



August 15, 2002

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

RE: Allocation for Downhole Commingling  
San Juan 28-7 #181G  
API#30-039-26880  
Sec. 3, 27N, R7W Unit Letter B  
Blanco Mesaverde 72319 Basin Dakota 71599



Mr. Chavez

This well was drilled in May 2002 and completed in July 9, 2002. Initial flow tests as reported by the field operator indicated:

Mesaverde (2 3/8" tubing at 4879')  
06/26/02 1/2" choke 300 psi tbg. press. 500 psi csg. press. 1980 MCFPD + 1/4 BOPD  
+ 0 BWPD

Commingled Dakota and Mesaverde (2 3/8" tubing at 7460')  
07/01/02 1/2" choke 355 psi tbg. press. 700 psi csg. press. 2343 MCFPD + 0 BOPD  
+ 1/2 BWPD

A production log was also run in the well on 07/08/02 showing a total calculated production of 2552 MCFPD, with 1514 MCFPD coming from the Dakota and 1038 MCFPD coming from Mesaverde.

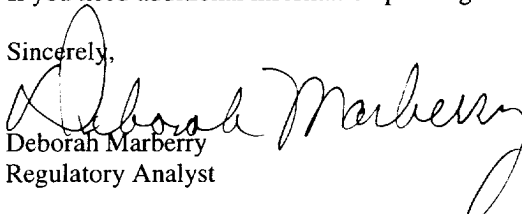
Based on the production log data, calculated DHC allocation percentages are:

<b>Fixed Allocation (Gas)</b>	<b>Dakota</b>	<b>59%</b>
	<b>Mesaverde</b>	<b>41%</b>

<b>Fixed Allocation (Oil)</b>	<b>Dakota</b>	<b>59%</b>
	<b>Mesaverde</b>	<b>41%</b>

If you need additional information please give me a call at (281) 293-1005. Thank you for your time.

Sincerely,

  
Deborah Marberry  
Regulatory Analyst