

PURE RESOURCES LP
c/o Mike Pippin LLC
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5/24/04

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

Re: Rincon Unit #139R
J Section 25 T27N R7W
30-039-27420



NA
Gentlemen,

Attached is a copy of the commingling allocation calculations for the subject well that was completed on 2/23/04. DHC-1328AZ was issued for this well.

Gas:	Dakota	28%
	Mesaverde	72%
Oil	Dakota	60%
	Mesaverde	40%

The Dakota was 1st delivered in October 2003 and the Mesaverde was added in April 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 #139R MV/DK
J Section 25 T27N R7W
5/24/2004



Commingle Allocation Calculations

OIL

The Dakota was 1st delivered in October 2003 and the Mesaverde was added in April 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 for 94 days before MV added to production stream was 334 BO.

$$\frac{334 \text{ BO}}{94 \text{ days}} = 3.55 \text{ BOPD from Dakota}$$

Total oil produced by both Dakota and Mesaverde for 25 days after MV was added to the production stream was 148 BO.

$$\frac{148 \text{ BO}}{25 \text{ days}} = 5.92 \text{ BOPD from both Dakota and Mesaverde}$$

$$\% \text{ Dakota} = \frac{3.55}{5.92} = 60\%$$

$$\% \text{ Mesaverde} = \frac{5.92 - 3.55}{5.92} = 40\%$$

GAS

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

Dakota test was 896 MCF/D
Mesaverde test was 2259 MCF/D
Total gas is 3155 MCF/D

$$\% \text{ Dakota} = \frac{896}{3155} = 28\%$$

$$\% \text{ Mesaverde} = \frac{2259}{3155} = 72\%$$