

PURE RESOURCES LP
c/o Mike Pippin LLC
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Farmington, NM 87401
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4/26/04

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

Re: Rincon Unit #166P
D Section 32 T27N R6W
30-039-27320



Gentlemen,

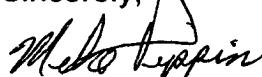
Attached is a copy of the commingling allocation calculations for the subject well that was completed on 2/12/04. DHC-1325AZ was issued for this well.

| | | |
|------|-----------|-----|
| Gas: | Dakota | 49% |
| | Mesaverde | 51% |

| | | |
|-----|-----------|-----|
| Oil | Dakota | 27% |
| | Mesaverde | 73% |

The Dakota was 1st delivered in August 2003 and the Mesaverde was added in February 2004. The gas allocations are based on each formation's separate test, which was taken during completion operations. The Oil allocations are based on actual oil production both before and after the Mesaverde was added to the production stream. Please let me know if you have any questions.

Sincerely,



Mike Pippin
Agent - Petroleum Engineer

Attachment: 1

PURE RESOURCES LP
RINCON UNIT #166P MV/DK
D Section 32 T27N R6W
4/26/2004

Commingle Allocation Calculations

OIL

The Dakota was 1st delivered in August 2003 and the Mesaverde was added in February 2004. The Oil allocations are based on actual oil production both before and after the Mesaverde was added to the production stream.

Total oil produced by Dakota only for 149 days before MV added to production stream was 228 BO.

$$\frac{228 \text{ BO}}{149 \text{ days}} = 1.53 \text{ BOPD from Dakota}$$

Total oil produced by both Dakota and Mesaverde for 41 days after MV was added to the production stream was 237 BO.

$$\frac{237 \text{ BO}}{41 \text{ days}} = 5.78 \text{ BOPD from both Dakota and Mesaverde}$$

$$\% \text{ Dakota} = \frac{1.53}{5.78} = 27\% \quad \% \text{ Mesaverde} = \frac{5.78-1.53}{5.78} = 73\%$$

GAS

The gas allocations are based on each formation's separate test, which was taken after its stimulation.

Dakota test was 834 MCF/D
Mesaverde test was 866 MCF/D
Total gas is 1,700 MCF/D

$$\% \text{ Dakota} = \frac{834}{1,700} = 49\% \quad \% \text{ Mesaverde} = \frac{866}{1,700} = 51\%$$