



Th commingling of fluids on the Red Bud CTB will not cause the value of any fluids to be decreased. The current Amerede crude contract calls for adjusted pricing when the API Gravity @ 60 F is above 44.9. Currently all wells drilled within a two-mile radius of this area (Bone Springs & Wolfcamp) have an API Gravity @ 60 F below 44.9. We will continue to gather oil analysis of the individual wells to monitor crude quality. If the mixture of the Crude at the Red Bud CTB is ever out of spec due to a well being commingled, the CTB is designed in a way to isolate the out of spec crude from the remaining crude in the CTB.

A handwritten signature in black ink that reads "Shane McNeely".

Shane McNeely
Engineer