NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
GOVERNOR

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
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JENNIFER A. SALISBURY
CABINET SECRETARY

April 24, 1997

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

Re: San Juan 28-7 Unit #125M, API# 30-039-25546, D-12-27N-07W, DHC

Dear Mr. Hoover:

Your recommended allocation of commingled production for the referenced well is hereby accepted as follows:

	Gas	Oil
Blanco Mesaverde	54%	46%
Basin Dakota	46%	54%

Yours truly,

Ernie Busch
District Geologist/Deputy O&G Inspector

EB/sh

cc: well file

30-039-25546

CONOCO

Mid-Continent Region
Exploration/Production

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

28P125M - dhc

April 22, 1997

RECEIVED
APR 24 1997
OIL CON. DIV.
DIST. 3

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

Re: ALLOCATION METHOD for Downhole Commingling
Blanco Mesaverde and Basin Dakota Production
in the San Juan 28-7 Unit No. 125M

Dear Mr. Chaves: D-12-27N-7W

The subject well was approved for downhole commingling and drilling at an unorthodox location by OCD Order No. R-10476 prior to being drilled. This order provided for the allocation to be submitted and approved by the District Supervisor of the Aztec OCD Office.

This well was initially drilled and completed in the Dakota. After producing for 89 days, a plug was set over the Dakota and the Mesaverde was completed and produced for an additional 89 days. The attached plat shows the production volumes for each of these isolated test periods which were performed sequentially. However, these separate, isolated tests periods have been superimposed in the plat so that they can be compared and evaluated for allocation purposes.

The square symbols represent Dakota production which, after only a few days, stabilized at a steady rate. An exception to stabilized production occurred between days 66 and 78. Production had been shut-in for several days as evidenced by missing data from day 67 to 73. Then when the well was opened up on day 74, increased flush production occurred for several days before returning to its previous stabilized state.

The Mesaverde production, represented by the stippled diamonds at the top of the plat, took longer to stabilize which occurred beginning at about day 60. The erratic data from day 69 through 77 is associated with operational problems and should be discounted in the evaluation of allocation.

The stippled triangles represent the percent of production attributed to Mesaverde production when the two test periods are compared day by day. The bold horizontal line is a best fit average of the percent of production attributed to the Mesaverde. The early data points (first 10 days) and the erratic data between day 67 and day 77 were omitted from this best fit analysis. This best fit average shows the Mesaverde to be producing 54% of the total gas volume.

Conoco believes that the stabilized production levels exhibited during the latter portion of both production test periods allow for the assignment of fixed allocation factors for the downhole commingling of this well. Therefore it is proposed that the gas be allocated by using the best fit average of 54% for the Mesaverde and 46 % for the Dakota. In support of this percentage split the cumulative production for the Mesaverde is also 54% of the total cumulative production for both zones.

Allocation percentages for oil volumes, which are very small, were based on the percentage split of cumulative oil production for each zone with 46% allocated to the Mesaverde and 54% to the Dakota. In summary, approval is requested for the following fixed allocation factors:

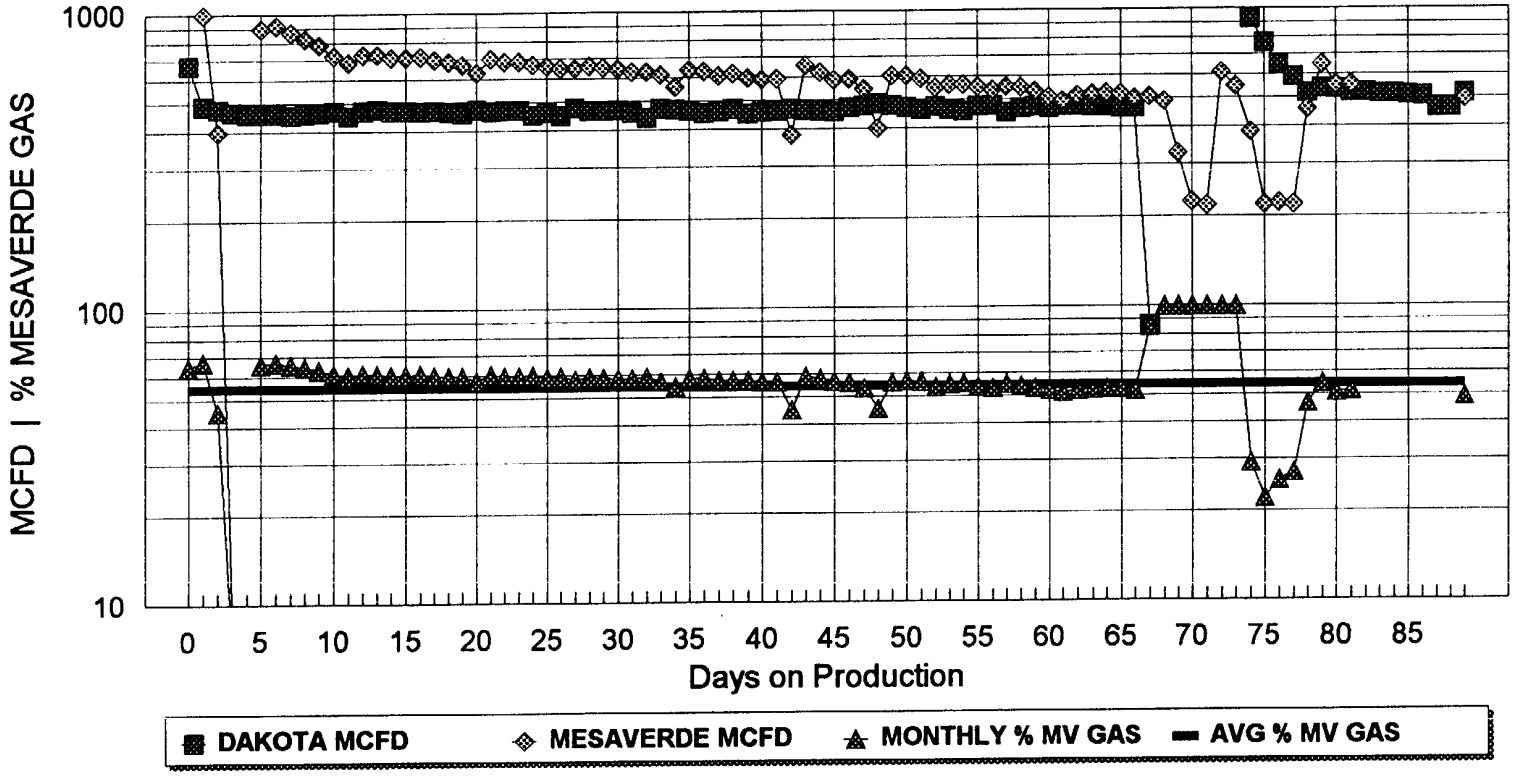
	Gas	Oil
Mesaverde	54%	46%
Dakota	46%	54%

If there are further questions concerning these factors, please contact me at (915) 686-6548.

Very truly yours,

Jerry W. Hoover
Sr. Conservation Coordinator

28-7 UNIT NO. 125M MESAVERDE/DAKOTA
COMMINGLE APPLICATION GAS PRODUCTION DATA



MESAVERDE GAS CUM:	**48.19 MMCF**	**MESAVERDE OIL CUM:**	**75 STBO**
DAKOTA GAS CUM:	**40.64 MMCF**	**DAKOTA OIL CUM:**	**88 STBO**

FIXED COMMINGLE ALLOCATION FACTORS:		
	GAS	**OIL**
MESAVERDE:	**54%**	**46%**
DAKOTA:	**46%**	**54%**