



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
AZTEC NM 87410
(505) 334-6178 FAX: (505) 334-6170
[http://nemnr.d.state.nm.us/ocd/District III/3distric.htm](http://nemnr.d.state.nm.us/ocd/District%20III/3distric.htm)

GARY E. JOHNSON
GOVERNOR

Jennifer A. Salisbury
CABINET SECRETARY

February 10, 1998

Kay Maddox
10 Desta Dr Ste 100W
Midland TX 79705-4500

Re: San Juan 28-7 Unit #222M, D-25-28N-07W, API# 30-039-25562, DHC

Dear Ms. Maddox:

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

| | Gas | Oil |
|------------------|-----|-----|
| Blanco Mesaverde | 51% | 86% |
| Basin Dakota | 49% | 14% |

Future filings must include the well API number and Unit Letter, Section, Township and Range. If you have questions, please contact me.

Yours truly,

Ernie Busch
District Geologist/Deputy O&G Inspector

EB/sh

cc: Duane Spencer-BLM Farmington
well file

287222M.dhc



Mid-Continent Region
Exploration/Production

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

January 29, 1998

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

30-039-25562
D-25-28N-09W
RECEIVED
FEB - 2 1998

OIL CON. DIV.
DIST. 3

RE: Allocation for Downhole Commingling
Blanco Mesaverde (72319) Basin Dakota (71599)
San Juan 28-7 Unit Well # 222M
Rio Arriba, New Mexico

Dear Mr. Chavez,

The subject well was approved for downhole commingling by Administrative Order # R 10476 prior to being completed. 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, June 26, 1997. After producing for about 6 months a plug was set over the Dakota and the Mesaverde was completed November 17, 1997. The Mesaverde was produced for about 3 months until production was stabilized. The attached plat shows production volumes for each of these isolated test periods which were performed sequentially. However, these separate, isolated test periods have been superimposed on the same plat so that they can be compared and evaluated for allocation purposes.

The square symbol represents Dakota production which stabilized quickly and projects a stabilized decline trend. Mesaverde production stabilized after a couple of months as shown by the diamond symbols. The triangles represent the projected decline of the Dakota which is very similar to the Mesaverde decline as represented by the solid line.

Based on these stabilized projections the following fixed allocation factors are recommended:

| | <u>GAS</u> | <u>OIL</u> |
|-----------|------------|------------|
| Mesaverde | 51% | 86% |
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Mid-Continent Region
-2 Exploration/Production

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

If there are further questions concerning these factors, please contact me at (915) 686-5798. Thank you.

Sincerely yours,

A handwritten signature in cursive script that reads "Kay Maddox". The signature is written in black ink and is positioned above the typed name.

Kay Maddox
Regulatory Agent



Mid-Continent Region
Exploration/Production

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January 29, 1998

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

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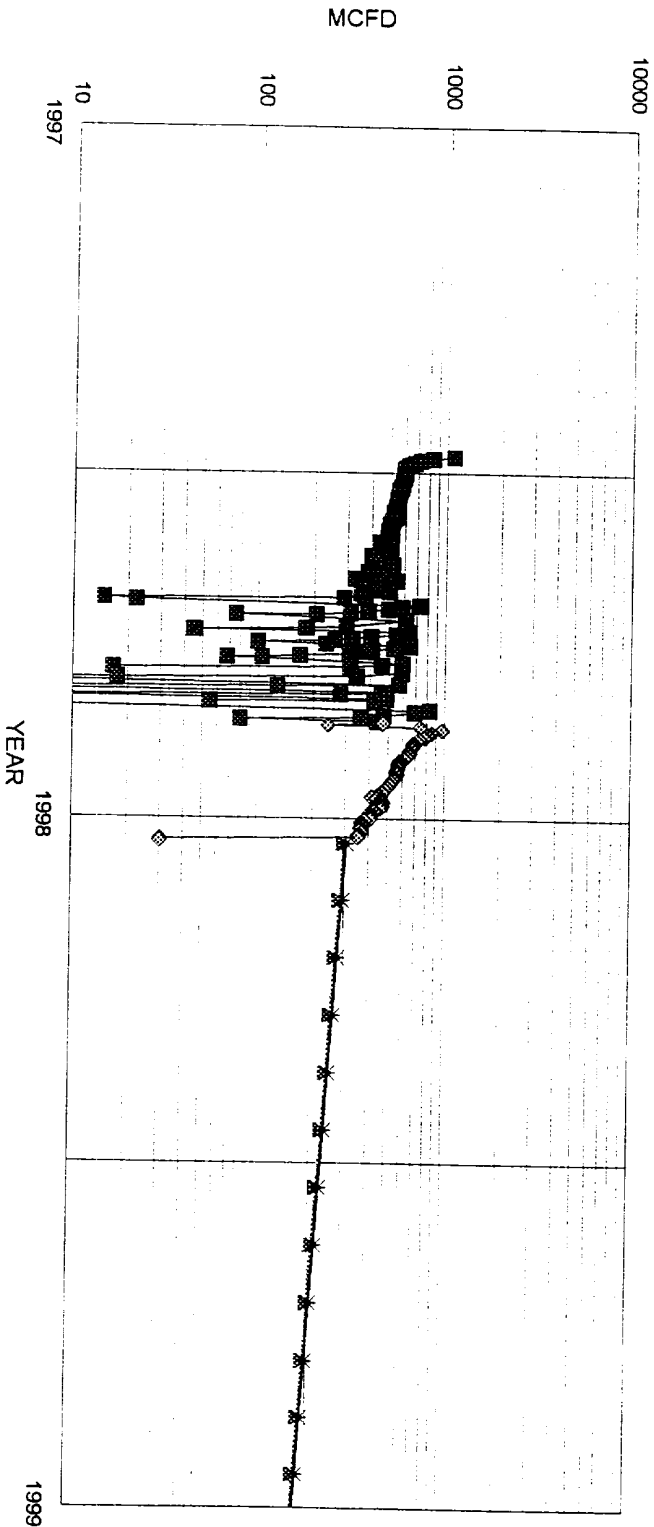
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Sincerely yours,

A handwritten signature in cursive script that reads "Kay Maddox".

Kay Maddox
Regulatory Agent

SAN JUAN 28-7 UNIT NO. 222M MESAVERDE \ DAKOTA PRODUCTION
 COMMINGLE ALLOCATION DATA



■ DAKOTA MCFD ◆ MESAVERDE MCFD ▲ DAKOTA PROJECTED * MESAVERDE PROJECTED

| MV MCFD | DK MCFD | TOTAL | % MV | % DK | |
|---------|---------|-------|------|------|-----|
| 2/1998 | 293 | 284 | 576 | 51% | 49% |

NORMALIZED OIL PRQD.

| MV STBO | DK STBO |
|---------|---------|
| 137 | 22 |

FIXED ALLOCATION: GAS ----->
 FIXED ALLOCATION: OIL ----->

| % MV | % DK |
|------|------|
| 51% | 49% |
| 86% | 14% |