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Farmington Field Office
Bureau of Land Management**BURLINGTON
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Revised: March 9, 2006

PRODUCTION ALLOCATION FORM

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☒ RECOMPLETION ☐ PAYADD ☐ COMMINGLE ☐

Status

PRELIMINARY ☒FINAL ☐REVISED ☒ 2nd Allocation

Date: 9/14/2012

API No. 30-039-30362

DHC No. DHC3622AZ

Lease No. NM-03863

Federal

Well Name

Valdez

Well No.

#8C

Unit Letter

Surf- A

Section

28

Township

T028N

Range

R004W

Footage

1350' FNL & 1120' FEL

County, State

Rio Arriba County,

New Mexico

BH- G

28

T028N

R004W

1405' FNL & 1909' FEL

Completion Date

6/12/2012

Test Method

HISTORICAL ☐ FIELD TEST ☒ PROJECTED ☐ OTHER ☐

FORMATION

GAS

PERCENT

CONDENSATE

PERCENT

MESAVERDE

86%

100%

DAKOTA

14%

0%

RCVD OCT 11 '12

OIL CONS. DIV.

DISL 3

JUSTIFICATION OF ALLOCATION: **Second Allocation:** These percentages are based upon compositional gas analysis tests from the Mesaverde and Dakota formations during completion operations. Subsequent allocations will be submitted every three months after the first delivery date. Allocation splits will keep changing until the gas analysis mole fractions stabilize. Condensate percentages are based upon the formation yields.

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NMOCD