

RECEIVED

BURLINGTON SEP 10 2012
RESOURCES Farmington Field Office
 Bureau of Land Management

Distribution:
 BLM 4 Copies
 Regulatory
 Accounting
 Well File
 Revised: March 9, 2006

PRODUCTION ALLOCATION FORM

Status
 PRELIMINARY
 FINAL
 REVISED

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

Date: 8/29/2012
 API No. 30-045-35330
 DHC No. DHC4539AZ
 Lease No. NM-03566
 Surface: Federal

Well Name
Stewart LS

Well No.
 #8N

Unit Letter	Section	Township	Range	Footage
Surf - F	28	T030N	R010W	1599' FNL & 1788' FWL
BH - D	28	T030N	R010W	1272' FNL & 970' FWL

County, State
San Juan County, New Mexico

Completion Date: 8/15/2012
 Test Method: HISTORICAL FIELD TEST PROJECTED OTHER
 RCVD SEP 17 '12
 OIL CONS. DIV. DIST. 3

FORMATION	GAS	PERCENT	CONDENSATE	PERCENT
MESAVERDE	408 MCFD	20%		20%
MANCOS	572 MCFD	29%		29%
DAKOTA	1023 MCFD	51%		51%
	2003			

JUSTIFICATION OF ALLOCATION: These percentages are based upon isolated flow tests from the Mesaverde, 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 and Mesaverde 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 Mesaverde and 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 <i>Joe Hewitt</i>	DATE 9-13-12	TITLE <i>Geo</i>	PHONE <i>564-7740</i>
X <i>[Signature]</i>	8/30/12	Engineer	505-599-4076
Bill Akwari			
X <i>Kandis Roland</i>	8/29/12	Engineering Tech.	505-326-9743
Kandis Roland			