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

Re:

Huerfano Unit #549

A Section 33, T-27-N, R-10-W

30-045-28943

Gentlemen:

Attached is a copy of the allocation for the commingling of the subject well. PC-962 was issued for this well.

Gas:

Fruitland Coal

65%

Pictured Cliffs

35%

Oil:

Pictured Cliffs

0%

Fruitland Coal

0%

These allocations are based on historic production data from the Fruitland Coal and Pictured Cliffs during work over operations. Please let me know if you have any questions.

Sincerely,

Peggy Cole

Regulatory Supervisor

Xc:

NMOCD - Santa Fe

Bureau of Land Management

3401 East 30th, Post Office Box 4289, Farmington, NM 87499 505-326-9727 Fax: 505-326-9563

Huerfano Unit 549 Unit A, Sec. 33, T27N R10W San Juan County, New Mexico

Production Allocation Based On Cumulative Production Through 01/00

| | Cumulative Production | | | % Allocation | |
|-----------------|-----------------------|---------|---|--------------|-------|
| | MCF | Bbl Oil | | % Gas | % Oil |
| Fruitland Coal | 839 | | 0 | 65% | N/A |
| Pictured Cliffs | 449 | | 0 | 35% | N/A |
| Total | 1,288 | | 0 | 100% | N/A |

| Gas Allocation: | (Tatal Envisional Cool Production) | 839 MCF | |
|-----------------|------------------------------------|--------------|------------------|
| Fruitland Coal | (Total Fruitland Coal Production) | = | 65% |
| | (Total Combined Production) | 1,288 MCF | |
| Pictured Cliffs | (Total Pictured Cliffs Production) | 448.765 MCF | 35% |
| | (Total Combined Production) | 1287.972 MCF | 30 70 |
| Oil Allocation: | | | |
| Finished Cool | (Total Fruitland Coal Production) | 0 Bbl Oil | · Ν/Δ |
| Fruitland Coal | (Total Combined Production) | 0 Bbl Oil | 18/75 |
| Pictured Cliffs | (Total Pictured Cliffs Production) | 0 Bbl Oil | - Ν/Δ |
| | (Total Combined Production) | 0 Bbl Oil | - 14/ <i>F</i> A |