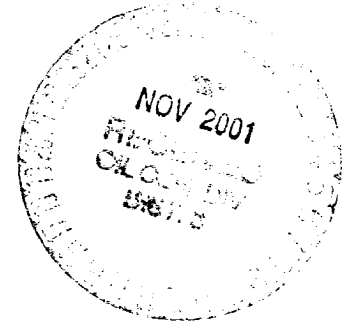




PHILLIPS PETROLEUM COMPANY

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 29-5 #66M
Unit E, 2110' FNL & 925' FWL, Sec. 33, 29N, 5W
API# 30-039-26301; Rio Arriba County, NM

AK
Dear Mr. Hayden:

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 62% to be allocated to the Mesaverde and 38% to be allocated to the Dakota.

If you have any questions, please call me at 505-599-3459.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Charlie Donahue

DHIC - 157AZ
cc: Runell Seale – PPCo
Jim Lovato – BLM
David Valdez – BRI

San Juan 29-5 Unit #66M Monthly Production

<u>Month</u>	<u>Total Well Production</u>	<u>Dakota Production</u>	<u>Days Produced</u>	<u>Dakota Daily</u>	<u>Mesaverde Production</u>	<u>Days Produced</u>	<u>Mesaverde Daily</u>	<u>MV %</u>
Dec-00	20,991	6,419	31	207	14,572	31	470	69.4%
Jan-01	24,423	6,322	31	204	18,101	31	584	74.1%
Feb-01	19,611	5,627	28	201	13,984	28	499	71.3%
Mar-01	20,940	6,142	31	198	14,798	31	477	70.7%
Apr-01	14,964	5,857	30	195	9,107	30	304	60.9%
May-01	5,856	2,304	31	74	3,552	31	115	60.7%
Jun-01	7,672	5,687	30	190	1,985	30	66	25.9%
Jul-01	6,639	5,793	31	187	846	31	27	12.7%
Aug-01	11,884	5,707	31	184	6,177	31	199	52.0%
Sep-01	13,168	5,445	30	182	7,723	30	257	58.6%
	146,148	55,303			90,845			

Total Mesaverde Production = 90,845 MCF
 Total Dakota Production = 55,303 MCF
 Total Production both zones = 146,148 MCF

Average Mesaverde Allocation since December 2001 = **62%**
 Average Dakota Allocation since December 2001 = **38%**

San Juan 29-5 Unit #66M Production

