NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
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

February 10, 1998

Kay Maddox
10 Desta Dr Ste 100W
Midland TX 79705-4500

Re: San Juan 28-7 Unit #227M, J-36-28N-07W, API# 30-039-25661, DHC

Dear Ms. Maddox:

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

	Gas	Oil
Blanco Mesaverde	56%	82%
Basin Dakota	44%	18%

Future filings must include the well API number and Unit Letter, Section,Township and Range. If you have questions, please contact me.

Yours truly,

Ernie Busch
District Geologist/Deputy O&G Inspector

EB/sh

cc: Duane Spencer-BLM Farmington
well file

2872270M.dbc

conoco

Mid-Continent Region
Exploration/Production

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

30-039-25661
J-36-28N-07W

January 29, 1998

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

RE: Allocation for Downhole Commingling
Blanco Mesaverde (72319) Basin Dakota (71599)
San Juan 28-7 Unit Well # 227M
Rio Arriba, New Mexico

Dear Mr. Chavez,

The subject well was approved for downhole commingling by Administrative Order # DHC 1739 prior to being completed. 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, July 18, 1997. After producing for about 4 months a plug was set over the Dakota and the Mesaverde was completed November 9, 1997. The Mesaverde was produced for about 3 months until production was stabilized. The attached plat shows 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 symbol represents Dakota production which stabilized quickly and 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:

	GAS	OIL
Mesaverde	56%	82%
Dakota	44%	18%

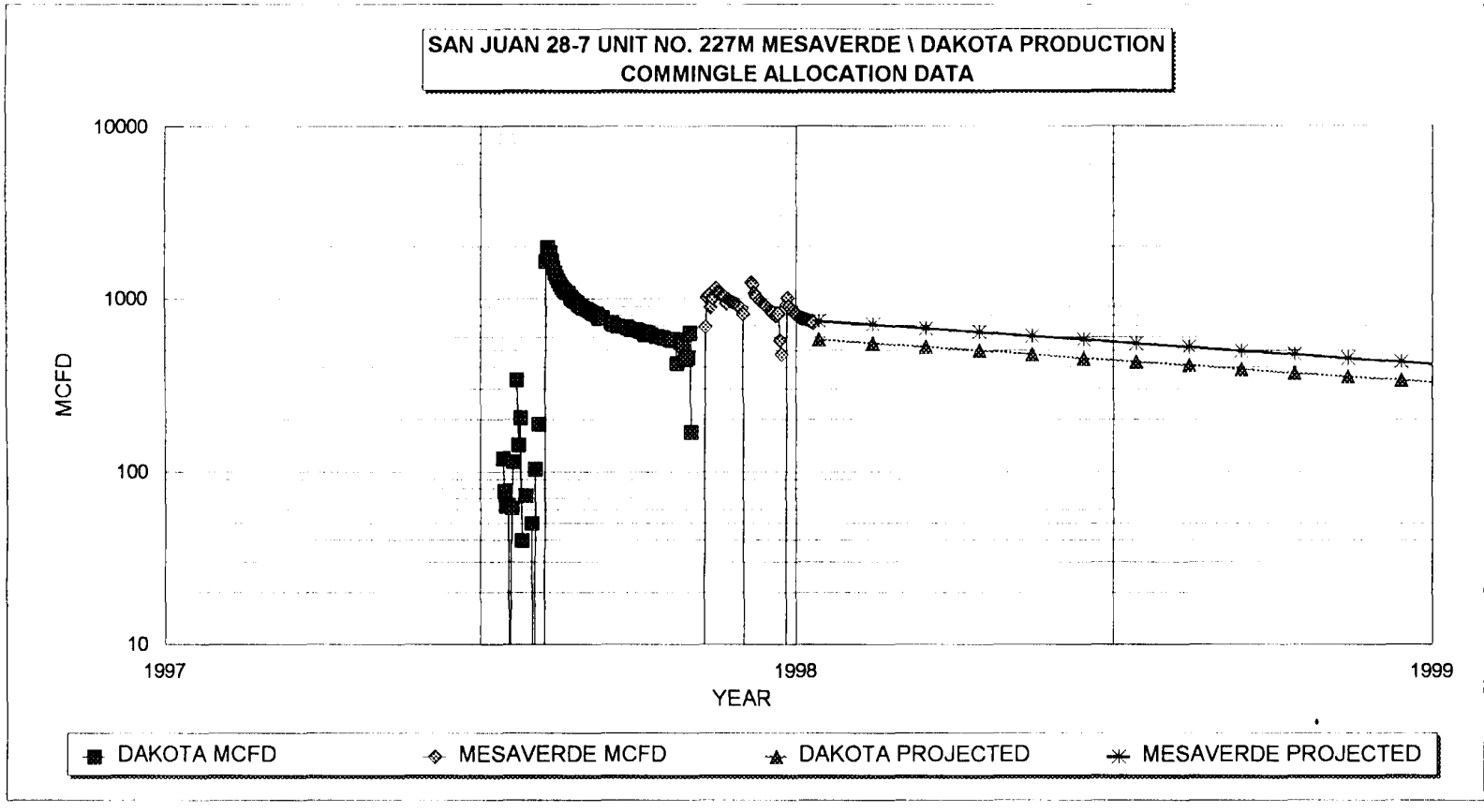
Mid-Continent Region
Exploration/Production

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

If there are further questions concerning these factors, please contact me at (915) 686-5798. Thank you.

Sincerely yours,

Kay Maddox
Regulatory Agent



	MV MCFD	DK MCFD	TOTAL	FIXED COMMINGLE ALLOCATION % MV	FIXED COMMINGLE ALLOCATION %DK	NORMALIZED OIL PROD. MV STBO	NORMALIZED OIL PROD. DK STBO
2/1998	707	553	1260	56%	44%	224	49

	% MV	%DK
FIXED ALLOCATION: GAS---------->	56%	44%
FIXED ALLOCATION: OIL---------->	82%	18%

01/28/98

287227M.WK4

Mid-Continent Region
Exploration/Production

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

January 29, 1998

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

RE: Allocation for Downhole Commingling
Blanco Mesaverde (72319) Basin Dakota (71599)
San Juan 28-7 Unit Well # 227M
Rio Arriba, New Mexico

Dear Mr. Chavez,

The subject well was approved for downhole commingling by Administrative Order # DHC 1739 prior to being completed. 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, July 18, 1997. After producing for about 4 months a plug was set over the Dakota and the Mesaverde was completed November 9, 1997. The Mesaverde was produced for about 3 months until production was stabilized. The attached plat shows 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 symbol represents Dakota production which stabilized quickly and 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:

	GAS	OIL
Mesaverde	56%	82%
Dakota	44%	18%

Mid-Continent Region
Exploration/Production

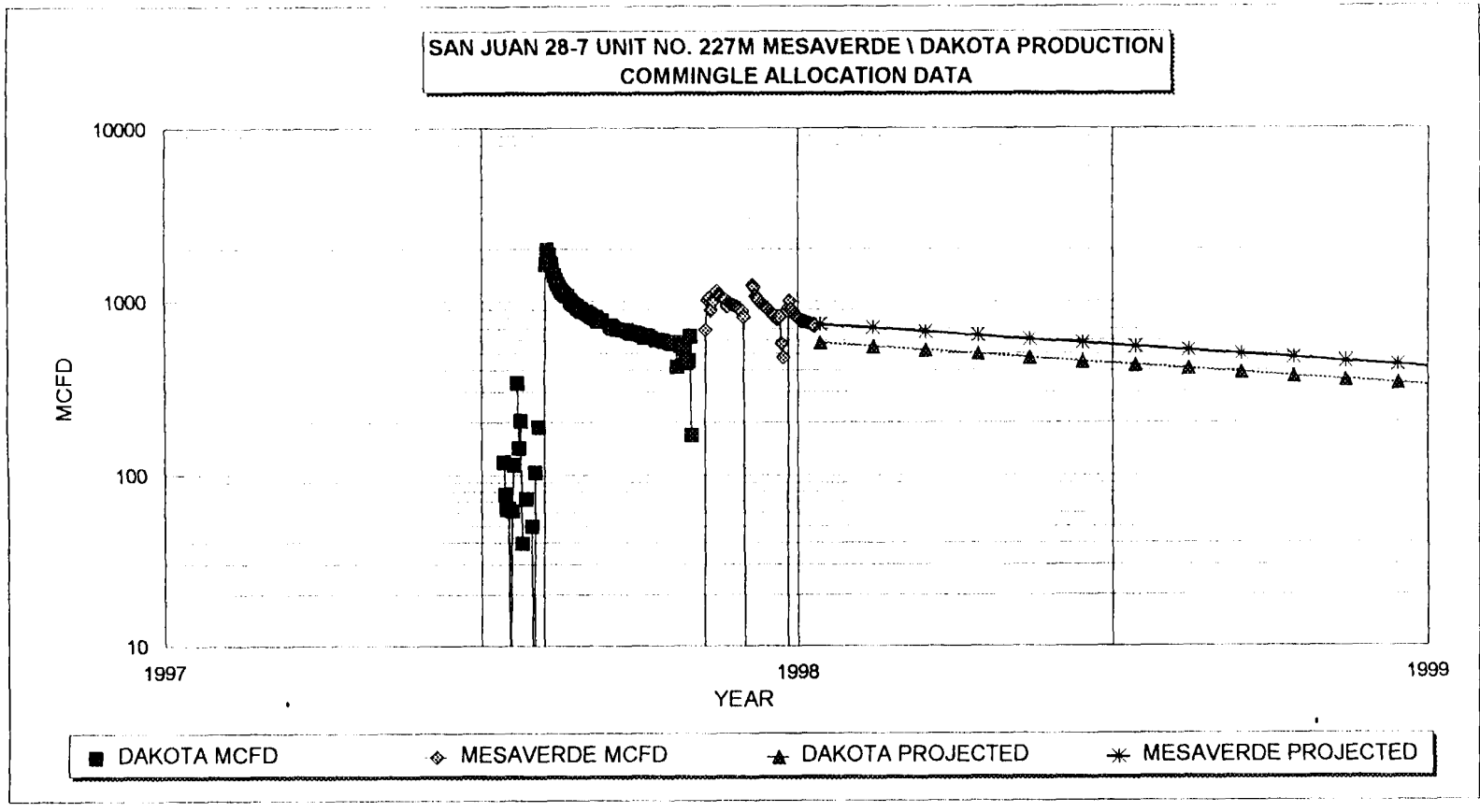
Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

If there are further questions concerning these factors, please contact me at (915) 686-5798. Thank you.

Sincerely yours,

Kay Maddox
Regulatory Agent

PMS



	MV MCFD	DK MCFD	TOTAL
2/1998	707	553	1260

FIXED COMMINGLE ALLOCATION

% MV	%DK
56%	44%

NORMALIZED OIL PROD.

MV STBO	DK STBO
224	49

	% MV	%DK
FIXED ALLOCATION: GAS---------->	56%	44%
FIXED ALLOCATION: OIL---------->	82%	18%