

I ) Production allocation formula:

1) Gas production estimated from previous rates and offset production, historical gas-oil ratios (GOR) and gas-water ratios (GWR) are as follows:

Formation	Gas (mcf/d)	GOR (scf/stbo)	GWR (scf/stbw)
Drinkard	6	4,121	201,000
Tubb	1	28,000	Infinite- no water prod

2) Calculation of allocation percentages:

$$\begin{aligned}\text{Drinkard gas \%} &= (6/(6 + 1)) * 100\% = 86\% \\ \text{Tubb gas \%} &= (1/(6 + 1)) * 100\% = 14\%\end{aligned}$$

$$\begin{aligned}\text{Drinkard oil \%} &= (6/4121)/((6/4121)+(1/28,000)) * 100\% = 98\% \\ \text{Tubb oil \%} &= (1/28,000)/((6/4121)+(1/28,000)) * 100\% = 2\%\end{aligned}$$

Drinkard water = 100% since Tubb has never tested any water

3) Allocation percentages are tabulated below:

Formation	Gas (%)	Oil (%)	Water (%)
Drinkard	86%	98%	100%
Tubb	14%	2%	0%
Total	100%	100%	100%

(J) Ownership of the two pools to be commingled are in common and correlative rights will not be violated.

(K) By copy of this letter we are notifying all offset operators of the proposed commingling.