco-Mesaverde Pool	77 MCFGD	0.0 BOPD
Basin-Dakota Pool	13 MCFGD	0.0 BOPD

Your application further states that cumulative production from the well is as follows:

Blanco-Mesaverde Pool	1,051 MMCFG	1,212 BO
Basin-Dakota Pool	1,984 MMCFG	250 BO

Fixed allocation based upon current production, cumulative production and fixed allocation as shown on Form C-107-A are as follows:

	Current Production		Cumulative Production		Proposed Form-C-107-A	
Blanco-Mesaverde Pool	Oil-N/A	Gas-85%	Oil-83%	Gas-35%	Oil-50%	Gas-26%
Basin-Dakota Pool	Oil-N/A	Gas-15%	Oil-17%	Gas-65%	Oil-50%	Gas-74%

There appears to be major inconsistency in the various allocation factors. Please submit a detailed description of the allocation you propose to utilize for this well. In addition, if cumulative production is to be used as the basis for allocation, please explain how this protects correlative rights in light of the well's current producing rates.

Your application will be processed upon receipt of the requested data.

If you should have any questions, please contact me at (505) 827-8184.

Sincerely,

David Catanach
Engineer

Xc: OCD-Aztec
Bureau of Land Management-Farmington

San Juan 27-5 Unit #70
Production Allocation

2736

Gas

*Mesaverde Cumulative Production:	1,051	MMcf	35%
*Dakota Cumulative Production:	1,984	MMcf	65%
Total:	3,034		100.0%

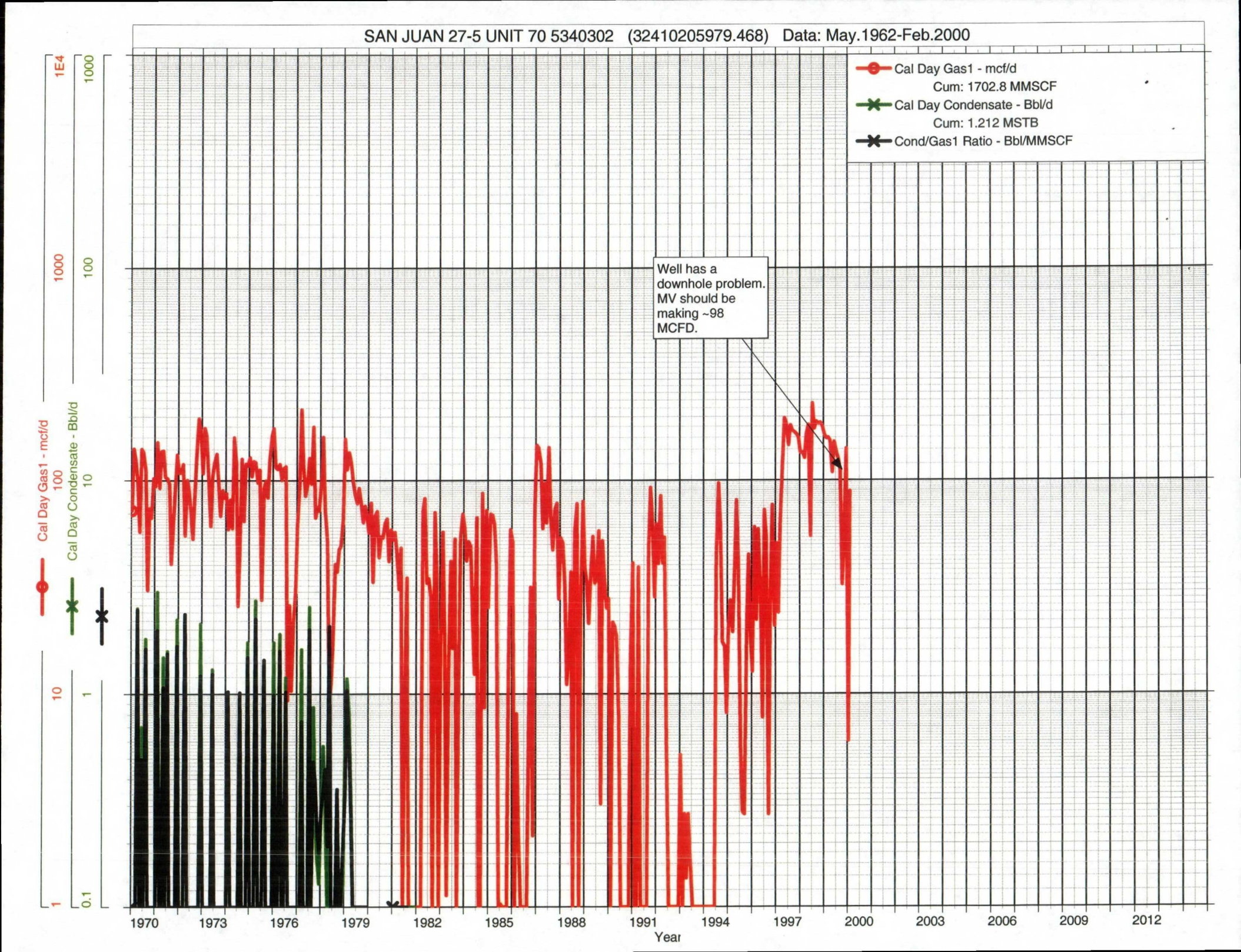
Oil

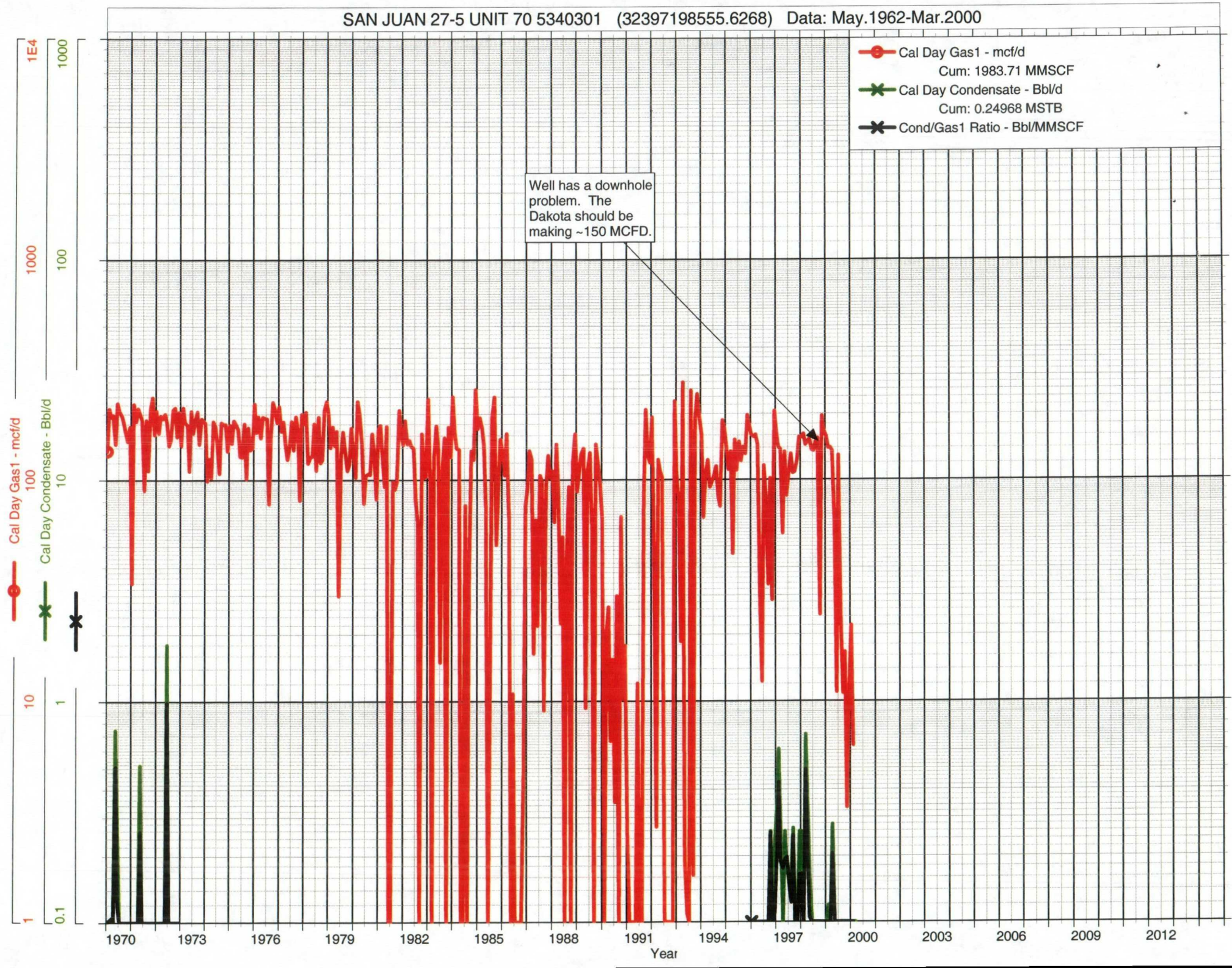
*Mesaverde Cumulative Production:	1,212	BBls	83%
*Dakota Cumulative Production:	250	BBls	17%
Total:	1,462		

*Allocation Formula Basis: The fixed percentages are based on cumulative production from 7/62 - 2/00.

*Mesaverde Daily Production:	95	Mcfd	39%
*Dakota Daily Production:	150	Mcfd	61%
Total:	245		100.0%

Due to recent downhole production problems, an allocation based on cumulative production is expected to be more accurate. Please refer to the attached production plots.


SAN JUAN 27-5 UNIT 70 5340302 (32410205979.468) Data: May.1962-Feb.2000
Cal Day Gas1 - mcf/d
Cum: 1702.8 MMSCF
Cal Day Condensate - Bbl/d
Cum: 1.212 MSTB
Cond/Gas1 Ratio - Bbl/MMSCF
Well has a downhole problem. MV should be making ~98 MCFD.
Cal Day Gas1 - mcf/d
Cal Day Condensate - Bbl/d
1E4
1000
100
10
1
1000
100
10
1
0.1
1970
1973
1976
1979
1982
1985
1988
1991
1994
1997
2000
2003
2006
2009
2012
Year


SAN JUAN 27-5 UNIT 70 5340301 (32397198555.6268) Data: May.1962-Mar.2000
Cal Day Gas1 - mcf/d
Cum: 1983.71 MMSCF
Cal Day Condensate - Bbl/d
Cum: 0.24968 MSTB
Cond/Gas1 Ratio - Bbl/MMSCF
Well has a downhole problem. The Dakota should be making ~150 MCFD.
Cal Day Gas1 - mcf/d
Cal Day Condensate - Bbl/d
1E4
1000
100
10
1
1000
100
10
1
0.1
1970
1973
1976
1979
1982
1985
1988
1991
1994
1997
2000
2003
2006
2009
2012
Year