



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

GARY E. JOHNSON
GOVERNOR

AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6176 Fax (505) 334-6170

JENNIFER A. SALISBURY
CABINET SECRETARY

February 29, 1996

Mr Jerry Hoover
Conoco Inc
10 Desta Dr Ste 100W
Midland TX 79705-4500

Re: Jicarilla A #8, E-23-26N-04W, 30-039-20029

Dear Mr Hoover:

Your recommended allocation of production to the referenced well is hereby approved as follows:

	Gas	Oil
Blanco Mesaverde	65%	26%
Basin Dakota	35%	74%

Sincerely,

Frank T. Chavez
District Supervisor

FTC\sh

cc: well file

conoco



Midland Division
Exploration Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

February 20, 1996

Mr. Ernie Busch
Aztec District Office
1000 Rio Brazos Rd.
Aztec, New Mexico 87410

**Re: Jicarilla "A" No. 8 Downhole Commingling Allocation Formula Approval
Unit E, Section 23, Township 26 North, Range 4 West, Rio Arriba County
Downhole Commingling Authorized by Administrative Order DHC-1095**

Dear Mr. Busch:

Conoco recently purchased the subject well from Merit Energy Company. Downhole commingling approval had already been secured by Merit through Order DHC-1095, but apparently Merit had not yet contacted your office to secure approval of an allocation formula for the commingled well. Therefore, Conoco as the current operator is submitting the following production history and proposed fixed allocation formula for your approval.

EXHIBIT A: Blanco Mesaverde production history plot

EXHIBIT B: Basin Dakota production history plot


EXHIBIT C: --- Production plots with projected exponential decline fit of data
--- Historical data for both zones (cums, current rates, decline rates)
--- 1/1/96 producing rates
--- Proposed fixed allocation factors based on 1/1/96 rates

Since decline analysis of both producing zones indicates that both are producing at a stabilized 4.5% exponential decline, it is proposed that the following fixed percentage formula be established for proper allocation of production from this commingled well:

	<u>GAS</u>	<u>OIL</u>
Blanco Mesaverde	65 %	26 %
Basin Dakota	35 %	74 %

If you have any further questions or requirements for your consideration of this proposal, please contact me at (915) 686-6548.

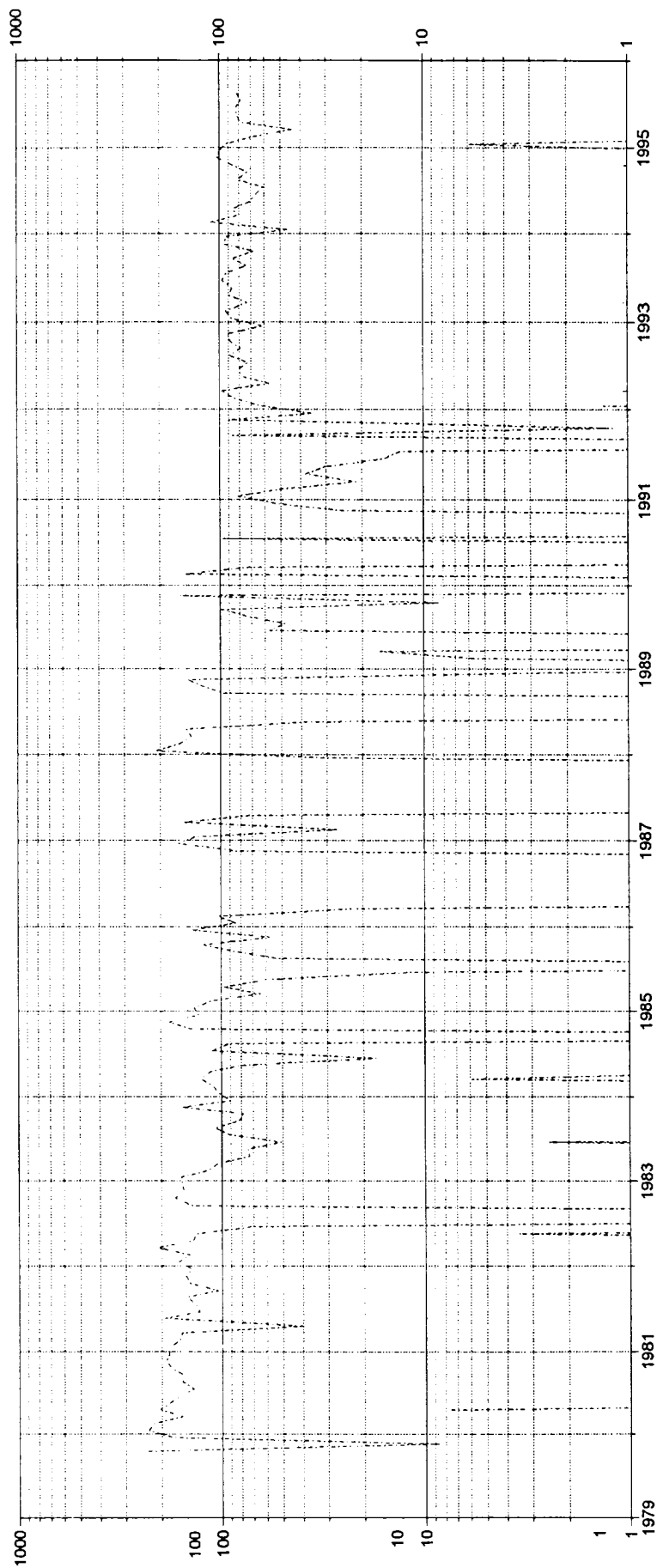
Very truly yours,


Jerry W. Hoover
Sr. Conservation Coordinator

Dwights

1000 Lease: JICARILLA A 000008

Retrieval Code: 251,039,26N04W23E00M



County: RIO ARriba

Field: BLANCO (MESAVARDE) MV

Reservoir: MESAVARDE

Operator: CONOCO INC

State: NM

Oil Cum: 1409 bbl

Gas Cum: 482369 mcf

Location: 23E 26N 4W

F.P. Date: 10/79

Water (bbl/day)

Gas (mcf/day)

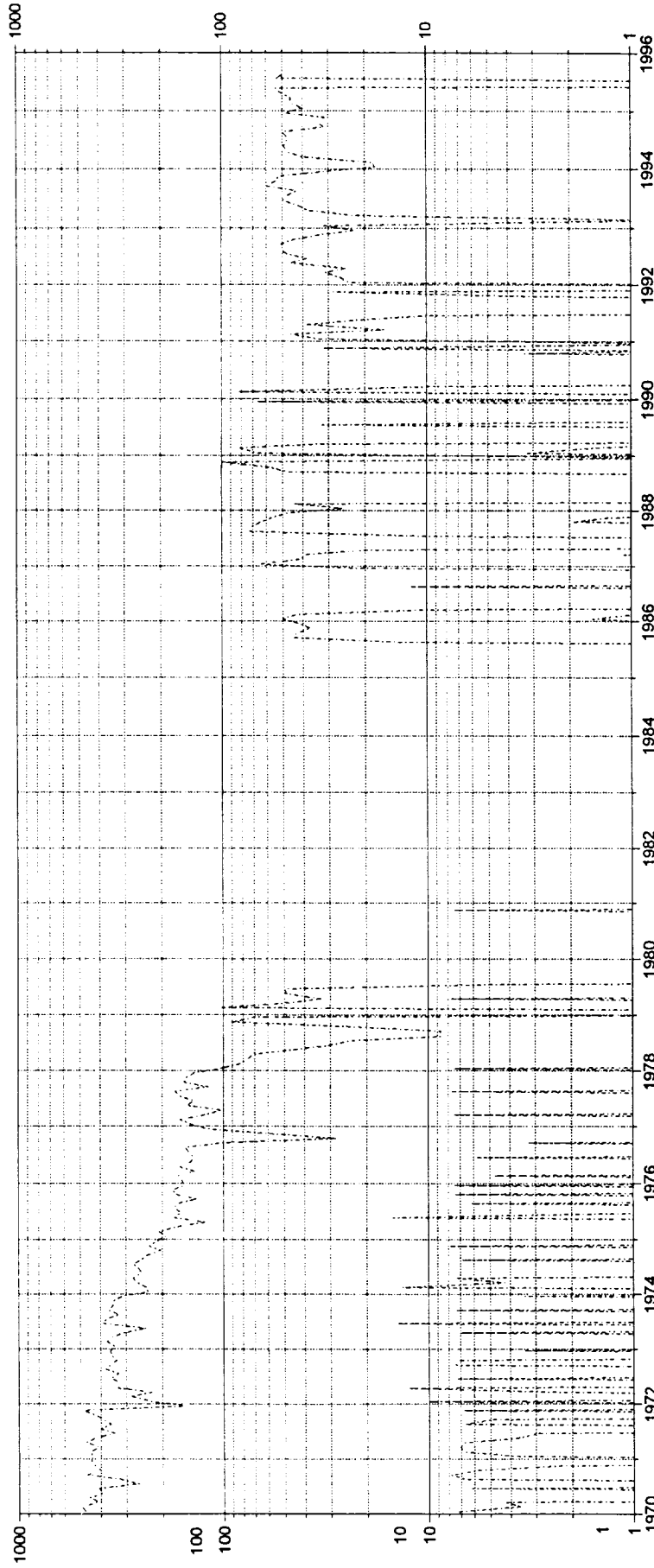
Date: 02/07/96

Oil (bbl/day)

Dwights

Lease: JICARILLA A 000008

Retrieval Code: 251,039,26N04W23E00D



County: RIO ARriba

Field: BASIN (DAKOTA) DK

Reservoir: DAKOTA

Operator: CONOCO INC

State: NM

Oil Cum: 18857 bbl

Gas Cum: 1217 mmcf

Location: 23E 26N 4W

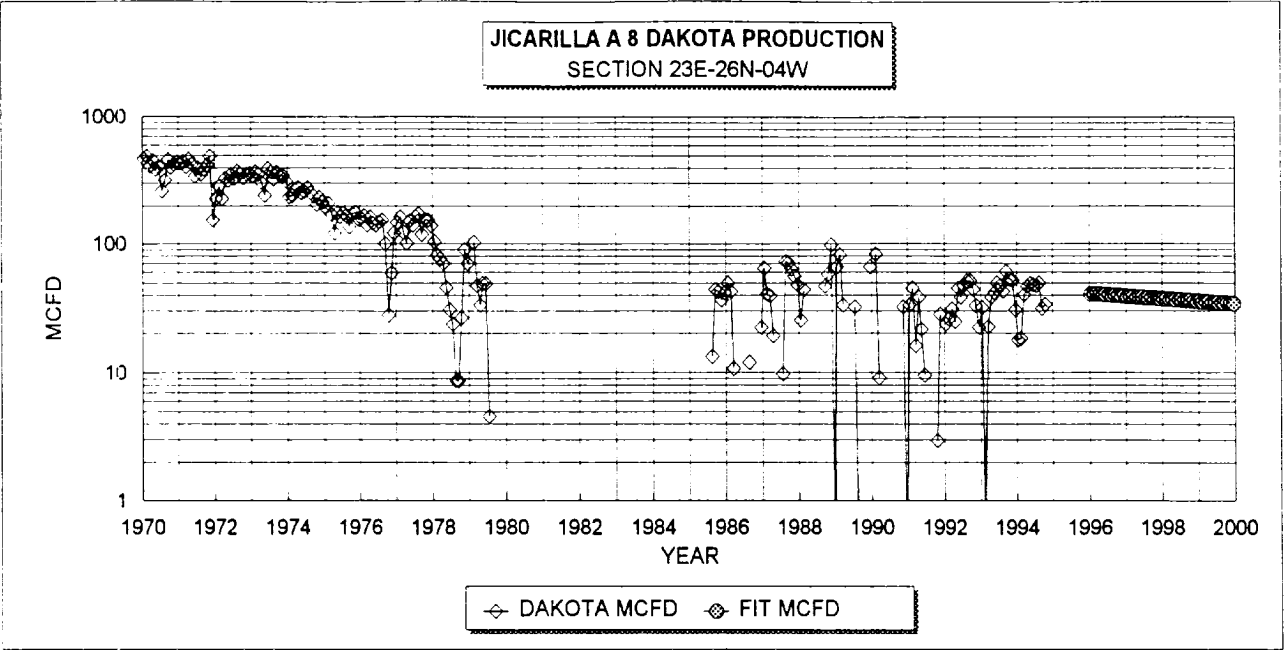
F.P. Date: 11/67

Water (bbl/day)

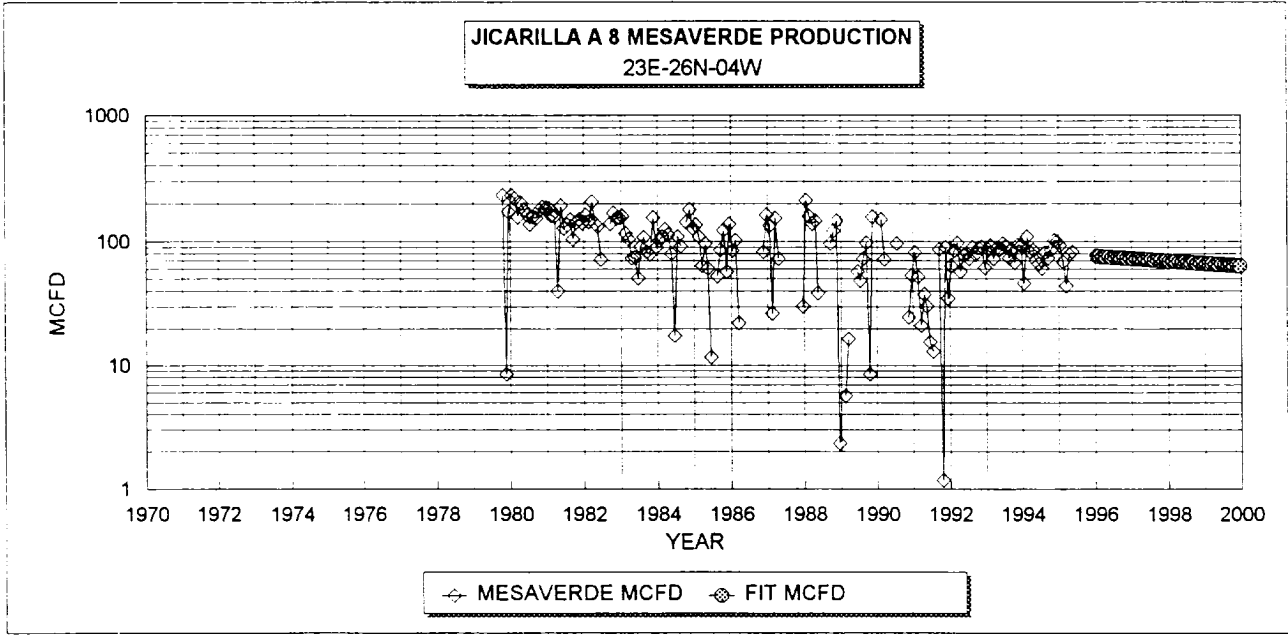
Gas (mcf/day)

Date: 02/07/96

Oil (bbl/day)



DAKOTA HISTORICAL DATA:		1ST PROD: 11/6	DAKOTA PROJECTED DATA	
OIL CUM:	18.86	MBO	1/1/96 QI:	41 MCFD
GAS CUM:	1217.00	MMCF	DECLINE RATE:	4.5% (EXPONENTIAL)
OIL YIELD:	0.0155	BBL/MCF		



MESAVERDE HISTORICAL DATA		1ST PROD: 10/7	MESAVERDE PROJECTED DATA	
OIL CUM:	1.41	MBO	1/1/96 QI:	76 MCFD
GAS CUM:	482.37	MMCF	DECLINE RATE:	4.5% (EXPONENTIAL)
OIL YIELD:	0.0029	BBL/MCF		

FIXED COMMINGLE ALLOCATION FACTORS:			GAS ALLOCATION BASED ON PROJECTED 1996 RATES	
MESAVERDE:	65%	26%	OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIELDS	
DAKOTA:	35%	74%	NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGYDATA	