M & G DRILLING COMPANY
c/o Mike Pippin LLC
3104 N. Sullivan
Farmington, NM 87401
(505) 327-4573

1/24/05

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

Re: COMMINGLE ALLOCATIONS
Schlosser 34 #102 FRTC / FARMINGTON
F Section 34 T28N R11W
30-045-32486

Gentlemen,

The subject well was completed on 1/14/05 and has been approved for downhole commingling in the Basin Fruitland Coal and the Kutz Farmington with DHC-3383. Attached are the calculations from choke tests, which indicate the gas allocations to each pool. The well should not make any oil.

Gas:	Fruitland Coal	43%
	Farmington	57%
Oil	Fruitland Coal	100%
	Farmington	0%

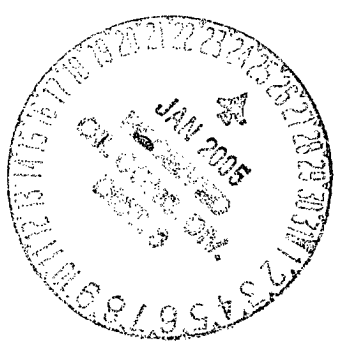
These commingle allocations have been filed concurrently with the BLM. Please let me know if you have any questions.

Sincerely,

Mike Pippin

Mike Pippin
Agent - Petroleum Engineer

Attachment: 1



M & G DRILLING COMPANY
SCHLOSSER 34 #102 FRTC / FARMINGTON
F Section 34 T28N R11W
1/24/2005

Commingle Allocation Calculations

OIL

The Basin Fruitland Coal gas pool seldom makes any oil in the vicinity of the subject well. The Kutz Farmington gas pool has never made any oil. Therefore, any and all oil will be assigned to the Fruitland Coal.

GAS

During completion operations, stabilized choke tests were individually taken for both the Fruitland coal and the Farmington gas pools.

The Basin Fruitland Coal (only) choke test stabilized at 80 psi on a ¼" choke for a 24 hour period.

Q = .0555*C*P C= coefficient for ¼" choke = 26.51
P = gauge pressure + 15 psi = 95 psi.

Q = .0555*26.51*95 = 140 MCF/D.

The Kutz Farmington (only) choke test stabilized at 110 psi on a ¼" choke for a 5 hour period.

Q = .0555*C*P C= coefficient for ¼" choke = 26.51
P = gauge pressure + 15 psi = 125 psi.

Q = .0555*26.51*95 = 184 MCF/D.

Total gas = 140 + 184 = 324 MCF/D

% Fruitland Coal = $\frac{140}{324}$ = **43%**

% Farmington = $\frac{184}{324}$ = **57%**