



September 25, 2002

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

RE: Allocation for Downhole Commingling  
San Juan 28-7 #228F  
API#30-039-26951  
Sec. 8, T27N, R7W Unit Letter C  
Blanco Mesaverde 72319 Basin Dakota 71599

Mr. Chavez:

This well was drilled in June 2002 and completed August 2002. Initial flow tests as reported by the field operator indicated:

Initial flow tests as reported by the field operator indicated:

Mesaverde (2 3/8" tubing at 5600')  
07/22/02 1/2" choke 200 psi tbq. press. 525 psi csg. press. 1320 MCFPD + 0  
BOPD + 4 BWPD

Commingled Dakota and Mesaverde (2 3/8" tubing at 7514')  
07/26/02 1/2" choke 320 psi tbq. press. 750 psi csg. press. 2112 MCFPD + 1  
BOPD + 24 BWPD

Based on these initial inflow tests, calculated DHC allocation percentages are:

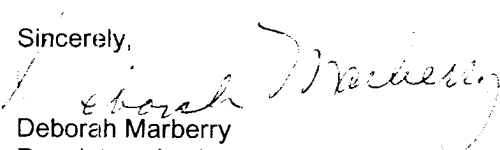
<b>Fixed Allocation (Gas) Dakota</b>	<b>38%</b>
<b>Mesaverde</b>	<b>62%</b>

<b>Fixed Allocation (Oil) Dakota</b>	<b>38%</b>
<b>Mesaverde</b>	<b>62%</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  
Regulatory Analyst