



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

April 5, 2002



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

Ratio Method – San Juan 29-6 #98
Unit K, 1850' FSL & 1850' FWL, Sec. 26 29N, 6W
API # 30-039-20297, Rio Arriba County, NM

Dear Mr. Hayden:

Phillips plans on using the ratio method from March 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 74% to be allocated to the Mesaverde and 26% 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
David Valdez – BRI

San Juan 29-6 Unit #98 Monthly Production

<u>Month</u>	<u>Total Well Production</u>	<u>Dakota Production</u>	<u>Days Produced</u>	<u>Dakota Daily</u>	<u>Mesaverde Production</u>	<u>Days Produced</u>	<u>Mesaverde Daily</u>	<u>MV %</u>
May-01	6,308	1,837	31	59	4,471	31	144	70.9%
Jun-01	8,631	2,019	30	67	6,612	30	220	76.6%
Jul-01	8,560	1,949	31	63	6,611	31	213	77.2%
Aug-01	2,133	1,969	31	64	164	31	5	7.7%
Sep-01	5,575	1,929	30	64	3,646	30	122	65.4%
Oct-01	8,444	1,924	31	62	6,520	31	210	77.2%
Nov-01	8,171	1,919	30	62	6,252	30	208	77.1%
Dec-01	8,771	1,911	31	64	6,860	31	221	77.6%
Jan-02	8,689	1,965	31	63	6,724	31	217	77.4%
Feb-02	7,646	1,867	28	60	5,779	28	186	75.6%
	72,928	19,289			53,639			

Total Mesaverde Production = 53,639 MCF
 Total Dakota Production = 19,289 MCF
 Total Production both zones = 72,928 MCF

Average Mesaverde Gas Allocation since May 2001 = **74%**
 Average Dakota Gas Allocation since May 2001 = **26%**

Note: 100% of the Oil/Condensate production should continue to be allocated to the Mesaverde.

San Juan 29-6 Unit #98 Production

