PRODUCTION ALLOCATION FORM

| ************************************** | Distribution:         |
|--|-----------------------|
| 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1  | Regulatory            |
|  | Accounting            |
| ? 2004   C\                            | Well File             |
|  | Revised July 29, 2003 |

|    | Accomining            |
|----|-----------------------|
|    | Well File             |
|    | Revised July 29, 2003 |
| us |                       |

| Status<br>PRELIMINARY []<br>FINAL X |  |
|-------------------------------------|--|
| Doto: April 12 2004                 |  |

|                          |          |             |              | F. O.                | 200 es       | FINA           | L X             |
|--------------------------|----------|-------------|--------------|----------------------|--------------|----------------|-----------------|
| Type of Con              | npletion |             | -            | 46/1                 | COLER SELECT | Date:          | April 13, 2004  |
| NEW DRIL                 | L X RECO | OMPLETION   | PAY.         | ADD COMMINGLE        |              | API N<br>30045 | o.<br>30116     |
| Well Name                |          |             |              |                      | <u> </u>     | Well N         | No.             |
| Seymour                  |          |             | 0            | 1                    |              | 7B             |                 |
| -                        |          |             | 1) 14        | C1337AZ              |              |                |                 |
| Unit Letter              | Section  | Township    | Range        | Footage              |              | Coun           | ty, State       |
| В                        | 23       | T31N        | <b>R</b> 09W | 810' FNL & 1720' FEL | San Jua      | an Cour        | nty, New Mexico |
|                          |          |             |              |                      |              |                |                 |
| 1 <sup>st</sup> Delivery | Date     | Test Method | l I          |                      |              |                |                 |
| 1/20/                    | /04      | HISTORICA   | AL 🗌 FI      | ELD TEST X PROJECTI  | ED 🗌 OTH     | ER 🗌           |                 |
|                          |          |             |              |                      |              |                |                 |
| FOR                      | MATION   |             | GAS          | PERCENT              | OIL          |                | PERCENT         |
|                          |          |             |              |                      |              |                |                 |
| Me                       | esaverde |             | 469 Mcfd     | 78%                  |              | <del></del>    | 78%             |
| I                        | Dakota   |             | 132 Mcfd     | 22%                  |              |                | 22%             |

## JUSTIFICATION OF ALLOCATION

These percentages are based upon isolated flow tests from the Mesaverde and Dakota formations during completion operations. Oil was not present during flow test operations. For that reason, oil percentages are based upon the gas allocation and are provided in the event this wellbore begins producing oil at some point in the future.

| APPROVED BY    | TITLE            | DATE    |
|----------------|------------------|---------|
| Leonard Biemer | Engineer         | 4/13/04 |
| Kristy Graham  | Engineering Tech | 4/13/04 |
|                |                  |         |
|                |                  |         |