

# CDX RIO, LLC

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July 14, 2005

Mr. Steve Hayden  
Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

RE: Jicarilla C #7E  
1700' FSL, 1670' FEL,  
Section 13, T-26-N, R-5-W  
Rio Arriba County, New Mexico  
API number 30-039-22576



Dear Mr. Hayden,

The Jicarilla C #7E was recompleted in the Tapacito Gallup on June 16, 2005 and commingled with the existing Dakota formation under DHC-1708Aaz. Allocation factors were determined using the subtraction method. The allocation factors for the Jicarilla C #7E are as follows:

GAS

OIL

Gallup - 85%  
Dakota - 15%

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Dakota - 15%

If you have questions, please contact me.

Sincerely,

David Smith  
Senior Production Engineer

Xc: BLM, Farmington  
Oil Conservation Division, Santa Fe