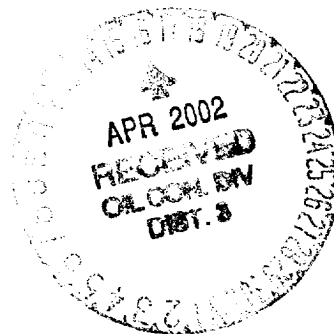




PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

April 15, 2002



NM Oil & Gas Conservation Division
Attn: Steve Hayden
1000 Rio Bravos Rd
Aztec, NM 87410

Ratio Method – San Juan 29-6 #86
Unit N, 790' FSL & 1800' FWL, Sec. 27, 29N, 6W
API # 30-039-07516 Arriba County, NM

Sf
Dear Mr. Hayden:

Phillips plans on using the ratio method from April 2002 production throughout the life of the well. Based on historical production values, we believe this will be the most accurate method of allocating production. Attached is the historical data that we used to determine the ratio of 81% to be allocated to the Mesaverde and 19% to be allocated to the Dakota for gas production. The oil production will be allocated at 100% Mesaverde and 0% Dakota.

If you have any questions, please call me at 505-599-3459.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Charlie Donahue

cc: Runell Seale – PPCo
Jim Lovato - BLM
David Valdez – BRI

San Juan 29-6 Unit #86 Monthly Production

Month	Total Well Production	Dakota Production	Days Produced	Dakota Daily	Mesaverde Production	Days Produced	Mesaverde Daily	MV %
Sep-00	15,749	2,043	30	68	13,706	30	457	87.0%
Oct-00	14,001	2,102	31	68	11,899	31	384	85.0%
Nov-00	13,442	2,026	30	68	11,416	30	381	84.9%
Dec-00	11,281	2,058	31	66	9,223	31	298	81.8%
Jan-01	7,956	2,050	31	66	5,906	31	191	74.2%
Feb-01	12,960	2,035	28	73	10,925	28	390	84.3%
Mar-01	13,334	2,033	31	66	11,301	31	365	84.8%
Apr-01	9,339	2,023	30	67	7,316	30	244	78.3%
May-01	16,364	2,017	31	65	14,347	31	463	87.7%
Jun-01	8,917	2,008	30	67	6,909	30	230	77.5%
Jul-01	12,576	2,001	31	65	10,575	31	341	84.1%
Aug-01	9,408	1,993	31	64	7,415	31	239	78.8%
Sep-01	5,366	1,956	30	65	3,410	30	114	63.5%
Oct-01	417	97	31	3	320	31	10	76.7%
Nov-01	5,062	1,968	30	66	3,094	30	103	61.1%
Dec-01	7,098	1,962	31	63	5,136	31	166	72.4%
Jan-02	8,450	1,954	31	63	6,496	31	210	76.9%
Feb-02	6,729	1,939	28	69	4,790	28	171	71.2%
	178,449	34,265			144,184			

Total Mesaverde Production = 144,184 MCF
 Total Dakota Production = 34,265 MCF
 Total Production both zones = 178,449 MCF

Average Mesaverde Allocation since September 2000 = **81%**
 Average Dakota Allocation since September 2000 = **19%**

Note: 100% of the condensate production should be allocated to the Mesaverde

San Juan 29-6 Unit #86 Production

