

June 10, 2000

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

Re: Koch State Com #1A I Section 36, T-29-N, R-9-W 30-045-21787

Gentlemen:

Attached is a copy of the allocation for the commingling of the subject well. DHC-2265 was issued for this well.

Gas:	Mesa Verde Pictured Cliffs	70% 30%
Oil:	Mesa Verde Pictured Cliffs	100% 0%

These allocations are based on historical production from the Mesa Verde and Pictured Cliffs. Please let me know if you have any questions.

Sincerely,

May Cale

Peggy Cole Regulatory/Compliance Administrator

Xc: NMOCD – Santa Fe Bureau of Land Management – Farmington

3401 East 30th, Post Office Box 4289, Farmington, NM 87499 505-326-9727 Fax: 505-599-4046

Koch State Com #1A Sec. 36, T29N R09W San Juan County, New Mexico

Production Allocation Based On Cumulative Production Through 11/98

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	Cumulative Production		% Allocat	tion
	MCF	Bbl Oil	% Gas	% Oil
Mesa Verde	1,566,224	2,558	70%	100%
Pictured Cliffs	582,107	0	30%	0%
Total	2,148,331	2,558	100%	100%

Gas Allocation:	(Total Mesa Verde Production)	
Mesa Verde	(Total Combined Production)	
Pictured Cliffs	(Total Pictured Cliffs Production) (Total Combined Production)	582107 MCF = 30% 2148331 MCF
<u>Oil Allocation:</u> Mesa Verde	(Total Mesa Verde Production) (Total Combined Production)	= 100%
Pictured Cliffs	(Total Pictured Cliffs Production) (Total Combined Production)	0 Bbl Oil = 0% 2,558 Bbl Oil

KOCH STATE COM 1A.XLS Allocation Calculation