

February 21, 2014

RCVD FEB 26 '14

OIL CONS. DIV.

DIST. 3

New Mexico Oil Conservation Division
Attn: Mr. Charlie Perrin
1000 Rio Brazos Road
Aztec, NM 87410

Johnston Shear #1B
Unit A, Section 3, T26N, R03W
Rio Arriba County, New Mexico
Blanco-Mesaverde (72319) & Gavilan P.C. (77360)
DHC-3807 AZ
API# 30-039-26846

Mr. Perrin:

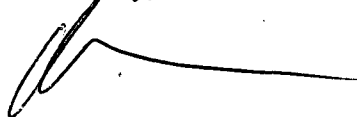
Energen Resources finished a pay add and down hole commingling operations on the subject well, in accordance with the approved Notice of Intent.

Prior to commingling operations, the Blanco-Mesaverde was producing at a stabilized rate of about 153 MCFPD and less than 1/4 BOPD. The Gavilan PC was added in August 2013. The well has stabilized at a rate of about 179 MCPD and about 1/2 BOPD. The following allocation is recommended (see attached production plot):

	<u>Gas</u>	<u>Oil</u>
Blanco-Mesaverde	85%	50%
Gavilan PC	15%	50%

If additional information is needed, please contact me at 505-325-6800.

Sincerely,



Adam Klem
District Engineer

LEASE: JOHNSTON SHEAR 1B MV-PC

