OIL ALLOCATION PROCEDURE

The following procedure will be used to allocate the oil production from the San Juan 27-4 Unit 59N and 139N.

1. Based on historic production through July 2017 from the San Juan 27-4 Unit 59N establishing its' Allocation condensate yield to be 3.00 bbls/MMCF – as seen on the production plot provided.

2. Based on historic production through July 2017 from the San Juan 27-4 Unit 139N establishing its' Allocation condensate yield to be 4.15 bbls/MMCF – as seen on the production plot provided.

3. Each time oil is sold from the commingled tank, the oil production attributed to each well will be allocated based upon each well's percentage of the remaining oil reserves.

(Remaining Gas Reserves 59N, MMCF * Condensate Yield 59N, bbls/MMCF)/(Remaining Gas Reserves 59N, MMCF * Condensate Yield 59N, bbls/MMCF + Remaining Gas Reserves 139N, MMCF * Condensate Yield 139N, bbls/MMCF) = 35%

(Remaining Gas Reserves 139N, MMCF * Condensate Yield 139N, bbls/MMCF)/(Remaining Gas Reserves 139N, MMCF * Condensate Yield 139N, bbls/MMCF + Remaining Gas Reserves 59N, MMCF * Condensate Yield 59N, bbls/MMCF) = 65%