



March 29, 2010

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


RCVD APR 1 '10

OIL CONS. DIV.

DIST. 3

Cheney Federal #2B  
Unit K, Section 12, T26N, R2W  
Rio Arriba County, New Mexico  
Blanco-Mesaverde (72319) & Gavilan Chacra (96307)  
DHC 3997  
API# 30-039-~~X~~27082

Dear Mr. Hayden:

 Energen Resources recently finished a pay add and down hole commingling operations on the subject well, in accordance with the approved Notice of Intent dated January 24, 2008.

Prior to commingling operations, the Blanco-Mesaverde was producing at a stabilized rate of about 40 MCF PD and about 0.5 BOPD. The Gavilan Chacra was added in December 2008. The well had stabilized at a rate of about 45 MCPD and about 1 BOPD. The following allocation is recommended (see attached production plot):

	<u>Gas</u>	<u>Oil</u>
Blanco-Mesaverde	88%	50%
Gavilan Chacra	12%	50%

If additional information is needed, please contact me at 505-325-6800.

Sincerely,

Martín Cabrera  
District Engineer

Note: We will re-evaluate production in six month to determine if production allocation will need to be adjusted.

C wellfile, BLM FFO

LEASE: CHENEY FEDERAL 2B  
FIELD: BLANCO MESAVERDE

Energen Resources Corp.

