

Exhibit 'B'
Dugan Production Corporation
Good Times Gas Gathering System
Division Order PLC-149

1) Allocation Method for Gas Production

Base Data for Gas Allocation

- A = Allocated Sales Volume, MCF. $(W/(\text{Sum } W)) \times X$
- B = On-lease fuel usage, MCF. Determined from equipment specification, operating conditions, and days operated.
- C = Purged and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment specification and pressures.
- D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by $(W/(\text{Sum } W))$ for the wells involved.
- E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, MCF. The total volume will be determined using industry accepted procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system will also be determined. The total volume lost and/or vented will be allocated to the individual wells affected using factors determined by $(W/(\text{Sum } W))$.

Where:

- W = Gas Volume (MCF) from Well or Battery Allocation Meter
- X = Total Gas Volume (MCF) from CDP Sales Meters (CDP1 + CDP2)

Therefore: Individual Well Gas Production = $A+B+C+D+E$

2) Allocation Method for Condensate Production

All liquid hydrocarbon volumes recovered from the system drip traps will be allocated to the individual wells producing gas through the drip trap from which the hydrocarbons were recovered using a factor to be determined by dividing the individual wells' theoretical liquids by the total theoretical liquids from all wells producing into the system from which liquids were recovered. The theoretical liquids will be calculated by multiplying the individual wells' produced gas volumes by the individual wells' gas stream liquids content (GPM) of isobutane and heavier. This allocation is to be made at the time the liquids are removed and will be based upon the most recent annual gas volumes produced from the wells involved and an average GPM during the same period.

Base Data for Condensate Allocation

- S = Volume of drip condensate (bbl) removed from system drip storage tank.
T= Revenue resulting from multiplying the volume of condensate by the existing posted oil price in the field at the time of drip removal.
U = GPM (Gallons per MCF) of isobutane and heavier from a current individual well gas analysis.
V = Most recent calendar year of gas production from the individual well MCF. If a full 12 months is not available, an annual volume will be determined using an average production reate from the data available.
F = Individual Well Allocated Condensate Volume (bbl),

Therefore: $F = ((V \times U) / \text{Sum } (V \times U)) \times S$