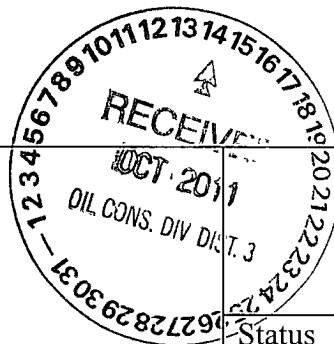




# PRODUCTION ALLOCATION FORM



Distribution  
BLM 4 Copies  
Regulatory  
Accounting  
Well File

Revised March 9, 2006

Status  
PRELIMINARY ☒  
FINAL ☐  
REVISED ☐

Commingle Type  
SURFACE ☐ DOWNHOLE ☒  
Type of Completion  
NEW DRILL ☒ RECOMPLETION ☐ PAYADD ☐ COMMINGLE ☐

Date: 10/10/2011

API No. 30-045-35217  
DHC No. DHC3521AZ  
Lease No. SF-078998

Well Name  
**San Juan 32-7 Unit**

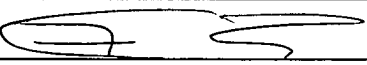
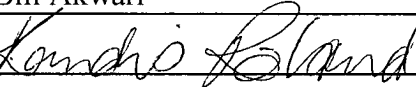
Well No.  
**#8A**

| Unit Letter | Section | Township | Range | Footage               | County, State    |
|-------------|---------|----------|-------|-----------------------|------------------|
| Surf- L     | 17      | T031N    | R007W | 1412' FSL & 1208' FWL | San Juan County, |
| BH - N      | 17      | T031N    | R007W | 693' FSL & 1941' FWL  | New Mexico       |

| Completion Date | Test Method  |
|-----------------|--|
| 10/3/11         | HISTORICAL <input type="checkbox"/> FIELD TEST <input checked="" type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input type="checkbox"/> |

| FORMATION | GAS | PERCENT | CONDENSATE | PERCENT |
|-----------|-----|---------|------------|---------|
| MESAVERDE |     | 53%     |            | 100%    |
| DAKOTA    |     | 47%     |            | 0%      |
|           |     |         |            |         |
|           |     |         |            |         |

JUSTIFICATION OF ALLOCATION: These percentages are based upon compositional gas analysis tests from the Mesaverde and Dakota formations during completion operations. Subsequent allocations will be submitted every three months after the first delivery date. Allocation splits will keep changing until the gas analysis mole fractions stabilize. Condensate percentages are based on historical yields.

| APPROVED BY   | DATE     | TITLE             | PHONE        |
|---|----------|-------------------|--------------|
| X  | 10/11/11 | Engineer          | 505-599-4076 |
| Bill Akwari   |          |                   |              |
| X  | 10/10/11 | Engineering Tech. | 505-326-9743 |
| Kandis Roland   |          |                   |              |

W