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Revised: March 9, 2006

PRODUCTION ALLOCATION FORM

Status

PRELIMINARY ☐FINAL ☒REVISED ☐

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☒ RECOMPLETION ☐ PAYADD ☐ COMMINGLE ☐

Date: 6/26/2013

API No. 30-045-35221

DHC No. DHC3747AZ

Lease No. SF-078415-A

Federal

Well Name

Day

Well No.

#2C

Unit Letter

Sur- N

BH- K

Section

09

09

Township

T029N

T029N

Range

R008W

R008W

Footage

1179' FSL & 1776' FWL

2477' FSL & 1773' FWL

County, State

San Juan County,

New Mexico

Completion Date

5/14/2013

Test Method

HISTORICAL ☐ FIELD TEST ☒ PROJECTED ☐ OTHER ☐

FORMATION

MESAVERDE

GAS

1459 MCFD

PERCENT

93%

CONDENSATE

PERCENT

93%

MANCOS

111 MCFD

7%

OIL CONS. DIV DIST. 3

7%

OCT 25 2013

1570

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

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TITLE

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