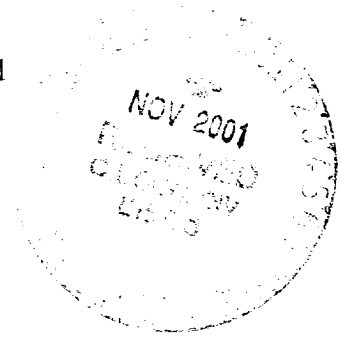




PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY 64 NBU 3004

November 28, 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 #31B
Unit E, 1330' FNL & 125' FWL, Sec. 10, 29N, 6W
API#-30-039-26197; Rio Arriba County, NM

Dear Mr. Hayden:

SK
Phillips plans on using the ratio method from December 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 60% to be allocated to the Mesaverde and 40% to be allocated to the Dakota.

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 #31B
Monthly Production
API #3003926197

<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>
Dec-00	8,327	3,152	31	102	5,175	31	167	62.1%
Jan-01	7,268	3,034	31	98	4,234	31	137	58.3%
Feb-01	6,450	3,104	28	111	3,346	28	120	51.9%
Mar-01	8,290	2,997	31	97	5,293	31	171	63.8%
Apr-01	8,010	3,072	30	102	4,938	30	165	61.6%
May-01	8,329	3,057	31	99	5,272	31	170	63.3%
Jun-01	7,914	3,033	30	101	4,881	30	163	61.7%
Jul-01	4,350	2,984	31	96	1,366	31	44	31.4%
Aug-01	8,502	2,999	31	97	5,503	31	178	64.7%
Sep-01	8,176	2,978	30	99	5,198	30	173	63.6%
	75,616	30,410			45,206			

Total Mesaverde Production = 45,206 MCF
Total Dakota Production = 30,410 MCF
Total Production both zones = 75,616 MCF

Average Mesaverde Allocation since December 2001 = **60%**
Average Dakota Allocation since December 2001 = **40%**

