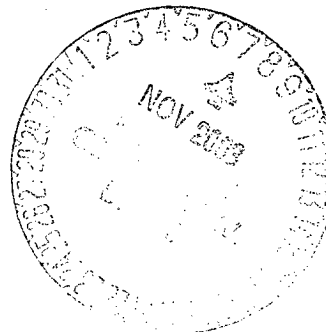


November 5, 2003

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410



Nye Federal #1N
Unit K, Section 20, T 31 N, R 12 W
San Juan Co., New Mexico
Blanco Mesa Verde (72319) & Basin Dakota (71599)
Administrative Order DHC 1233AZ
API # 30-039-~~26305~~

31219

Dear Mr. Hayden:

Energgen Resources recently finished a pay add and down hole commingling operations on the subject well. In accordance with the approved Administrative Order, the supervisor of the Aztec District Office of the NMOCD shall determine the proper production allocation.

Prior to commingling operations, the Dakota produced at a stabilized rate of 170 MCFD & 0.2 BOPD. The Mesaverde was added in July 2003 and the well was returned to production in August 2003. The well has stabilized at a rate of 545 MCFD & 0.2 BOPD. Decline curve analysis results in a Dakota producing rate of 100 MCFD in November 2003, had the Mesaverde not been completed. The following allocation is recommended:

	Gas	Oil
Mesaverde	82%	0%
Dakota	18%	100%

If additional information is needed, please contact me at 566-4680.

Sincerely Yours,

Charles J. Donahue
District Engineer