



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

October 16, 2002

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

Ratio Method – San Juan 30-5 #21A
Unit E, 1607' FNI 7 1006' FWL, Sec. 24, 30N, 5W
API # 30-039-26418 Rio Arriba County, NM

Dear Mr. Hayden:

Phillips plans on using the ratio method from November 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 97% to be allocated to the Mesaverde and 3% 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 505-599-3474.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Tim Tomberlin

cc: Runell Seale – PPCo
Jim Lovato – BLM
David Valdez – BRI

San Juan 30-5 Unit #21A Monthly Production

Month	Total Well Production	Dakota Production	Days Produced	Dakota Daily	Mesaverde Production	Days Produced	Mesaverde Daily	MV %
Nov-01	21,798	435	30	15	21,363	30	712	98.0%
Dec-01	28,639	437	31	14	28,202	31	910	98.5%
Jan-02	18,820	433	31	14	18,387	31	593	97.7%
Feb-02	13,941	411	28	15	13,530	28	483	97.1%
Mar-02	13,248	426	31	14	12,822	31	414	96.8%
Apr-02	11,825	416	30	14	11,409	30	380	96.5%
May-02	11,146	418	31	13	10,728	31	346	96.2%
Jun-02	13,218	410	30	14	12,808	30	427	96.9%
Jul-02	11,810	411	31	13	11,399	31	368	96.5%
Aug-02	10,810	409	31	13	10,401	31	336	96.2%
	155,255	4,206			151,049			

Total Mesaverde Production = 151,049 MCF
 Total Dakota Production = 4,206 MCF
 Total Production both zones = 155,255 MCF

Average Mesaverde Allocation since November 2001 = **97%**
 Average Dakota Allocation since November 2001 = **3%**

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

