



**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

**GARY E. JOHNSON**  
GOVERNOR

**AZTEC DISTRICT OFFICE**  
1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178 Fax (505) 334-6170

**JENNIFER A. SALISBURY**  
CABINET SECRETARY

February 29, 1996

Mr Jerry Hoover  
Conoco Inc  
10 Desta Dr Ste 100W  
Midland TX 79705-4500

Re: Jicarilla A #10E, G-23-26N-04W, 30-039-22410

Dear Mr Hoover:

Your recommended allocation of production to the referenced well is hereby approved as follows:

	Gas	Oil
Blanco Mesaverde	45%	30%
Basin Dakota	55%	70%

Sincerely,

Frank T. Chavez  
District Supervisor

FTC\sh

cc: well file

Conjiloe

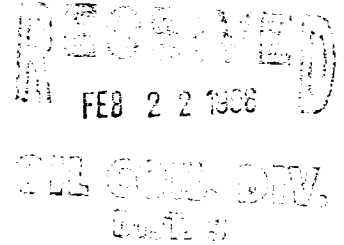


Midland Division  
Exploration Production

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

February 20, 1996

Mr. Ernie Busch  
Aztec District Office  
1000 Rio Brazos Rd.  
Aztec, New Mexico 87410



**Re: Jicarilla "A" No. 10E Downhole Commingling Allocation Formula Approval  
Unit G, Section 23, Township 26 North, Range 4 West, Rio Arriba County  
Downhole Commingling Authorized by Administrative Order DHC-1095**

Dear Mr. Busch:

Conoco recently purchased the subject well from Merit Energy Company. Downhole commingling approval had already been secured by Merit through Order DHC-1095, but apparently Merit had not yet contacted your office to secure approval of an allocation formula for the commingled well. Therefore, Conoco as the current operator is submitting the following production history and proposed fixed allocation formula for your approval.

EXHIBIT A: Blanco Mesaverde production history plot

EXHIBIT B: Basin Dakota production history plot

EXHIBIT C: --- Production plots with projected exponential decline fit of data  
--- Historical data for both zones (cums, current rates, decline rates)  
--- 1/1/96 producing rates  
--- Proposed fixed allocation factors based on 1/1/96 rates

Since decline analysis of both producing zones indicates that both are producing at a stabilized 4.7% exponential decline, it is proposed that the following fixed percentage formula be established for proper allocation of production from this commingled well:

	<u>GAS</u>	<u>OIL</u>
Blanco Mesaverde	45 %	30 %
Basin Dakota	55 %	70 %

If you have any further questions or requirements for your consideration of this proposal, please contact me at (915) 686-6548.

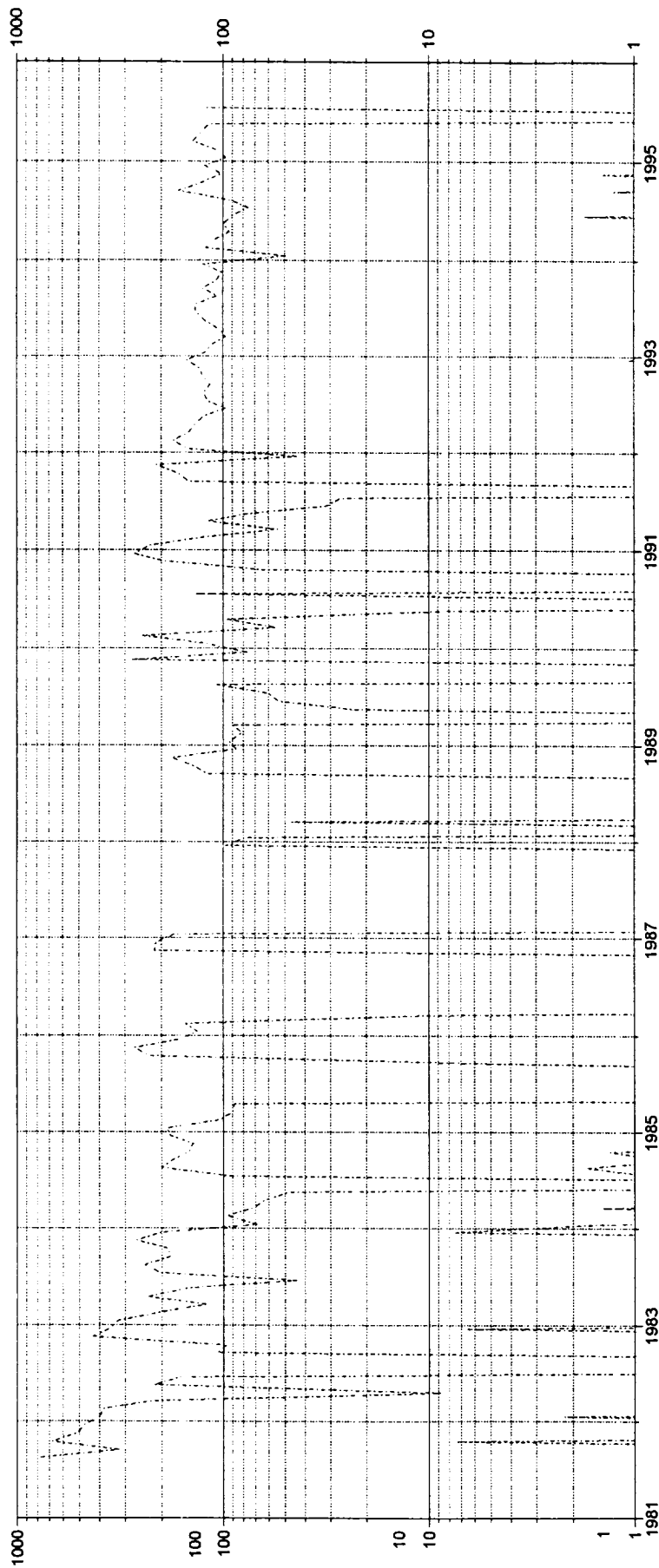
Very truly yours,

  
Jerry W. Hoover  
Sr. Conservation Coordinator

# Dwights

1000 Lease: JICARILLA A 00010E

Retrieval Code: 251,039,26N04W23G00M

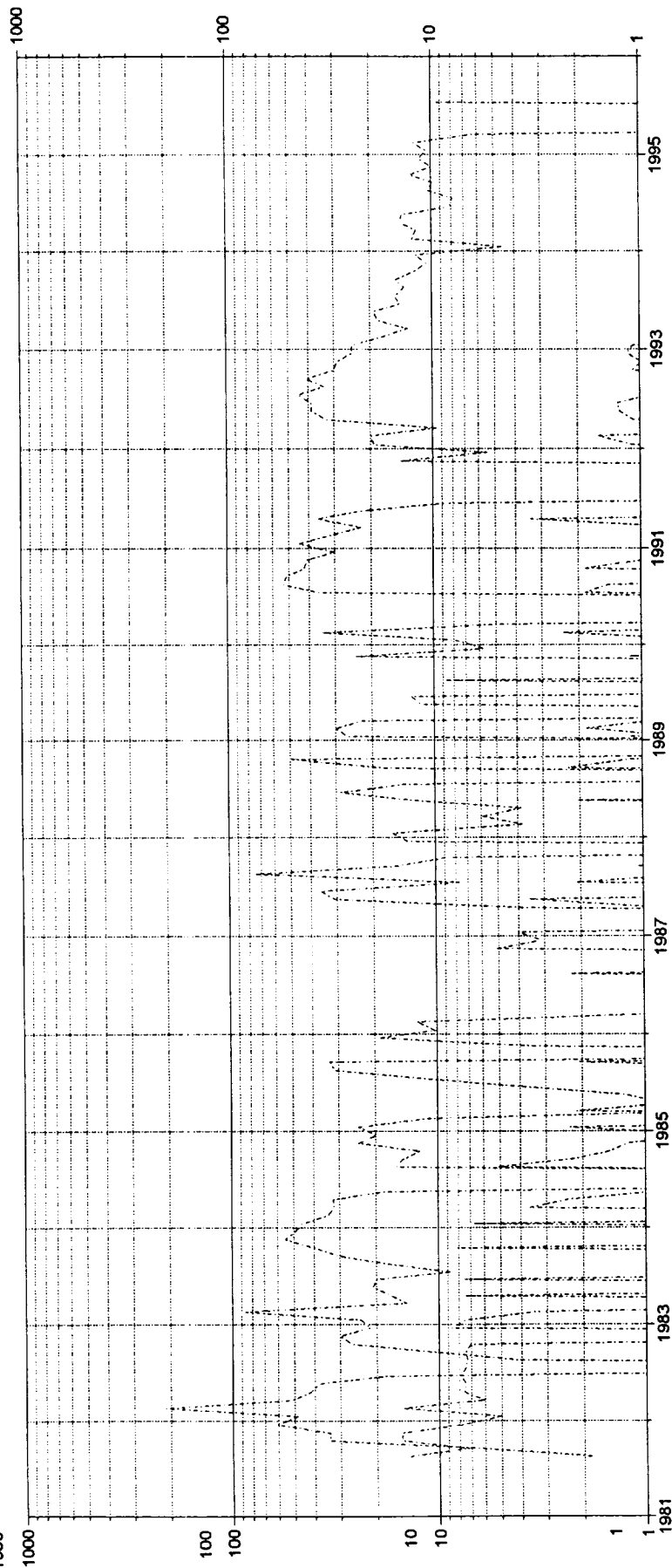


County: RIO ARRIBA	State: NM	F.P. Date: 08/81	Date: 02/07/96
Field: BLANCO (MESAVERDE) MV	Oil Cum: 1360 bbl		
Reservoir: MESAVERDE	Gas Cum: 601492 mcf	Water (bbl/day)	
Operator: CONOCO INC	Location: 23G 26N 4W	Gas (mcf/day)	Oil (bbl/day)

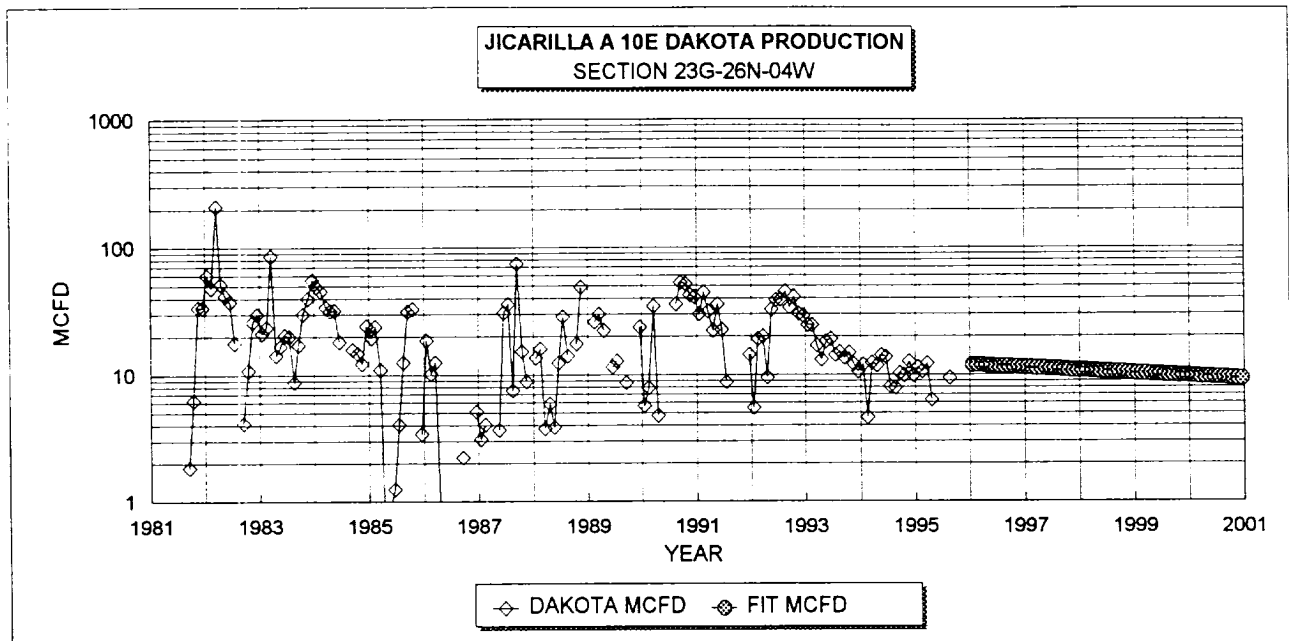
# Dwights

Retrieval Code: 251,039,26N04W23G00D

Lease: JICARILLA A 00010E



County: RIO ARriba	State: NM	F.P. Date: 08/81	Date: 02/07/96
Field: BASIN (DAKOTA) DK	Oil Cum: 8017 bbl	Water (bbl/day)	
Reservoir: DAKOTA	Gas Cum: 95062 mcf	Gas (mcf/day)	
Operator: CONOCO INC	Location: 23G 26N 4W	Oil (bbl/day)	

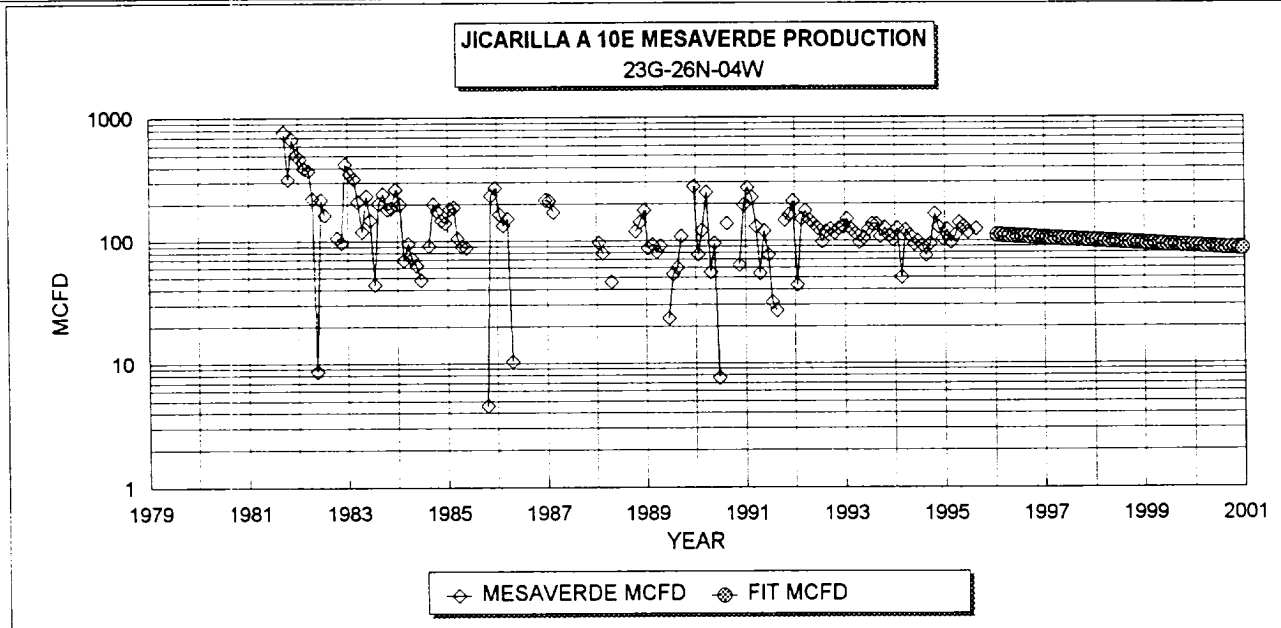


**DAKOTA HISTORICAL DATA:**

OIL CUM: 8.02 MBO  
GAS CUM: 95.06 MMCF  
OIL YIELD: 0.0843 BBL/MCF

**DAKOTA PROJECTED DATA**

1/1/96 Q1: 12 MCFD  
DECLINE RATE: 5.0% (EXPONENTIAL)



**MESAVERDE HISTORICAL DATA**

OIL CUM: 1.36 MBO  
GAS CUM: 601.49 MMCF  
OIL YIELD: 0.0023 BBL/MCF

**MESAVERDE PROJECTED DATA**

1/1/96 Q1: 110 MCFD  
DECLINE RATE: 5.0% (EXPONENTIAL)

**FIXED COMMINGLE ALLOCATION FACTORS:**

	GAS	OIL
MESAVERDE:	90%	20%
DAKOTA:	10%	80%

GAS ALLOCATION BASED ON PROJECTED 1996 RATES  
OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIELDS

NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGYDATA