



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

September 24, 2002

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

Ratio Method – San Juan 29-6 #25A
Unit O, 1150' FSL & 1460' FEL, Sec. 32 29N, 6W
API # 30-039-21092 Rio Arriba County, NM

Dear Mr. Hayden:

Phillips plans on using the ratio method from September 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 62% to be allocated to the Mesaverde and 38% to be allocated to the Pictured Cliffs for gas production. The oil production will be allocated at 100% Mesaverde and 0% Pictured Cliffs.

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 #25A Monthly Production

Month	Total Well Production	PC Production	Days Produced	PC Daily	Mesaverde Production	Days Produced	Mesaverde Daily	MV %
Aug-01	7,860	5,598	31	181	2,262	31	73	28.8%
Sep-01	13,161	10,918	30	364	2,243	30	75	17.0%
Oct-01	11,911	4,331	31	140	7,580	31	245	63.6%
Nov-01	9,504	2,244	30	75	7,260	30	242	76.4%
Dec-01	11,191	3,766	31	121	7,425	31	240	66.3%
Jan-02	10,546	3,197	31	103	7,349	31	237	69.7%
Feb-02	7,440	870	28	31	6,570	28	235	88.3%
Mar-02	10,414	3,213	31	104	7,201	31	232	69.1%
Apr-02	9,579	2,680	30	89	6,899	30	230	72.0%
May-02	9,656	2,599	31	84	7,057	31	228	73.1%
Jun-02	9,982	3,220	30	107	6,762	30	225	67.7%
Jul-02	10,649	3,731	31	120	6,918	31	223	65.0%
	121,893	46,367			75,526			

Total Mesaverde Production = 75,526 MCF
 Total Pictured Cliffs Production = 46,367 MCF
 Total Production both zones = 121,893 MCF

Average Mesaverde Allocation since August 2001 = **62%**
 Average Pictured Cliffs Allocation since August 2001 = **38%**

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

