Exhibit "C"

GORDON #5 Allocation Formula

Equation Derivation

Given the exponential decline curve analysis formula*

$$De = 1-(Q_2/Q_1)^{(1/yr)}$$

Where: **DE** = Effectie Decline in %/yr
Q_2 = Rate two (at some future date) MCFD
Q_1 = Rate one (current rate) MCFD
Yr = years into the future from current date

Rearranging the equation to solve for $Q/_2$:

$$Q_2 = Q_1 \ (1-De) \ yr \ MCFD$$

Any production rate over what is calculated using the above formula on a specific date is Fruitland Coal.

Curtailment Situations

If any curtailment occurs, both streams will be affected the same and go to 0 MCFD.

When production resumes the rates will equate to those when the well was shut in:

Where: Non-FTC = Zone/Formation to be commingled with the Fruitland Coal formation
FTC = Fruitland Coal formation

$$Q_{2Non-FTC} = Q_1 \ (1-DE)^{(yr \ - \ cumulative \ curtailment \ time)}$$

$$Q_{FTC} = Q_{TOT} - Q_{Non-FTC}$$

$$Q_{TOT} = Q_{FTC} + Q_{Non-FTC}$$

The total amount of Non-FTC produced will be the EUR calculated through decline curve and P-Cum analysis (reference plots are PRODUCTION RATE vs TIME and PRESSURE vs CUMULATIVE PRODUCTION)

*Reference: pg. 5-46 Oil Property Evaluation
by R. S. Thompson & J. D. Wright

Example: Date Now = 1/1/91

Assuming the well produces steadily in 1991. On 1/1/92, the well produces 300 MCFD.

$Q_{PC} = 40\ (0.918)^{(yr\ -\ cumulative\ curtailment\ time)}$

$Q_{PC} = 40\ (0.918)^{(1-0)} = 37$ MCFD

$Q_{TOT} = 300$ MCFD $= Q_{PC} + Q_{FTC}$

$Q_{FTC} = 300 - 37 = 263$ MCFD

Then on 1/2/92, the well gets shut in for 1 month:

On 2/2/92, assume that the PC stream will come back on line at the same rate it left off. Or:

$Q_{PC} = 40\ (0.918)^{(1.0833\ -\ .0833)} = 37$ MCFD

$Q_{TOT} = 250$ MCFD 1 month curtailment = 1/12 = 0.0833

$Q_{FTC} = 213$ MCFD Tot. Time = 1 yr + 1 month - 1 1/12 = 1.0833