NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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JENNIFER A. SALISBURY
CABINET SECRETARY

October 3, 1997

Mr Jerry Hoover
Senior Conservation Coordinator
Conoco Inc
10 Desta Dr Ste 100W
Midland TX 79705-4500

Re: San Juan 28-7 Unit #258M, E-23-28N-07W, API- 30-039-25557

Dear Mr. Hoover:

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

	Gas	Oil
Blanco Mesaverde	69%	91%
Basin Dakota	31%	9%

Yours truly,

Ernie Busch
District Geologist/Deputy O&G Inspector

EB/sh

cc: well file

28725SM-dhc

conoco

Mid-Continent Region
Exploration/Production

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

30-039-25557

September 19, 1997

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

RE: ALLOCATION METHOD for Downhole Commingling
Blanco Mesaverde and Basin Dakota Production
in the San Juan 28-7 Unit No. 258 M

Dear Mr. Chavez,

This well was initially drilled and completed in the Dakota. After producing for 89 days, a plug was set over the Dakota and the Mesaverde was completed and produced for an additional 89 days. The attached plat shows the production volumes for each of these isolated test periods which were performed sequentially. However, these separate, isolated tests have been superimposed in the attached plat so they can be compared and evaluated for allocation purposes.

The Dakota production, represented by the square symbols, stabilized at a steady rate after only a few days. The Mesaverde production, represented by the diamonds at the top of the plat, stabilized within 30 days. The erratic data in both zones is associated with operational problems and should be discounted in the evaluation of allocation.

The triangles represent the percent of production attributed to Mesaverde production when the two test periods are compared day by day. The best fit average shows the Mesaverde to be producing 68% of the total gas volume.

Conoco believes that the stabilized production levels exhibited during the latter portion of both production test periods allow for the assignment of fixed allocation factors for the downhole commingling for this well. Therefore it is proposed that the gas be allocated by using the best fit average of 68% for the Mesaverde and 32% for the Dakota.

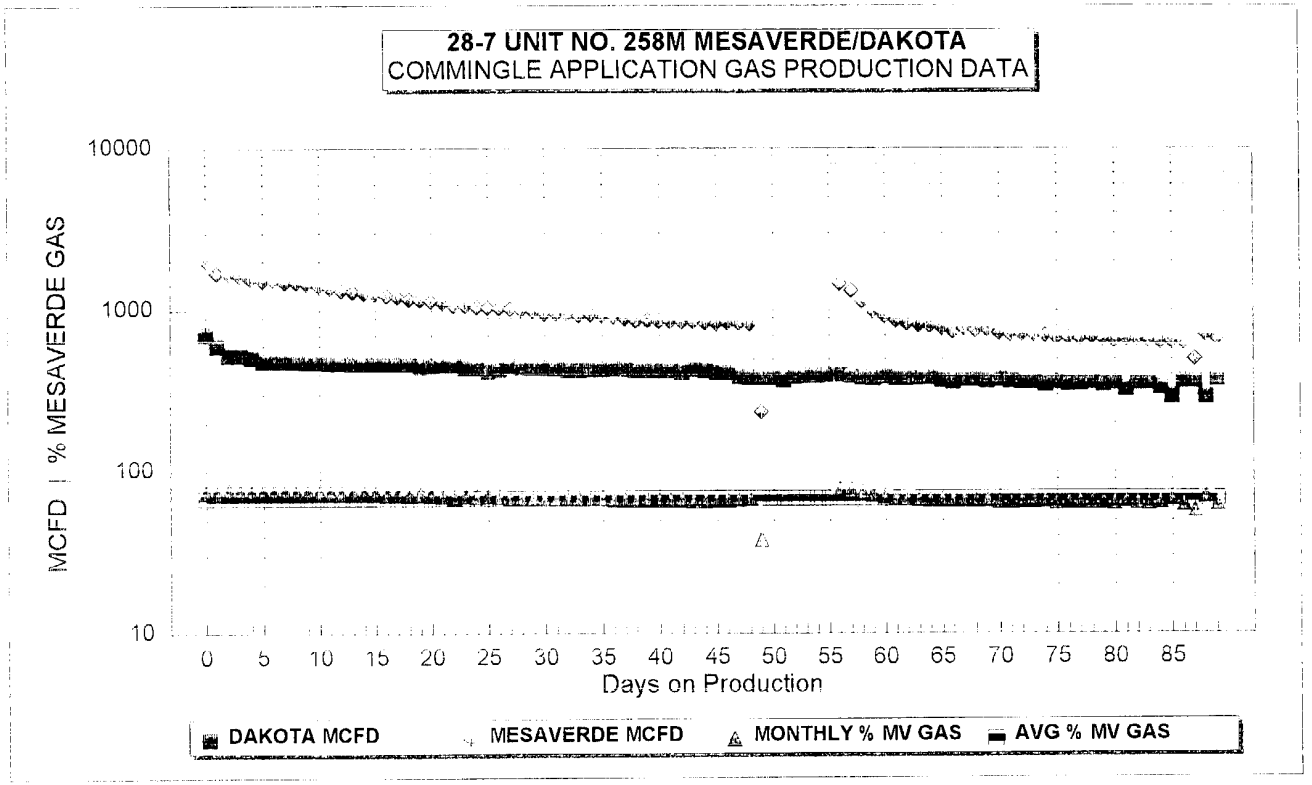
Allocation percentages for oil volumes, which are small, were based on the percentage split of cumulative oil production for each zone with 91% allocated to the Mesaverde and 9% to the Dakota. In summary, approval is requested for the following fixed allocation factors:

	Gas	Oil
Mesaverde	69%	91%
Dakota	31%	9%

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

Very truly yours,

Jerry W. Hoover
Sr. Conservation Coordinator



MESAVERDE GAS CUM:	82.54 MMCF	MESAVERDE OIL CUM:	833 STBO
DAKOTA GAS CUM:	37.65 MMCF	DAKOTA OIL CUM:	77 STBO

FIXED COMMINGLE ALLOCATION FACTORS:		
	GAS	OIL
MESAVERDE:	69%	91%
DAKOTA:	31%	9%