

October 18, 2011

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



Jicarilla 98 #3B
Unit K, Section 20, T26N, R03W
Rio Arriba County, New Mexico
Blanco-Mesaverde (72319) & Tapacito P.C. (85920)
Administrative Order R-13347
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):

	<u>Gas</u>	<u>Oil</u>
Blanco-Mesaverde	39%	100%
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

