



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

August 12, 2002

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

Ratio Method – San Juan 29-6 Unit #102
Unit G, 1650' FNI 7 1750' FEL, Sec. 10 29N, 6W
API # 30-039-20365 Rio Arriba County, NM

Dear Mr. Hayden:

Phillips plans on using the ratio method from July 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 86% to be allocated to the Mesaverde and 14% 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

DHC 101A2

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

San Juan 29-6 Unit #102 Monthly Production

<u>Month</u>	<u>Total Well</u> <u>Production</u>	<u>Dakota</u> <u>Production</u>	<u>Days</u> <u>Produced</u>	<u>Dakota</u> <u>Daily</u>	<u>Mesaverde</u> <u>Production</u>	<u>Days</u> <u>Produced</u>	<u>Mesaverde</u> <u>Daily</u>	<u>MV</u> <u>%</u>
Sep-01	13,837	1,556	30	52	12,281	30	409	88.8%
Oct-01	13,606	1,543	31	50	12,063	31	389	88.7%
Nov-01	9,645	1,658	30	55	7,987	30	266	82.8%
Dec-01	11,576	1,653	31	53	9,923	31	320	85.7%
Jan-02	13,420	1,646	31	53	11,774	31	380	87.7%
Feb-02	12,051	1,625	28	58	10,426	28	372	86.5%
Mar-02	13,799	1,630	31	53	12,169	31	393	88.2%
Apr-02	8,929	1,620	30	54	7,309	30	244	81.9%
May-02	8,829	1,615	31	52	7,214	31	233	81.7%
Jun-02	9,559	1,605	30	54	7,954	30	265	83.2%
	115,251	16,151			99,100			

Total Mesaverde Production = 99,100 MCF

Total Dakota Production = 16,151 MCF

Total Production both zones = 115,251 MCF

Average Mesaverde Allocation since Sept 2001 = **86%**

Average Dakota Allocation since Sept 2001 = **14%**

San Juan 29-6 Unit #102 Production

