

February 4, 2000

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

Re: Huerfanito Unit #103 N Section 3, T-26-N, R-9-W 30-045-11704

Gentlemen:

Attached is a copy of the allocation for the commingling of the subject well. /DHC-2298 was issued for this well.

| Gas: | Pictured Cliffs Dakota | 18.62% 81.38% |
|------|---------------------------|------------------|
| Oil: | Pictured Cliffs Dakota | 0% 100% |

These allocations are based on historic production from the Pictured Cliffs and Dakota. Please let me know if you have any questions.

Sincerely,

Seggy L'ale

Peggy Bradfield Cole Regulatory/Compliance Administrator

Xc: NMOCD – Santa Fe Bureau of Land Management – Farmington

3535 East 30th, Post Office Box 4289, Farmington, NM 87499 505-326-9727 Fax: 505-599-4046

Huerfanito Unit #103 Sec. 3, T26N R09W San Juan County, New Mexico

Production Allocation Based On Cumulative Production Through 11/98

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| | Cumulative Production | | | % Allocation | |
|-----------------|-----------------------|---------|---|--------------|---------|
| | MCF | Bbl Oil | % | Gas | % Oil |
| Pictured Cliffs | 275,763 | 0 | | 18.62% | 0.00% |
| Dakota | 1,205,264 | 12,294 | | 81.38% | 100.00% |
| Total | 1,481,027 | 12,294 | | 100.00% | 100.00% |

| Gas Allocation: | (Total Pictured Cliffs Production) | 275.763 MCF |
|---|---|--|
| Pictured Cliffs | (Total Combined Production) | = 18.62% |
| Dakota | (Total Dakota Production) (Total Combined Production) | 1205264 MCF = 81.38% 1481027 MCF |
| <u>Oil Allocation:</u> Pictured Cliffs | (Total Pictured Cliffs Production) (Total Combined Production) | 0 Bbl Oil = 0.00% 12,294 Bbl Oil |
| Dakota | (Total Dakota Production) (Total Combined Production) | 12,294 Bbl Oil = 100.00% 12,294 Bbl Oil |