

OVERPRODUCTION CALCULATION METHOD

• *Paddock & Blinebry Members – Yeso Formation*

- Base oil allowable defined by NMOCD rules (bopd)
- Gas allowable (mcf/d) = Oil allowable (bopd) * 2
- GOR (Gas oil ratio) = mcf gas produced / bbls oil produced * 1,000
- If GOR > 2,000 then oil allowable reduced by the following formula:
New oil allowable = Base oil allowable * 2,000 / GOR
- Overproduction for oil and gas calculated by:
Overproduction = Actual Production - Allowable
- Once a well has overproduced oil and/or gas, the overproduction balance is calculated by:

Current Month Overproduction balance = Previous Month Balance
+ Current Month Over(Under)production

BURNETT OIL CO., INC.

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New Mexico OCD
Consolidated Hearing Cases:
14613 & 14647
Burnett Oil Co., Inc./
Hudson Oil Company of Texas
Exhibit # 44