



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

October 10, 2002



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

HH

Ratio Method – San Juan 29-6 #100M
Unit C, 1164' N & 1844' W, Sec. 35, 29N, 6W
API # 30-039-26337 Rio Arriba County, NM

Dear Mr. Hayden:

Phillips plans on using the ratio method from October 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 60% to be allocated to the Mesaverde and 40% to be allocated to the Dakota for gas production. The oil production will be allocated at 100% Mesaverde and 0% Dakota.

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

Sincerely,

PHILLIPS PETROLEUM COMPANY

Charlie Donahue

cc: Runell Seale – PPCo
David Valdez – BRI

San Juan 29-6 Unit #100M **Monthly Production**

<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>
Oct-01	19,775	8,516	24	355	11,259	24	469	56.9%
Nov-01	20,016	8,620	30	359	11,396	30	380	51.4%
Dec-01	17,429	7,507	31	250	9,922	31	320	56.1%
Jan-02	15,408	6,638	31	214	8,770	31	283	56.9%
Feb-02	14,154	6,098	28	197	8,056	28	288	59.4%
Mar-02	14,497	1,797	31	64	12,700	31	410	86.5%
Apr-02	14,168	6,105	30	197	8,063	30	269	57.7%
May-02	14,232	6,133	31	204	8,099	31	261	56.1%
Jun-02	10,309	4,445	30	143	5,864	30	195	57.7%
Jul-02	14,092	6,073	31	202	8,019	31	259	56.1%
Aug-02	12,531	5,402	31	174	7,129	31	230	56.9%
	166,611	67,334			99,277			

Total Mesaverde Production = 99,277 MCF
Total Dakota Production = 67,334 MCF
Total Production both zones = 166,611 MCF

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

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

