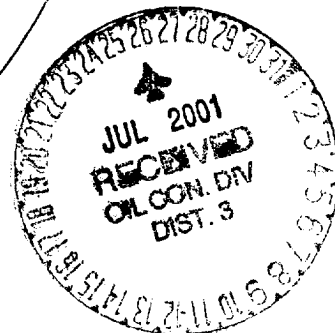




PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

July 24, 2001



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

Recommended Allocation Method based on
Historical Production Values - San Juan 30-5 Unit #112
Unit O, 1190' FSL & 1730' FEL, Sec. 12, 30N 5W
API-30-039-26159

Dear Mr. Hayden:

Phillips plans on using the ratio method from June 2001 production through 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 80% to be allocated to Mesaverde, with 20% allocated to the Dakota.

If you have any questions, please call me at 505-599-3455.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Eric Dahlgren
Reservoir Engineer

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

DHLC2702

San Juan 30-5 Mesaverde #112

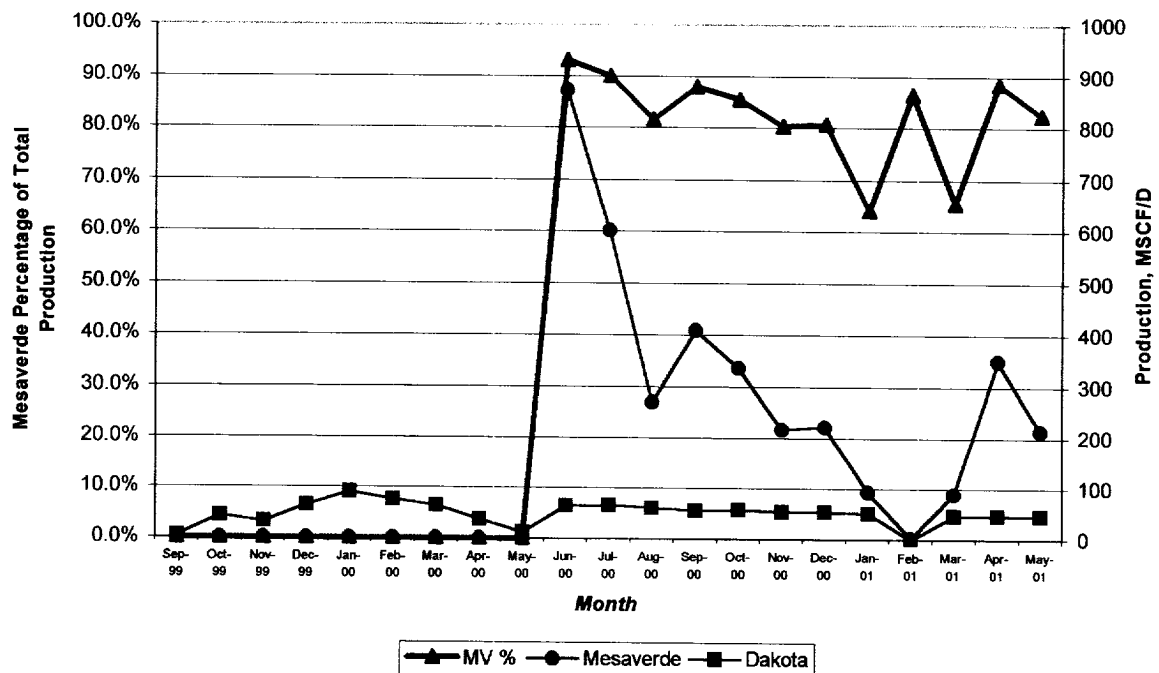
Monthly Production

Month	Total Well Production	Dakota Production	Days Produced	Dakota Daily	Mesaverde Production	Days Produced	Mesaverde Daily	MV %
Sep-99	161	161	30	5	0	30	0	0.0%
Oct-99	1,350	1350	31	44	0	31	0	0.0%
Nov-99	978	978	30	33	0	30	0	0.0%
Dec-99	1,989	1989	31	64	0	31	0	0.0%
Jan-00	2,827	2827	31	91	0	31	0	0.0%
Feb-00	2,198	2198	29	76	0	29	0	0.0%
Mar-00	1,995	1995	31	64	0	31	0	0.0%
Apr-00	1,102	1102	30	37	0	30	0	0.0%
May-00	395	395	31	13	0	31	0	0.0%
Jun-00	28,089	1933	30	64	26156	30	872	93.1%
Jul-00	20,016	1989	30	66	18027	30	601	90.1%
Aug-00	10,253	1890	31	61	8363	31	270	81.6%
Sep-00	14,889	1795	32	56	13094	32	409	87.9%
Oct-00	12,955	1876	33	57	11079	33	336	85.5%
Nov-00	9,137	1809	34	53	7328	34	216	80.2%
Dec-00	9,591	1862	35	53	7729	35	221	80.6%
Jan-01	5,163	1855	36	52	3308	36	92	64.1%
Feb-01	96	13	37	0	83	37	2	86.5%
Mar-01	5,115	1765	38	46	3350	38	88	65.5%
Apr-01	15,397	1775	39	46	13622	39	349	88.5%
May-01	10,391	1828	40	46	8563	40	214	82.4%

Average Mesaverde Allocation since August 2000 = **80%**

Average Dakota Allocation since August 2000 = **20%**

San Juan 30-5 #112





Jan 3, 2002

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:
SF-0080537

JAN - 2 2002



3162.7 (07100)

Tim Tomberlin
Phillips Petroleum Company
5525 Hwy. 64 NBU 3004
Farmington, NM 87401

San Juan 30-5 Unit # 112
Unit O, 1190' FSL & 1730' FEL, Sec 12, T-30-N, R-5-W
API - 30-039-26159; Rio Arriba County, NM

Dear Mr. Tomberlin:

Reference is made to your application for down hole commingling of gas from the Mesaverde and Dakota formations. We have received your final (Ratio Method) allocation factors for this well. After reviewing the production histories for this well and wells in the vicinity, we agree with your allocations factors established for this well.

<u>FORMATION</u>	<u>GAS</u>
DAKOTA	20%
MESAVERDE	80%

Commingled production from each zone must be reported in accordance with the allocation factors identified above. The effective date will be the date downhole commingling actually occurs.

If you have any questions regarding the above, contact Matt Halbert at (505) 599-6350.

Sincerely

Jim Lovato

Senior Technical Advisor, Petroleum Management Team

cc:
NMOCD, Sante Fe, NM
NMOCD, Aztex, NM

bcc:
SF-080537