

M & G DRILLING COMPANY  
c/o Mike Pippin LLC  
3104 N. Sullivan  
Farmington, NM 87401  
(505) 327-4573

3/9/05

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

Re: COMMINGLE ALLOCATIONS  
Schlosser 34 #100 PC / FARMINGTON  
J Section 34 T28N R11W  
30-045-32489



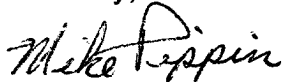
  
Gentlemen,

The subject well was completed on 3/7/05 and has been approved for downhole commingling in the Kutz Pictured Cliffs, West and the Kutz Farmington with DHC-3398. Attached are the calculations from choke tests, which indicate the gas allocations to each pool. The well should not make any oil.

Gas:	Pictured Cliffs	87%
	Farmington	13%
Oil	Pictured Cliffs	100%
	Farmington	0%

These commingle allocations have been filed concurrently with the BLM. Please let me know if you have any questions.

Sincerely,



Mike Pippin  
Agent - Petroleum Engineer

Attachment: 1

M & G DRILLING COMPANY  
SCHLOSSER 34 #100 PC / FARMINGTON  
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3/9/2005

## Commingle Allocation Calculations

### OIL

The Kutz Pictured Cliffs, West gas pool seldom makes any oil in the vicinity of the subject well. The Kutz Farmington gas pool has never made any oil. Therefore, any and all oil will be assigned to the Pictured Cliffs.

### GAS

During completion operations, stabilized choke tests were individually taken for both the Pictured Cliffs and the Farmington gas pools.

The Pictured Cliffs (only) choke test stabilized at 75 psi on a 1/2" choke for a 8 hour period.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 1/2" \text{ choke} = 112.72 \\ P = \text{gauge pressure} + 15 \text{ psi} = 90 \text{ psi.} \end{array}$$

$$Q = .0555 \cdot 112.72 \cdot 90 = 563 \text{ MCF/D.}$$

The Kutz Farmington (only) choke test stabilized at 45 psi on a 1/4" choke for an 8 hour period.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 1/4" \text{ choke} = 26.51 \\ P = \text{gauge pressure} + 15 \text{ psi} = 60 \text{ psi.} \end{array}$$

$$Q = .0555 \cdot 26.51 \cdot 60 = 88 \text{ MCF/D.}$$

$$\text{Total gas} = 563 + 88 = 651 \text{ MCF/D}$$

$$\% \text{ Pictured Cliffs} = \frac{563}{651} = 87\%$$

$$\% \text{ Farmington} = \frac{88}{651} = 13\%$$