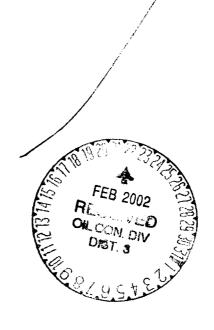
February 19, 2002

New Mexico Oil Conservation Division 1000 Rio Brazos Road Aztec, New Mexico 87410

Re:

San Juan 27-4 Unit #99B N Section 66, T-27-N, R-4-W 30-039-26376

REVISED



Gentlemen:

Attached is a copy of the allocation for the commingling of the subject well completed 11-6-01. R-11363 was issued for this well.

PHC 3/AZ Gas: Mesaverde

62%

Dakota

38%

Oil:

Mesaverde

62%

Dakota

38%

These allocations are based on individual flow tests during completion of the Mesaverde and the Dakota. Oil was not present during flow test operations. For that reason, oil percentages are based upon gas allocation and are provided in the event this wellbore begins producing oil at some point in the future. Please let me know if you have any questions.

Sincerely,

Regulatory Supervisor

Xc:

NMOCD - Santa Fe

Bureau of Land Management

PRODUCTION ALLOCATION FORMULA USING FLOW TEST INFORMATION

San Juan 27-4 Unit #99B (Mesaverde/Dakota) Commingle Unit N, 16-T27N-R04W Rio Arriba County, New Mexico

REVISED

Allocation Formula Method:

- 3 Hour Flow Test from Mesaverde = 707 MCFD & 0 BO
- 3 Hour Flow Test from Dakota = 504 MCFD & 0 BO

GAS:

$$\frac{\text{(MV) 707 MCFD}}{\text{(MV/ DK) 1211 MCFD}} = \text{(MV) \% Mesaverde 62\%}$$

OIL:

$$\frac{\text{(MV) 0 BO}}{\text{(MV/ DK) 0 BO}} = \text{(MV) \% Mesaverde 62}$$

$$(DK) \ 0 \ BO$$
 = (DK) % Dakota 38% (MV/ DK) 0 BO