

RECEIVED

NOV 08 2012

Farmington Field Office
Bureau of Land Management



Distribution:
BLM 4 Copies
Regulatory
Accounting
Well File
Revised: March 9, 2006

PRODUCTION ALLOCATION FORM

Status
PRELIMINARY
FINAL
REVISED

Commingle Type
SURFACE DOWNHOLE
Type of Completion
NEW DRILL RECOMPLETION PAYADD COMMINGLE

Date: 11/2/2012
API No. 30-045-35326
DHC No. DHC4531
Lease No. FEE

Well Name
Heaton Com B

Well No.
#2N

Unit Letter	Section	Township	Range	Footage	County, State
Sur-J	30	T031N	R011W	2049' FSL & 1592' FEL	San Juan County,
BH-P	30	T031N	R011W	1245' FSL & 718' FEL	New Mexico

Completion Date: 9/20/2012
Test Method: HISTORICAL FIELD TEST PROJECTED OTHER

FORMATION	GAS	PERCENT	CONDENSATE	PERCENT
MESAVERDE	718 MCFD	24%		24%
MANCOS	418 MCFD	14%		14%
DAKOTA	1814 MCFD	62%		62%
	2950			

OIL CONS. DIV DIST. 3
NOV 19 2012

JUSTIFICATION OF ALLOCATION: These percentages are based upon isolated flow tests from the Mesaverde, Mancos & Dakota formations during completion operations. Initial Oil allocation will be the same as the gas initial allocation until the first liquid sale is completed. After completing the first liquid sale and using known Dakota and Mesaverde liquid yields from offset Stand Alone wells a system of linear equations will be solved for Mancos liquid yield, and that Mancos liquid yield will be used in conjunction with the Mesaverde and Dakota liquid yields to calculate the oil allocations. The oil allocation will be calculated in a way that is a function of individual formation Gas production and Individual formation liquid yields.

APPROVED BY	DATE	TITLE	PHONE
<i>Joe Hunt</i>	11-16-12	Geo	564-7746
X <i>[Signature]</i>	11/5/12	Engineer	505-599-4076
Bill Akwari			
X <i>Kandis Roland</i>		Engineering Tech.	505-326-9743
Kandis Roland			