

October 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 #128G
API#30-039-27001
Surface - Sec. 12, T27N, R7W Unit Letter K
Bottomhole - Sec. 12, T27N, R7W Unit Letter O
Blanco Mesaverde 72319 Basin Dakota 71599



Mr. Chavez:

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

Mesaverde (2 3/8" tubing at 5195')

09/10/02 1/2" choke 170 psi tbg. press. 420 psi csg. press. 1122 MCFPD + 0
BOPD + 20 BWPD

Commingled Dakota and Mesaverde (2 3/8" tubing at 7900')

09/13/02 1/2" choke 330 psi tbg. press. 620 psi csg. press. 2178 MCFPD + 0
BOPD + 5 BWPD

Based on these initial inflow tests, calculated DHC allocation percentages are:

Fixed Allocation (Gas)	Dakota	48%
	Mesaverde	52%

Fixed Allocation (Oil)	Dakota	48%
	Mesaverde	52%

No oil was produced during the test. Based on production data from offset wells, Dakota and Mesaverde are expected to produce with similar gas to condensate ratios. Therefore oil production is allocated using the same percentage as for gas production.

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

Sincerely,

Deborah Marberry
Regulatory Analyst