



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1252

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500

Attention: Jerry W. Hoover

San Juan 28-7 Unit - 5 Wells *Rio Arriba*
Township 28 North, Range 7 West, San Juan County, New Mexico.
Blanco Mesaverde (Prorated Gas - 72319) and
Basin Dakota (Prorated Gas - 71599) Pools

Dear Mr. Hoover:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the subject wells to commingle production from both pools in the wellbores.

It appearing that the subject wells qualify for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completions and required separation of the two zones in the following wells, is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Assignment of allowable to the wells and allocation of production from the wells shall be on the following basis:

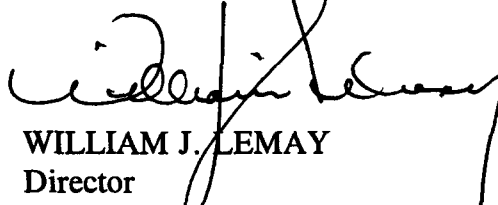
| <i>San Juan Unit Well No.</i> | <i>Unit Letter/ Section</i> | <i>Mesaverde Oil</i> | <i>Mesaverde Gas</i> | <i>Dakota Oil</i> | <i>Dakota Gas</i> |
|-----------------------------------|---------------------------------|--------------------------|--------------------------|-----------------------|-----------------------|
| 133M | I-35 | 67% | 63% | 33% | 37% |
| 135M | D-27 | 86% | 32% | 14% | 68% |
| 181M | D-3 | 65% | 63% | 35% | 37 |
| 193M | D-28 | 54% | 68% | 46% | 32% |
| 221M | J-25 | 61% | 43% | 39% | 57% |

FURTHER: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 10th day of May, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/BES

cc: Oil Conservation Division - Aztec
State Land Office - Oil & Gas Division
Bureau of Land Management - Farmington