

The following wells were reviewed for downhole commingling. After reviewing the production history for these wells, we concur with the allocation factors you established. The effective date is the date that downhole commingling actually occurs. The approved allocation factors are listed below. In the case where oil allocations were not provided, it was agreed upon that the proportions established for gas would also be used for oil.

(Well Name		Location	API #	Lease # CA # / PA#	Formation Allocation			Formation Allocation		
	San Juan Unit # 229	28-6	M sec 05, T27N, R-6-W	3003926850	NM - 03583	FC	gas oil	14% 14%	PC	gas oil	86% 86%
	San Juan Unit # 236	28-6	K sec 06, T27N, R-6-W	3003926828	NM - 03583	FC	gas oil	27% 27%	РС	gas oil	73% 73%
	San Juan Unit # 230	28-6	H sec 06, T27N, R-6-W	3003926834	SF - 079051	FC	gas oil	38% 38%	РС	gas oil	62% 62%
	San Juan Unit # 233	28-6	K sec 07, T27N, R-6-W	3 003926829	NM - 03583	FC	gas oil	15% 15%	РС	gas oil	85% 85%

If you have any questions, please contact Matt Halbert, at (505) 599-6350 or the undersigned at (505) 599-6367.

Sincerely,

The Hanadon Jim Lovato /s/

acting for Jim Lovato Team Leader, Petroleum Management Team

cc:

NMOCD, Aztec, NM NMOCD, Santa Fe, NM