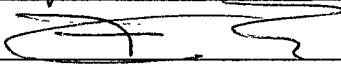
 <div style="position: absolute; top: 0; right: 0; text-align: right;"> RECEIVED JUL 30 2012 Farmington Field Office Bureau of Land Management </div>					Distribution: BLM 4 Copies Regulatory Accounting Well File Revised: March 9, 2006				
PRODUCTION ALLOCATION FORM					Status PRELIMINARY <input type="checkbox"/> FINAL <input checked="" type="checkbox"/> REVISED <input type="checkbox"/>				
Commingle Type SURFACE <input type="checkbox"/> DOWNHOLE <input checked="" type="checkbox"/> Type of Completion NEW DRILL <input checked="" type="checkbox"/> RECOMPLETION <input type="checkbox"/> PAYADD <input type="checkbox"/> COMMINGLE <input type="checkbox"/>					Date: 7/25/12 API No. 30-045-35229 DHC No. DHC4538 Lease No. SF-078432				
Well Name Hodges					Well No. 12E				
Unit Letter Sur- M BH- M	Section 34 34	Township T026N T026N	Range R008W R008W	Footage 203' FSL & 91' FWL 714' FSL & 703' FWL	County, State San Juan County, New Mexico				
Completion Date 7/16/2012		Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input checked="" type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input type="checkbox"/> <div style="text-align: right; font-weight: bold;"> RCVD AUG 13 '12 OIL CONS. DIV. DIST. 3 </div>							
FORMATION		GAS		PERCENT		CONDENSATE		PERCENT	
MANCOS		278 MCFD		39%				39%	
DAKOTA		426 MCFD		61%				61%	
		704							
JUSTIFICATION OF ALLOCATION: These percentages are based upon isolated flow tests from the Mancos & Dakota formations during completion operations. Initial Oil allocation will be the same as the gas initial allocation until the first liquid sale is completed. After completing the first liquid sale and using known Dakota liquid yields from offset Stand Alone wells a system of linear equations will be solved for Mancos liquid yield, and that Mancos liquid yield will be used in conjunction with the Dakota liquid yields to calculate the oil allocations. The oil allocation will be calculated in a way that is a function of individual formation Gas production and Individual formation liquid yields.									
APPROVED BY			DATE		TITLE		PHONE		
<i>Joe Harvitt</i> X 			7-31-12 7/25/12		Geo Engineer		564-7740 505-599-4076		
Bill Akwari X <i>Kandis Roland</i> 7/25/12			7/25/12		Engineering Tech.		505-326-9743		
Kandis Roland									

