

February 14, 2014

RCVD FEB 19 '14
OIL CONS. DIV.
DIST. 3

New Mexico Oil Conservation Division
Attn: Mr. Charlie Perrin
1000 Rio Brazos Road
Aztec, NM 87410

Jicarilla 99 #7B
Unit C, Section 13, T26N, R03W
Rio Arriba County, New Mexico
Blanco-Mesaverde (72319) & Gavilan P.C. (77360)
DHC-3771 AZ
API# 30-039-26844

Mr. Perrin:

Energen Resources finished a pay add and down hole commingling operations on the subject well, in accordance with the approved Notice of Intent.

Prior to commingling operations, the Blanco-Mesaverde was producing at a stabilized rate of about 45 MCFPD and less than ¼ BOPD. The Gavilan PC was added in May 2013. The well has stabilized at a rate of about 100 MCPD and about 2/3 BOPD. The following allocation is recommended (see attached production plot):

| | <u>Gas</u> | <u>Oil</u> |
|------------------|------------|------------|
| Blanco-Mesaverde | 45% | 20% |
| Gavilan PC | 55% | 80% |

If additional information is needed, please contact me at 505-325-6800.

Sincerely,


Adam Klem
District Engineer

LEASE: JICARILLA 99 7B MV-PC

