

Logan 35 B Federal #8

Allocation Formula

Well Name	Producing Formation	*Daily Production Test 3-month average	% of Total
Eagle 35 Federal #2	Red Lake (Q-GB-SA)	23 BO/42 MCF/16 BW	61 %
Logan 35 B Federal #9	Red Lake; Glorieta-Yeso, NE	15 BO/46 MCF/85 BW	39 %

* From attached production plots

The above production test represents stable production from a San Andres producer (Eagle 35 Federal #2) and a Yeso producer (Logan 35 B Federal #9). We believe these rates of production represent an acceptable means to allocate production. **We have previously received approval for downhole commingling in these fields utilizing a similar allocation method.**