

February 21, 2014

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

RCVD FEB 26 '14  
OIL CONS. DIV.  
DIST. 3

Johnston Shear #1A  
Unit I, Section 03, T26N, R03W  
Rio Arriba County, New Mexico  
Blanco-Mesaverde (72319), Gavilan P.C. (77360) & Basin Mancos (97232)  
DHC-3819 AZ  
API# 30-039-26262

Mr. Perrin:

Energren 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 and Basin Mancos were producing at a stabilized rate of about 79 MCFPD and less than 1/4 BOPD. The Gavilan PC was added in September 2013. The well has stabilized at a rate of about 129 MCPD and about 2 BOPD. The following allocation is recommended (see attached production plot):

	<u>Gas</u>	<u>Oil</u>
Blanco-Mesaverde	53%	5%
Gavilan PC	39%	80%
Basin Mancos	8%	15%

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

Sincerely,



Adam Klem  
District Engineer

LEASE: JOHNSTON SHEAR 1A GL-MV-PC

