October 31, 2002

New Mexico Oil Conservation Division 1000 Rio Brazos Road Aztec, New Mexico 87410

Re:

San Juan 27-4 Unit #125A O Section 8, T-27-N, R-4-W

30-039-22371



Gentlemen:

Attached is a copy of the allocation for the subject well that was commingled on 9-7-02. DHC-541az was issued for this well.

Gas:

Pictured Cliffs

26%

Mesaverde

74%

Oil:

Pictured Cliffs

12%

Mesaverde

88%

These percentages were calculated using rate-time reserve estimate comparisons for each respective formation. Oil production allocation is based on cumulative production from March, 1985 through September, 2002.

Please let me know if you have any questions.

Sincerely,

Peggy Cole

Regulatory Supervisor

Xc:

NMOCD - Santa Fe

Bureau of Land Management

3401 East 30th, Post Office Box 4289, Farmington, NM 87499 505-326-9727 Fax: 505-326-9563



San Juan 27-4 Unit 125A Unit O Sec. 8, T27N, R04W Production Allocation

*Mesaverde RR *Pictured Cliffs RR	Total:	281 MMcf 97 MMcf 378	74.3% 25.7% 100.0%
	Oil		
**Mesaverde CUM **Pictured Cliffs CUM		4,721.0 MSTB 624.0 MSTB 5.345.0	88.3% 12%

^{*}Allocation Formula Basis: The fixed percentages are based on remaining reserves projections for each formation.

^{**} MV Oil based on cumulative production from 3/85 to 9/02.