

Evaluation Criteria – Allison Unit 16R

- Are all non-complying wells located at standard locations within the spacing units?
 - No. However, we sought and received NSL approval for the Allison Unit 16R due to topography. The NSL approval acknowledges both the Allison Unit 16 and 16R as being in the same Unit Letter.
- Are more than four (4) wells currently producing in the spacing unit?
 - No.
- Have offset operators/working interest been notified and were any objections received?
 - All were notified and none objected.
- Are additional wells planned to be drilled in the spacing units that could exceed the maximum allowed four (4) wells per spacing unit?
 - No.
- Is there any discernable interference between the wells that are in non-compliance and will incremental reserves be obtained if both wells continue to produce?
 - There isn't any discernable reservoir interference and incremental reserves will be obtained.
- Will the no-flow boundary between non-complying wells and offset wells extend beyond areas of common interest?
 - The no-flow boundary does extend beyond the area of common interest, but is typical of such boundaries in the San Juan Basin.