



August 17, 2001

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



RE: Allocation for Downhole Commingling  
San Juan 28-7 #238F  
API#30-039-26603  
Sec.29, T28N, R7W Unit N  
Blanco Mesaverde (72319) Basin Dakota (71599)

Mr. Chavez

DHC 236 AZ

The Mesaverde was tested in this well May 23, 2001. This well was also commingled in the Mesaverde and Dakota on June 1, 2001. Conoco Inc. requests that production from this well be allocated as indicated by the test data below:

Mesaverde (2 3/8" tubing at 4580')  
05/23/01 462 MCFD + 0 BOPD + 0 BWPD

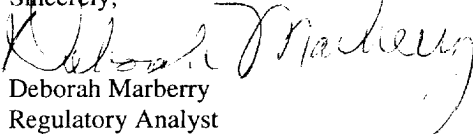
Commingled Dakota and Mesaverde (2 3/8" tubing at 6849')  
06/01/01 594 MCFD + 0 BOPD + 1 BWPD

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

<b>Fixed Allocation (Gas)</b>	<b>Dakota</b>	<b>22%</b>
	<b>Mesaverde</b>	<b>78%</b>
<b>Fixed Allocation (Oil)</b>	<b>Dakota</b>	<b>0%</b>
	<b>Mesaverde</b>	<b>0%</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