



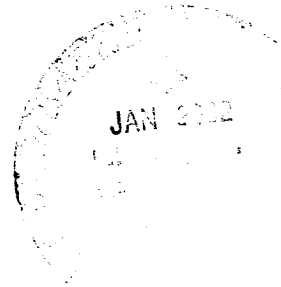
United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
3162.7 (07100)
January 22, 2002

Phillips Petroleum Company
5525 Highway 64 NBU 3004
Farmington, NM 87401



RE: Unacceptable Allocation Factors

Dear Mr. Donahue:

We have received your allocation factors and your Application to Downhole Commingle the well listed below. After review, we disagree with your submitted allocation factors because production data was available for oil and needs an allocation.

Unacceptable Allocation Factors

Well Name	Lease	Location	API#	Formation Allocation	Formation Allocation
San Juan 29-5 #70M	FEE	O sec 28, T29N, R5W	30039-26299	MV gas 77% oil 0%	DK gas 23% oil 0%

It is required that you review and resubmit revised allocation factors. If you have any questions, please contact Adrienne Garcia at (505) 599-6358 or the undersigned with this office at (505) 599-6367.

Under the provisions of 43 CFR 3165.3, you may request an Administrative Review of any instructions, orders, or decisions issued by the Authorized Officer. Such a request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such a request will not result in a suspension of the instructions, orders, or decision unless the reviewing official so determines. Procedures governing appeals from the instructions, orders, or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

Sincerely,

Jim Lovato
Team Leader, Petroleum Management Team

cc: NMOCD, Santa Fe, NM
NMOCD, Aztec, NM

bcc: T&R file, MV(NMNM78415A), DK(NMNM78415B)
DOMR
07100:AGarcia:1/22/02:x6358:Phillips