

PURE RESOURCES LP
c/o Mike Pippin LLC
3104 N. Sullivan
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4/7/04

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

Re: Rincon Unit #170R
K Section 20 T27N R6W
30-039-26324

24324



Gentlemen,

Attached is a copy of the commingling allocation calculations for the subject well that was completed on 3/3/04. DHC-1324AZ was issued for this well.

Gas: Dakota 74%
Mesaverde 26%

Oil Dakota 100%
Mesaverde 0%

The Dakota was 1st delivered in September 2003 and the Mesaverde was added in March 2004. The gas allocations are based on each formation's separate test, which was taken during completion operations. The Oil allocations are based on actual oil production both before and after the Mesaverde was added to the production stream. Please let me know if you have any questions.

Sincerely,

Mike Pippin

Mike Pippin
Agent - Petroleum Engineer

Attachment: 1

PURE RESOURCES LP
RINCON UNIT #170R MV/DK
K Section 20 T27N R6W
4/7/2004

Commingle Allocation Calculations

OIL

The Dakota was 1st delivered in September 2003 and the Mesaverde was added in March 2004. The Oil allocations are based on actual oil production both before and after the Mesaverde was added to the production stream.

Total oil produced by Dakota only for 103 days before MV added to production stream was 261 BO.

$$\frac{261 \text{ BO}}{103 \text{ days}} = 2.53 \text{ BOPD from Dakota}$$

Total oil produced by both Dakota and Mesaverde for 19 days after MV was added to the production stream was 0 BO.

$$\% \text{ Dakota} = 100\%$$

$$\% \text{ Mesaverde} = 0\%$$

GAS

The gas allocations are based on each formation's separate test, which was taken after its stimulation.

Dakota test was 894 MCF/D

Mesaverde test was 316 MCF/D

Total gas is 1,210 MCF/D

$$\% \text{ Dakota} = \frac{894}{1,210} = 74\%$$

$$\% \text{ Mesaverde} = \frac{316}{1,210} = 26\%$$