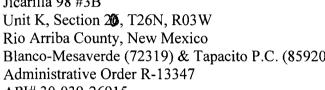


October 18, 2011

New Mexico Oil Conservation Division Attn: Mr. Charlie Perrin 1000 Rio Brazos Road Aztec, NM 87410

> Jicarilla 98 #3B Blanco-Mesaverde (72319) & Tapacito P.C. (85920) API# 30-039-26915



Mr. Perrin:

Energen Resources recently finished a pay add and down hole commingling operations on the subject well, in accordance with the approved Notice of Intent.

Prior to commingling operations, the Blanco-Mesaverde was producing at a stabilized rate of about 70 MCFPD and about 0.5 BOPD. The Tapacito PC was added in May 2011. The well had stabilized at a rate of about 180 MCPD and about 0.5 BOPD. The following allocation is recommended (see attached production plot):

Gas Oil 39% 100% Blanco-Mesaverde Tapacito PC 61% 0%

If additional information is needed, please contact me at 505-325-6800.

Sincerely,

Martín Cabrera District Engineer LEASE: JICARILLA 98 3B MV/PC

FIELD: MESAVERDE

