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/3district.htm

GARY E. JOHNSON
Governor

Jennifer A. Salisbury
Cabinet Secretary

December 18, 1998

Ms. Kay Maddox
Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500

Re: San Juan 29-7 Unit # 109M, D-18-27N-07W, API# 30-039-25794, DHC

Dear Ms Maddox:

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

	Gas	Oil
Blanco Mesaverde	81%	83%
Basin Dakota	19%	17%

Yours truly,

Ernie Busch
District Geologist/Deputy O&G Inspector

EB/mk

cc: Jim Lovato-Farmington BLM
David Catanach-NMOCD Santa Fe
well file

f:\Doc\Temp\297#109M.dhc

CONOCO

Mid-Continent Region
Exploration/Production

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

October 14, 1998

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

RECEIVED
OCT 16 1998
OIL CON. DIV.
DIST. 3

RE: Allocation For Downhole Commingling
Blanco Mesaverde (72319) Basin Dakota (71599)
San Juan 29-7 Unit Well # 109M
API # 30-039-25794
Unit D, Section 18, T-27-N, R-7-W
Rio Arriba County, NM

Dear Mr. Chavez,

The subject well was approved for downhole commingling by Administrative Order # DHC 1928 prior to being completed. This order provided for the allocation to be submitted and approved by the District supervisor of the Aztec office.

Extensive historical data and modeling of early time profiles from these two pools have shown that once a stabilized flow rate had 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 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 Mesaverde and Dakota. Subject well was cleaned out and tested the Mesaverde on October 7, and the Dakota, October 12, 1998. The Mesaverde and Dakota 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
MV	5	858 MCFD	10 BWPD	83%	81%	67%
DK	1	198 MCFD	5 BWPD	17%	19%	33%

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

Sincerely,

Kay Maddox

Kay Maddox – Regulatory Agent, Conoco, Inc.