



August 16, 2002

Mr. Frank Chavez  
Oil Conservation Division  
1000 Rio Brazos Rd.  
Aztec, New Mexico 87410

RE: Allocation for Downhole Commingling  
San Juan 28-7 #214F  
API#30-039-26902  
Sec. 4, T27N, R7W Unit Letter J  
Blanco Mesaverde 72319 Basin Dakota 71599

Mr. Chavez

This well was drilled in May 2002 and completed July 11, 2002. Initial flow tests as reported by the field operator indicated: *DHC 729A2*

Commingled Mesaverde and Dakota (2 3/8" tubing at 4883')  
06/28/02 1/2" choke 450 psi tbg. press. 790 psi csg. press. 2970 MCFPD

Dakota (2 3/8" tubing and packer at 7450')  
07/08/02 1/2" choke 240 psi tbg. press. 300 psi csg. press. 1584 MCFPD + 0 BOPD  
+ 1 BWPD

A production log was also run in the well on 07/10/02 showing a total calculated production of 3047 MCFPD, with 1542 MCFPD coming from the Dakota and 1505 MCFPD coming from Mesaverde.

Based on the production log data, calculated DHC allocation percentages are:

<b>Fixed Allocation (Gas)</b>	<b>Dakota</b>	<b>51%</b>
	<b>Mesaverde</b>	<b>49%</b>

<b>Fixed Allocation (Oil)</b>	<b>Dakota</b>	<b>51%</b>
	<b>Mesaverde</b>	<b>49%</b>

No significant amounts of oil were produced during the test. Based on production data from offset wells, Dakota and Mesaverde are expected to produce with similar gas to condensate ratios. Therefore oil production is allocated using the same percentage as for gas production.

If you need additional information please give me a call at (281) 293-1005. Thank you for your time.

Sincerely,

*Deborah Marberry*  
Deborah Marberry  
Regulatory Analyst