

287156m.dhc



Mid-Continent Region
Exploration/Production

July 2, 1998

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

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

RE: Allocation For Downhole Commingling
Blanco Mesaverde(72319) Basin Dakota (71599)
San Juan 28-7 Unit Well # 156M
API # 30-039-25820
Section 10, T-27-N, R-7-W, O
Rio Arriba County, NM

Dear Mr. Chavez.

The subject well was approved for downhole commingling by Administrative Order # DHC 1931 prior to being completed. This order provided for the allocation to be submitted and approved by the District supervisor of the Aztec office.

Extensive and historical data and modeling of early time profiles from these two pools have shown that once a stabilized flow rate has been established in both of them, they exhibit essentially identical decline patterns and rates. Therefore, it is valid and prudently accurate to establish commingling allocation percentages in early time stabilized rates in newly drilled wells where both the Mesaverde and Dakota are sequentially completed and to expect these percentages to be reasonably accurate for the life of the well.

The well was initially completed and fracture stimulated in the Mesaverde and the Dakota. Subject well was cleaned out and tested the Mesaverde on June 24, and the Dakota, June 28, 1998. The Mesaverde and Dakota 12 hour tests resulted in the following submitted data.

The stabilized gas and associated oil rates and the resulting percentage allocations for both completions are shown below:

	<u>OIL RATE</u> <u>BOPD</u>	<u>STABILIZED</u> <u>GAS RATES</u>	<u>STABILIZED</u> <u>WATER</u>	<u>OIL%</u>	<u>GAS%</u>	<u>WATER%</u>
MV	1	990 MCFD	20 BWPD	33%	75%	57%
DK	2	330 MCFD	15 BWPD	67%	25%	43%

If there are further questions regarding this request, please contact me at (915) 686-5798. Thank you.

Sincerely yours,

Kay Maddox - Regulatory Agent, Conoco, Inc.