

MERRION

OIL & GAS

February 3, 2003

Mr. Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

RE: Administrative Order DHC - 3068
Allocation of Production
Chucky 2 - API # 30-045-30455
Section 23, T30N, R12W
San Juan County, New Mexico



Dear Mr. Chavez:

Pursuant to the subject order, I am requesting your approval of the allocation of production for the subject commingled well. Please indicate your approval by signing and returning a copy of this letter to my attention.

This well was originally completed in the Pictured Cliffs Formation and was subsequently commingled with the Fruitland Coal. In November, the last month of production from just the Pictured Cliffs, the well averaged 113 MCFD and 25 BWD. After the workover, the well stabilized making 430 MCFD and 130 BWD from both zones in December. Subtracting the two, it is estimated that the Fruitland Coal added 317 MCFD and 105 BWD. On that basis, the following allocations are recommended:

<u>Zone</u>	<u>Gas</u>	<u>Water</u>
Pictured Cliffs	26.3%	19.2%
Basin Fruitland Coal	<u>73.7%</u>	<u>80.8%</u>
	100%	100%

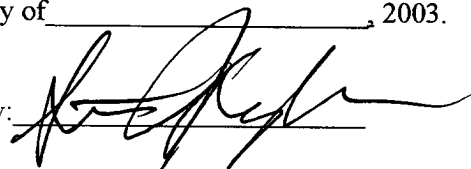
If additional data suggests that these allocations need to be changed in the future, we will submit a revision in our proposed allocation methodology. Please call me at 327-9801 ext. 114 if you have any questions or concerns.

Yours truly,


George Sharpe
Manager, Oil & Gas Investments

xc:Well File

APPROVED this _____
day of _____, 2003.

By: 

MERRION OIL & GAS

MONTHLY PUMPER'S REPORT

DATE: Nov-02				PUMPER: Tim				WELL: Chucky #2													
STOCK TANKS		WATER		RUN		RUN		DAILY PRODUCTION				TBG.		CSG.		REMARKS		SUMMARY			
A SZ	Y #	FT	IN	FT	IN	BBLs	TICKET NO.	OIL	WATER	GAS	BOPD	MTR.RDG	BWPD	STAT	DIF.	MC	FPD	End. Inv.	OIL PRODUCTION		
																		(+/-) Other			
1																	106		0		
2																	103		0		
3																	101		0		
4																	99		0		
5																	96		0		
6																	95				
7																	120				
8																	121				
9																	105				
10																	128				
11																	119				
12																	117				
13																	118				
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15																	117				
16																	122				
17																	119				
18																	119				
19																	119				
20																	117				
21																	113				
22																	0				
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26																	0				
27																	0				
28																	0				
29																	0				
30																	0				
31																	0				
1																	0				
TOTALS:								0.00	0	0.00	0.00	0	0	0	0	0	2372	TARGET w/cf 1,800			

WATER PRODUCTION				GAS DATA			
Mo. Wtr. Prod.	Avg. BWPD	Gals/Dump		Selling X	Days Prod. (gas)	Venting	
520	24.76			X	21		

PERCENT TIME ON			
ITEM	SIZE	FACTOR	OVERALL FACTOR
ORIFICE	0.750		
SPRING			
CHAMBER			

WELL DATA			
Pumping X	Flowing	SPM	SL
X		12	60

INTERMITTER TIME			
HRS ON	HRS OFF	Piston Lift	Wtr. Disp.

MERRION OIL & GAS

MONTHLY PUMPER'S REPORT

DATE: Dec-02		PUMPER: Tim		WELL: Chucky #2															
D	STOCK TANKS	WATER	RUN	RUN	BBLs. TICKET	DAILY PRODUCTION				CSG. PRESS. PSIG.	HOURS DOWN	REMARKS	SUMMARY						
						OIL	BOPD	MTR. RDG	WATER					GAS	STAT	DIF.	MCFPD		
A	SZ												Oil PRODUCTION						
Y	#												End. Inv.						
FT	IN	FT	IN	NO.									(+/-) Other						
1													0						
2													0						
3													0						
4													0						
5													0						
6													0						
7													0						
8													0						
9													0						
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29													0						
30													0						
31													0						
TOTALS:													0.00	0.00	530	9220	155	low eng. RPM, started comp.	TARGET MCF 1,800

WATER PRODUCTION		GAS DATA		PERCENT TIME ON	
Mo. Wtr. Prod.	Avg. BWPD	Selling	Venting	ITEM	FACTOR
3380	130.00	X	28	ORIFICE	0.750
				SPRING	
				CHAMBER	
OVERALL FACTOR					

WELL DATA		INTERMITTER TIME	
Pumping	Flowing	HRS ON	HRS OFF
X	12		
	80		