



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
6525 HWY. 64 NBU 3004

NOV 15 1999

November 12, 1999

New Mexico Oil & Gas Conservation Div.
2040 South Pacheco
Santa Fe, New Mexico 87505-6429

Downhole Commingling Allocation Method
On the San Juan 29-5 #32M, 57M, and 67M

Dear Sirs:

Phillips Petroleum wishes to change the allocation method we proposed with our commingling application on the subject wells. We originally planned on completing the Mesaverde right after completing the Dakota interval, but this didn't happen. We have produced the Dakota zone on each of these wells between 6 and 8 months and will now be adding the Mesaverde pay. We feel the most accurate method of allocating production from these particular wells would be to use the subtraction method between 6 and 12 months and then utilize the ratio method. This will give the Mesaverde time to stabilize.

New Dakota forecasts for each of these wells are attached as well as a production plot on each. If you have questions or concerns about our plans please call me at 505-599-3455, I will be glad to discuss them with you.

Sincerely,

Phillips Petroleum Company

Mark Stodola

Mark Stodola
Reservoir Engineer

MS/pc

cc: OCD - Aztec
BLM - Farmington
NM Commissioner of Public Lands - Santa Fe

57m - DEC-2129
67m DEC 2131
32m DEC-2132

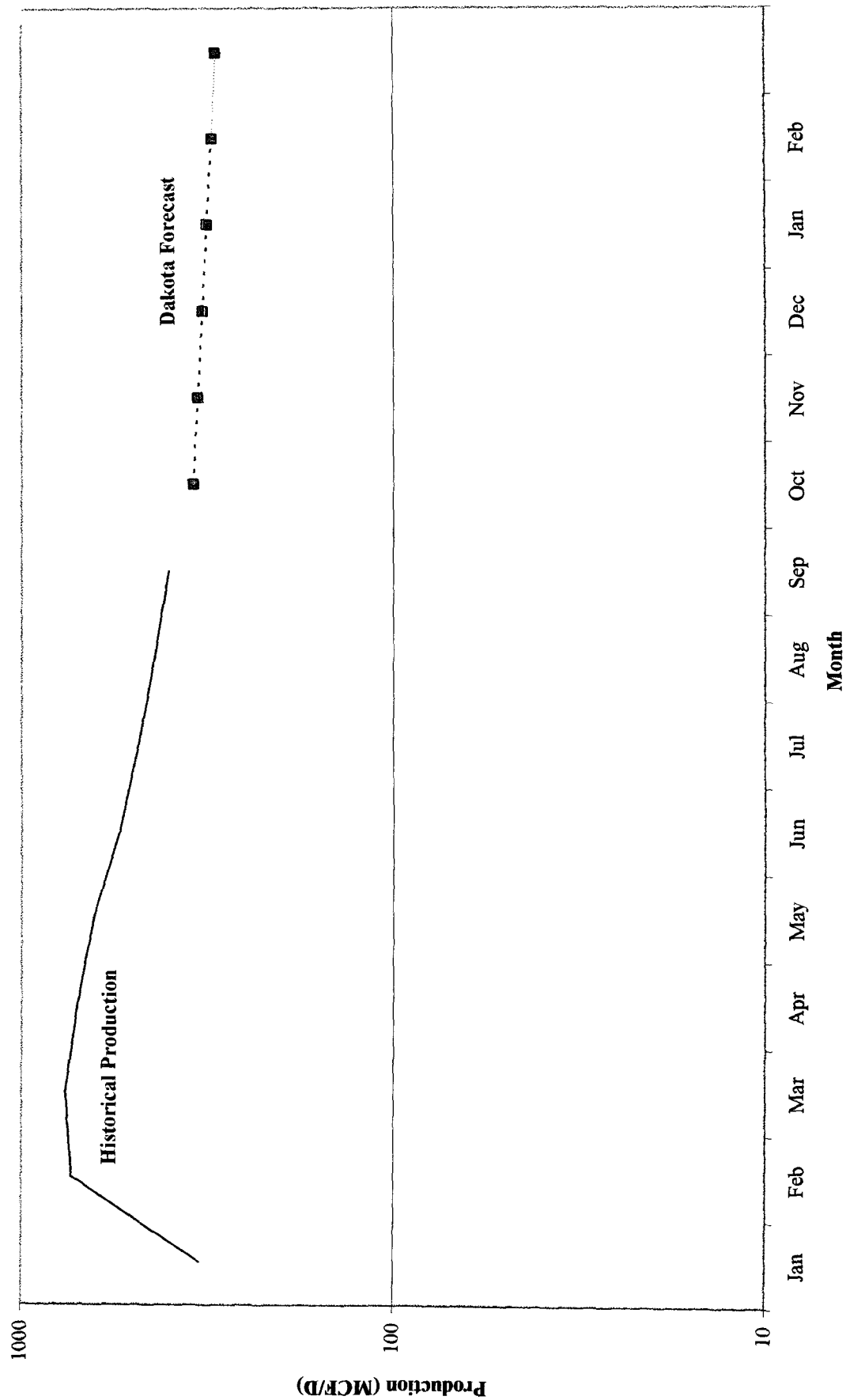
29-5 Unit #57M Dakota Forecast

<i>Initial Production Rate</i>	=	350 MCFD
<i>Hyperbolic Exponent</i>	=	0.33
<i>Decline Rate</i>	=	35 %

	Month	Monthly MCF
1999	Oct	10,691
	Nov	10,051
	Dec	10,092
2000	Jan	9,805
	Feb	8,618
	Mar	9,287
	Apr	8,742
	May	8,789
	Jun	8,278
	Jul	8,327
	Aug	8,104
	Sep	7,638
	Oct	7,688
	Nov	7,249
	Dec	7,300
2001	Jan	7,113
	Feb	6,269
	Mar	6,774

Use subtraction method for +/- 12 months based on this Dakota forecast.

San Juan 29-5 #57M Dakota Production Forecast



DHC-2129



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

November 30, 1998

Phillips Petroleum Company
5525 Highway 64, NBU 3004
Farmington, New Mexico 87401

Atten: Mr. Mark Stodola

Re: Application for Downhole Commingling
San Juan 29-5 Unit Well No. 57M
Unit Letter P, Section 20-29N-05W
Blanco Mesaverde and Basin Dakota Pools
Rio Arriba County, New Mexico

Dear Mr. Stodola:

Your application to downhole commingle the Blanco Mesaverde and Basin Dakota production from within the wellbore of the above-captioned well was received on November 2, 1998.

Since it appears that all the New Mexico Oil Conservation Division rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

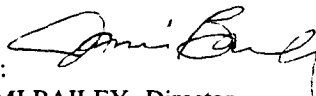
Please submit your \$30.00 dollar filing fee.

Also, please submit a copy of the Oil Conservation Division order approving this application.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil/Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

xc: Reader File OCD--Attention: David Catanach, Ben Stone

"WE WORK FOR EDUCATION"