

COPY

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

FRANK T. CHAVEZ, being first duly sworn, states as follows:

1. That I am the Supervisor of, and Oil and Gas Inspector in, the District III Office of the New Mexico Oil Conservation Division located in Aztec, New Mexico.

2. That I am familiar with the rules and regulations, and with the practice, of the New Mexico Oil Conservation Division regarding the determination of the volumes of casinghead gas vented pending the connection of a well to a gas gathering facility.

3. That the rules and regulations of the New Mexico Oil Conservation Division provide that, in lieu of meter measurements, the volumes of casinghead gas vented pending connection of a well to a gas gathering facility shall be estimated upon a basis approved by the Division or upon a basis generally acceptable in the oil and gas industry, and that such volumes shall be reported on a monthly production report.

4. That, in practice, the method of calculating and reporting volumes of casinghead gas vented which has been accepted and approved by the New Mexico Oil Conservation Division is to use the official gas-oil ratio test in effect for a well multiplied by the oil production volume from the well during the period of calculation.

5. That, in lieu of meter measurements, the method utilized by the New Mexico Oil Conservation Division in calculating and reporting volumes of casinghead gas vented is generally acceptable to, and is recognized as standard operating procedure by, the members of the oil and gas industry in the area over which my office has jurisdiction.

6. That, as a method of determining volumes of casinghead gas vented, a pitot tube test is less accurate and less reliable than other methods of determination because the rate of flow of casinghead gas fluctuates as an oil well is produced over any given period of time, thereby providing only an instantaneous measurement.