



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC NM 87410
(505) 334-6178 FAX: (505) 334-6170
[http://emnrd.state.nm.us/ocd/District III/3distric.htm](http://emnrd.state.nm.us/ocd/District%20III/3distric.htm)

GARY E. JOHNSON
Governor

Jennifer A. Salisbury
Cabinet Secretary

November 17, 1999

Ms. Yolanda Perez
10 Desta Dr Ste 100W
Midland TX 79705-4500

Re: San Juan 28-7 Unit #68, API# 30-039-60071, B-31-28N-07W, DHC

Dear Ms. Perez:

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

	Gas	Oil
Pictured Cliffs	47%	50%
Fruitland Coal	53%	50%

Yours truly,

Ernie Busch
District Geologist/Deputy O&G Inspector

EB/mk

cc: Mark Ashley-NMOCD Santa Fe
Jim Lovato-BLM Farmington
Well file

287#68DHC

CONOCO

Mid-Continent Region
Exploration/Production

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

July 10, 1999

Ernie Busch
Aztec Division Office
Oil Conservation Division
1000 Rio Brazos Rd
Aztec, New Mexico 87410

RECEIVED
JUL 12 1999
OIL CON. DIV.
DIST. 3

RE: Allocation For Downhole Commingling
South Blanco Pictured Cliffs (72439) Basin Fruitland Coal (71629)
San Juan 28-7 Unit Well # 68
API # 30-039-60071
Section 31, T-28-N, R-7-W, B
Rio Arriba County, NM

Dear Mr. Chavez.

The subject well was approved for downhole commingling by Administrative Order # DHC 2324 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 recompleted wells where both the Pictured Cliffs and Fruitland Coal are sequentially completed and to expect these percentages to be reasonably accurate for the life of the well.

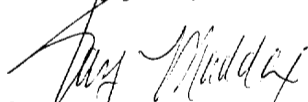
The well was recompleted in the Pictured Cliffs and Fruitland Coal. Subject well was cleaned out and tested the Pictured Cliffs on June 2, and the Fruitland Coal, June 8, 1999. The Pictured Cliffs and Fruitland Coal 12 hour tests resulted in the following submitted data.

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

	OIL RATE BOPD	STABILIZED GAS RATES	STABILIZED WATER	OIL%	GAS%	WATER%
PC	0	147 MCFD	2 BWPD	50%	47%	33%
FC	0	165 MCFD	4 BWPD	50%	53%	67%

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

Sincerely yours,

A handwritten signature in black ink, appearing to read "Kay Maddox". The signature is fluid and cursive, with a large initial "K" and "M".

Kay Maddox – Regulatory Agent, Conoco, Inc.