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OIL CONSERVATION
DIVISION

December 6, 2004

New Mexico Oil Conservation Division
Attn: Mr. Will Jones
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Carson #5
Unit B, Section 30, T30N, R4W
Rio Arriba County, New Mexico
East Blanco Pictured Cliffs (72400) & Blanco Mesa Verde (72319)
Administrative Order DHC 3252
API# 30-039-26133

Dear Mr. Jones:

Energen 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 Mesaverde was producing at a stabilized rate of about 120 MCFPD and about 0 BOPD. The Pictured Cliffs was added in September of 2004 and the well was returned to production on October 14, 2004. The well has stabilized at a rate of about 150 MCPD and about 0 BOPD. The following allocation is recommended (see attached production plot):

| | | |
|-----------------|------------|------------|
| | <u>Gas</u> | <u>Oil</u> |
| Pictured Cliffs | 20% | N/A |
| Mesa Verde | 80% | N/A |

If additional information is needed, please contact me at 505-566-4685.

Sincerely Yours,

Patricio W. Sanchez
District Engineer

C TM, Matthew Halbert – BLM FFO