



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
AZTEC NM 87410
(505) 334-8178 FAX: (505) 334-8170
<http://nemnr.state.nm.us/ocd/District/III/3district.htm>

GARY E. JOHNSON
GOVERNOR

Jennifer A. Salisbury
CABINET SECRETARY

October 31, 1997

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

Re: San Juan 28-7 Unit # 223M, P-26-28N-07W, DHC, API# 30-039-25553

Dear Mr. Hoover:

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

	Gas	Oil
Blanco Mesaverde	55%	71%
Basin Dakota	45%	29%

Yours truly,

Ernie Busch
District Geologist/Deputy O&G Inspector

EB/sh

cc: well file

287223M.DHC

conoco

Mid-Continent Region
Exploration/Production

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

October 28, 1997

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

Re: ALLOCATION for Downhole Commingling
Blanco Mesaverde and Basin Dakota Production
in the San Juan 28-7 Unit No. 223M

RECEIVED
OCT 30 1997

OIL CON. DIV.
DIST. 3

P-26-28N-07W

30-039-25553

Dear Mr. Chaves:

The subject well was approved for downhole commingling and drilling at an unorthodox location by OCD Order No. R-10476 prior to being drilled. This order provided for the allocation to be submitted and approved by the District Supervisor of the Aztec OCD Office.

This well was initially drilled and completed in the Dakota. After producing for about 5 months, a plug was set over the Dakota and the Mesaverde was completed and produced for about 3 months until production stabilized. The attached plat shows the production volumes for each of these isolated test periods which were performed sequentially. However, these separate, isolated test periods have been superimposed on the same plat so that they can be compared and evaluated for allocation purposes.

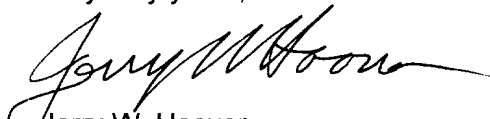
The square symbols represent Dakota production which, in spite of periodic irregular tests, still projects a stabilized decline trend. Mesaverde production stabilized after a couple of months as shown by the diamond symbols. The triangles represent the projected decline of the Dakota which is very similar to the Mesaverde decline as represented by the solid line.

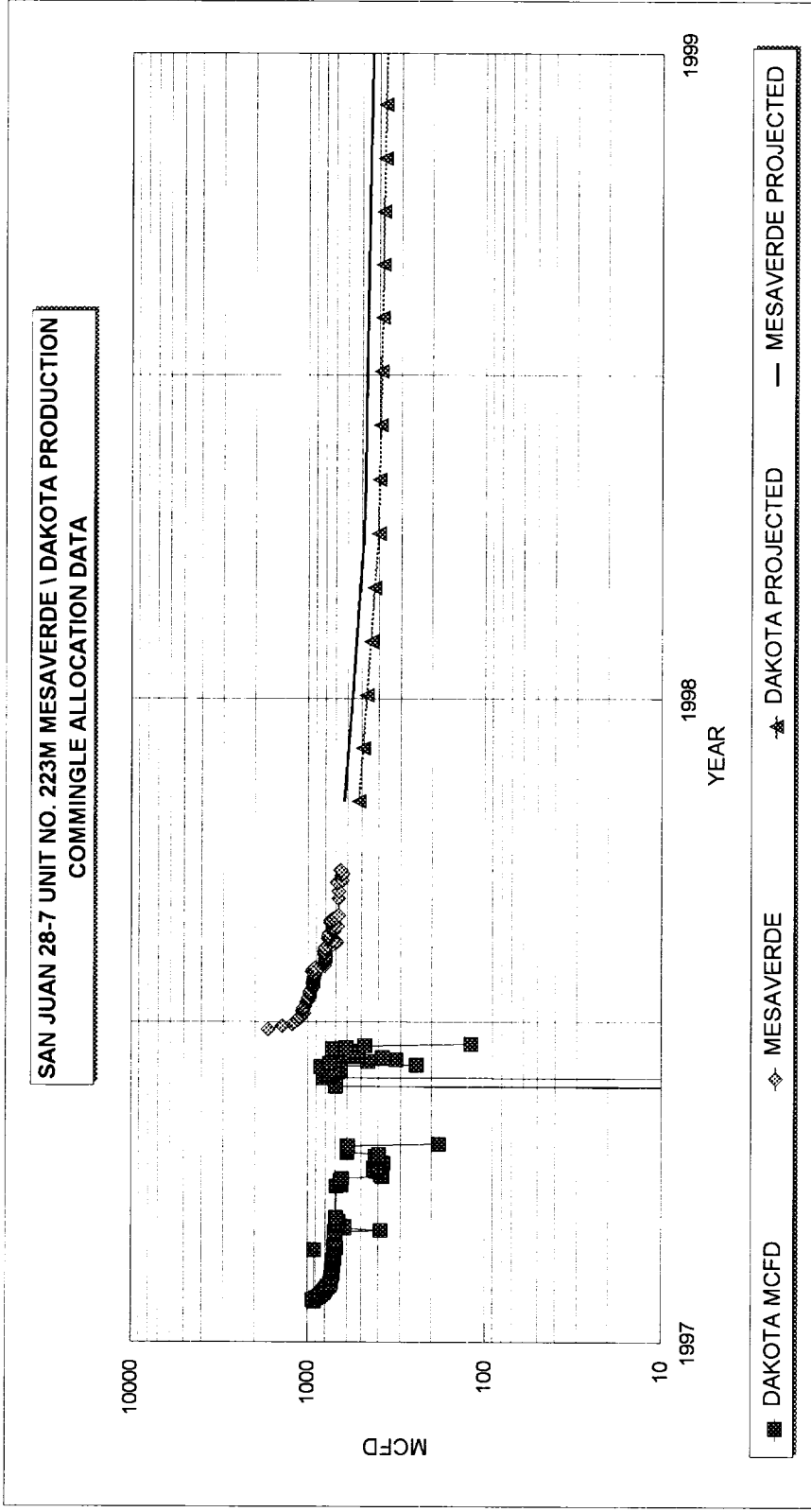
Based on these stabilized projections the following fixed allocation factors are recommended:

	<u>Gas</u>	<u>Oil</u>
Mesaverde	55%	71%
Dakota	45%	29%

If there are further questions concerning these factors, please contact me at (915) 686-6548.

Very truly yours,


Jerry W. Hoover
Sr. Conservation Coordinator



Normalized Oil Production			
	MV	DK	
	579 STBO	236 STBO	

FIXED COMMINGLE ALLOCATION		
	% MV	%DK
1/1998	55%	45%
6/1998	55%	45%
12/1998	55%	45%
6/1999	55%	45%

	MV MCFD	DK MCFD	TOTAL
1/1998	567	469	1036
6/1998	477	395	873
12/1998	232	192	423
6/1999	217	179	396

FIXED ALLOCATION GAS	→	MV	71%	DK	29%
FIXED ALLOCATION OIL	→				