

March 11, 2014

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

RCVD MAR 14 '14
OIL CONS. DIV.

P L Davis #2E
Unit P, Section 25, T26N, R11W
San Juan County, New Mexico
Basin Dakota (71599) & Gallegos Gallup Associated (26980)
DHC-3722 AZ
API# 30-045-26894

DIST. 3

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 Basin Dakota was producing at a stabilized rate of about 50 MCFPD and less than 1/2 BOPD. The Gallegos Gallup Associated was added in October 2012. The well has stabilized at a rate of about 75 MCPD and about 1.5 BOPD. The following allocation is recommended (see attached production plot):

| | <u>Gas</u> | <u>Oil</u> |
|-----------------|------------|------------|
| Basin Dakota | 67% | 33% |
| Gallegos Gallup | 33% | 67% |

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

Sincerely,

Collin Placke

Collin Placke
District Engineer

LEASE: DAVIS P L 2E
FIELD: DAKOTA

