

**Gentlemen:**

|      |           |     |
|------|-----------|-----|
| Oil: | Mesaverde | 42% |
|      | Dakota    | 58% |

These allocations are based on isolated flow tests from the Mesaverde and Dakota during completion operations. Oil was no present during flow test operations. For that reason, oil percentages are based upon gas allocation and are provided in the event this wellbore begins producing oil at some point in the future. Please let me know if you have any questions.

Sincerely,

**Peggy Cole**  
**Regulatory Supervisor**

Xc: NMOCD – Santa Fe  
Bureau of Land Management

PRODUCTION ALLOCATION FORMULA USING WELL TEST INFORMATION

San Juan 10C  
(Mesaverde/Dakota) Commingle  
Unit E, 10-T30N-R10W  
San Juan County, New Mexico

Allocation Formula Method:

Separator test from Mesaverde = 554 MCFD & 0 BO

Separator test from Dakota = 764 MCFD & 0 BO

GAS:

$$\frac{(MV) 554 \text{ MCFD}}{(MV/ DK) 1318 \text{ MCFD}} = (MV) \% \text{ Mesaverde 42\%}$$

$$\frac{(DK) 764 \text{ MCFD}}{(MV/ DK) 1318 \text{ MCFD}} = (DK) \% \text{ Dakota 58\%}$$

OIL:

$$\frac{(MV) 0 \text{ BO}}{(MV/ DK) 0 \text{ BO}} = (MV) \% \text{ Mesaverde 42\%}$$

$$\frac{(DK) 0 \text{ BO}}{(MV/ DK) 0 \text{ BO}} = (DK) \% \text{ Dakota 58\%}$$