



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

January 26, 2001

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

Recommended Allocation Method
Ratio Method - San Juan 29-5 Unit #32M
Unit D, 820' FNL & 790' FWL, Sec. 29, T29N, R5W
API - 30-039-25817

Dear Mr. Chavez:

Phillips plans on using the ratio method from January 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 84% to be allocated to the Mesaverde and 16% allocated to the Dakota.

If you have any questions, please call me at 505-599-3423.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Clint Hutchinson
Reservoir Engineer

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

**San Juan 29-5 Mesaverde #32M
Monthly Production**

Month	Total Well Production	Dakota Production	Days Produced	Dakota Daily	Mesaverde Production	Days Produced	Mesaverde Daily	MV %
Jan-00	16,726	2,879	31	93	13,847	31	447	82.8%
Feb-00	17,433	2,598	29	90	14,835	29	512	85.1%
Mar-00	18,995	2,858	31	92	16,137	31	521	85.0%
Apr-00	18,090	2,754	30	92	15,336	30	511	84.8%
May-00	18,541	2,836	31	91	15,705	31	507	84.7%
Jun-00	17,258	2,734	30	91	14,524	30	484	84.2%
Jul-00	17,365	2,815	31	91	14,550	31	469	83.8%
Aug-00	17,201	2,712	31	87	14,489	31	467	84.2%
Sep-00	15,688	2,614	30	87	13,074	30	436	83.3%
Oct-00	16,946	2,689	31	87	14,257	31	460	84.1%
Nov-00	15,159	2,594	30	86	12,565	30	419	82.9%
Dec-00	-	-	30	0	-	30	-	-

* These volumes are not converted to 14.65 pressure base; all other volumes are

Twelves months prior to workover average Mesaverde allocation =

84%

San Juan 29-5 #32M Mesaverde Production

