

August 25, 2003

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

Re:

San Juan 28-5 Unit #67M O Section 21, T-28-N, R-5-W

30-039-23794

Gentlemen:

Attached is a copy of the allocation for the subject well that was commingled 8-4-03. DHC-2054 was issued for this well.

Gas:

Mesaverde

56%

Dakota

44%

Oil:

Mesaverde

92%

Dakota

8%

These percentages were calculated using rate-time reserve estimate comparisons for each respective formation. Oil allocation is based on cumulative production through July, 2003.

Please let me know if you have any questions.

Sincerely,

Peggy Cole

Regulatory Supervisor

Xc:

NMOCD - Santa Fe

Bureau of Land Management

3401 East 30th, Post Office Box 4289, Farmington, NM 87499 505-326-9727 Fax: 505-326-9563

SAN JUAN 28-5 UNIT 67M Unit O, Sec. 21, T28N, R05W Rio Arriba County, New Mexico

Production Allocation Based On Remaining Reserves by Formation

	Remaining Reserves		% Allocat	% Allocation	
	MMSCF	* Bbl Oil	% Gas	% Oil	
Mesaverde	639	4.77	56%	0%	
Dakota	499	0.44	44%	0%	
Total	1,138	5.21	100%	0%	

Gas Allocation:	(Total Mesaverde Production)	639 MCF	
Mesaverde	(Total Combined Production)	1,138 MCF	56%
Dakota	(Total Dakota Production)	498.63 MCF	44%
Dakota	(Total Combined Production)		
* Oil Allocation: Mesaverde	(Total Mesaverde Production) (Total Combined Production)	5 Bbl Oil = 5 Bbl Oil	92%
Dakota	(Total Dakota Production) (Total Combined Production)	0 Bbl Oil = 5 Bbl Oil	8%

^{*} Oil Allocation based on cumulative production through 07/03.