

Finley Resources Inc.

December 27, 2000

New Mexico Energy, Minerals and
Natural Resources Department
Oil Conservation Division
1625 French Drive
Hobbs, NM 88240

Attn: Chris Williams

Re: McQuatters Com #5H, 11-21S-36E

Gentlemen:

Please find enclose form C-103 for actual operations conducted in the referenced well for your review and approval to commingle the Blinebry interval with the Tubb-Drinkard The previous test on the Tubb-Drinkard interval (average production for the month of November, 2000) was 4.47 bopd, 2.9 bwpd and 29.6 mcfgpd. The Blinebry interval tested 51 bopd, 0 bwpd and 157 mcfgpd on December 21, 2000. Based on oil, gas or total BOED, the commingled percentages would be as follows:

	BOPD		MCFD		BOED	
Tubb-Drinkard	4.47	8.8%	29.6	15.9%	9.4	10.9%
<u>Blinebry</u>	<u>51.0</u>	<u>91.2%</u>	<u>157.0</u>	<u>84.1%</u>	<u>77.2</u>	<u>89.1%</u>
Total	55.47	100%	186.6	100%	86.6	100%

Finley Resources recommends the use of the BOED calculation as basis for allocation between the two intervals or 89.1% allocated to the Blinebry interval and 10.9% allocated to the Tubb-Drinkard interval.

Your continued attention to this matter is greatly appreciated. Please contact the undersigned at (817) 336-1924 x27 should further questions arise.

Yours truly,



James L. Nance
Production/Operations Engineer

Finley Resources