

PURE REOURCES LP  
c/o Mike Pippin LLC  
3104 N. Sullivan  
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2/27/04

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

Re: Rincon Unit #174R  
D Section 19 T27N R6W  
30-039-27008



 Gentlemen,

Attached is a copy of the commingling allocation calculations for the subject well that was completed on 5/3/03. DHC-880AZ was issued for this well.

Gas:	Dakota	44%
	Mesaverde	56%
Oil	Dakota	21%
	Mesaverde	79%

The Dakota was 1<sup>st</sup> delivered in January 2003 and the Mesaverde was added in April 2003. The gas allocations are based on each formation's separate test, which was taken during completion operations. The Oil allocations are based on actual oil production both before and after the Mesaverde was added to the production stream. Please let me know if you have any questions.

Sincerely,

Mike Pippin  
Agent - Petroleum Engineer

Attachment: 1

PURE RESOURCES LP  
RINCON UNIT #174R MV/DK  
D Section 19 T27N R6W  
2/27/2004

## Commingle Allocation Calculations

### OIL

The Dakota was 1<sup>st</sup> delivered in January 2003 and the Mesaverde was added in April 2003. The Oil allocations are based on actual oil production both before and after the Mesaverde was added to the production stream.

Total oil produced by Dakota only for 90 days before MV added to production stream was 18 BO.

$$\frac{18 \text{ BO}}{90 \text{ days}} = 0.20 \text{ BOPD from Dakota}$$

Total oil produced by both Dakota and Mesaverde for 275 days after MV was added to the production stream was 260 BO.

$$\frac{260 \text{ BO}}{275 \text{ days}} = 0.95 \text{ BOPD from both Dakota and Mesaverde}$$

$$\% \text{ Dakota} = \frac{0.20}{0.95} = 21\%$$

$$\% \text{ Mesaverde} = \frac{0.95 - 0.20}{0.95} = 79\%$$

### GAS

The gas allocations are based on each formation's separate test, which was taken during completion operations.

Dakota test was 1,200 MCF/D

Mesaverde test was 1,500 MCF/D

Total gas is 2,700 MCF/D

$$\% \text{ Dakota} = \frac{1,200}{2,700} = 44\%$$

$$\% \text{ Mesaverde} = \frac{1,500}{2,700} = 56\%$$