

10-5-98



Mid-Continent Region
Exploration/Production

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

February 25, 1998

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

RECEIVED
MAR - 2 1998
OIL CON. DIV.
DIST. 3

RE: Allocation for Downhole Commingling
Blanco Mesaverde (72319) Basin Dakota (71599)
Jicarilla A # 8M API # 30-039-25737
Section 23, T-26-N, R-4-W, N
Rio Arriba, New Mexico

Dear Mr. Chavez,

The subject well was approved for downhole commingling by Administrative Order # DHC 1645 prior to being completed. This order provided for the allocation to be submitted and approved by the District Supervisor of the Aztec OCD 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 on early time stabilized rates in newly drilled wells where both the Mesaverde and Dakota are sequentially completed and to expect these percentages to be reasonably accurate for the life of the well.

The well was initially completed and fracture stimulated in the Dakota & Mesaverde on February 16, 1998. Well was cleaned out and tested the Mesaverde on February 20, 1998. (BP isolated MV from DK) After test, BP was removed and well was cleaned out to TD. Combined MV/DK test taken on February 23, 1998. Subtraction of Mesaverde test from combined Mesaverde and Dakota test resulted in the submitted data.

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

	<u>OIL Rate</u> <u>BOPD</u>	<u>Stabilized</u> <u>Gas Rates</u>	<u>Stabilized</u> <u>Water</u>	<u>Oil %</u>	<u>Gas %</u>	<u>Water %</u>
Mesaverde	5	792 MCFD	10 BWPD	50%	60%	66.7%
Dakota	5	528 MCFD	5 BWPD	50%	40%	33.3%



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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".

Kay Maddox
Regulatory Agent