



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

July 31, 2001

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

Recommended Final Allocation Method
Ratio Method – San Juan 29-6 Unit #53A
Unit O, 800' FSL & 1570' FEL, Sec. 31, T29N, R6W
API 30-039-21086; Rio Arriba County, NM

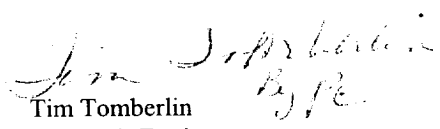
Dear Mr. Hayden:

Phillips plans on using the ratio method from June 2001 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 72% to be allocated to the Pictured Cliffs, with 28% allocated to the Mesaverde

 If you have any questions, please call me at 505-599-3474.

Sincerely,

PHILLIPS PETROLEUM COMPANY


Tim Tomberlin
Reservoir Engineer

cc: Trish Stuart
Jim Lovato – BLM
David Valdez - Burlington



San Juan 29-6 Mesaverde #53A

Monthly Production

Month	Total Well Production	Pictured Cliffs Production	Days Produced	PC Daily	Mesaverde Production	Days Produced	Mesaverde Daily	MV %
Apr-00	17,525	12114	30	404	5411	30	180	30.9%
May-00	20,747	12251	31	395	8496	31	274	41.0%
Jun-00	18,456	11763	30	392	6693	30	223	36.3%
Jul-00	16,606	11737	31	379	4869	31	157	29.3%
Aug-00	15,157	11424	31	369	3733	31	120	24.6%
Sep-00	12,867	10973	30	366	1894	30	63	14.7%
Oct-00	14,571	10953	31	353	3618	31	117	24.8%
Nov-00	14,123	10523	30	351	3600	30	120	25.5%
Dec-00	12,606	10653	31	344	1953	31	63	15.5%

Total Mesaverde Production = 40267
 Total Picture Cliffs Production = 102391
 Total Production both zones = 142658

Average Mesaverde Allocation since August 2000 = 28%
 Average Picture Cliffs Allocation since August 2000 = 72%

San Juan 29-6 #53A Mesaverde Production

