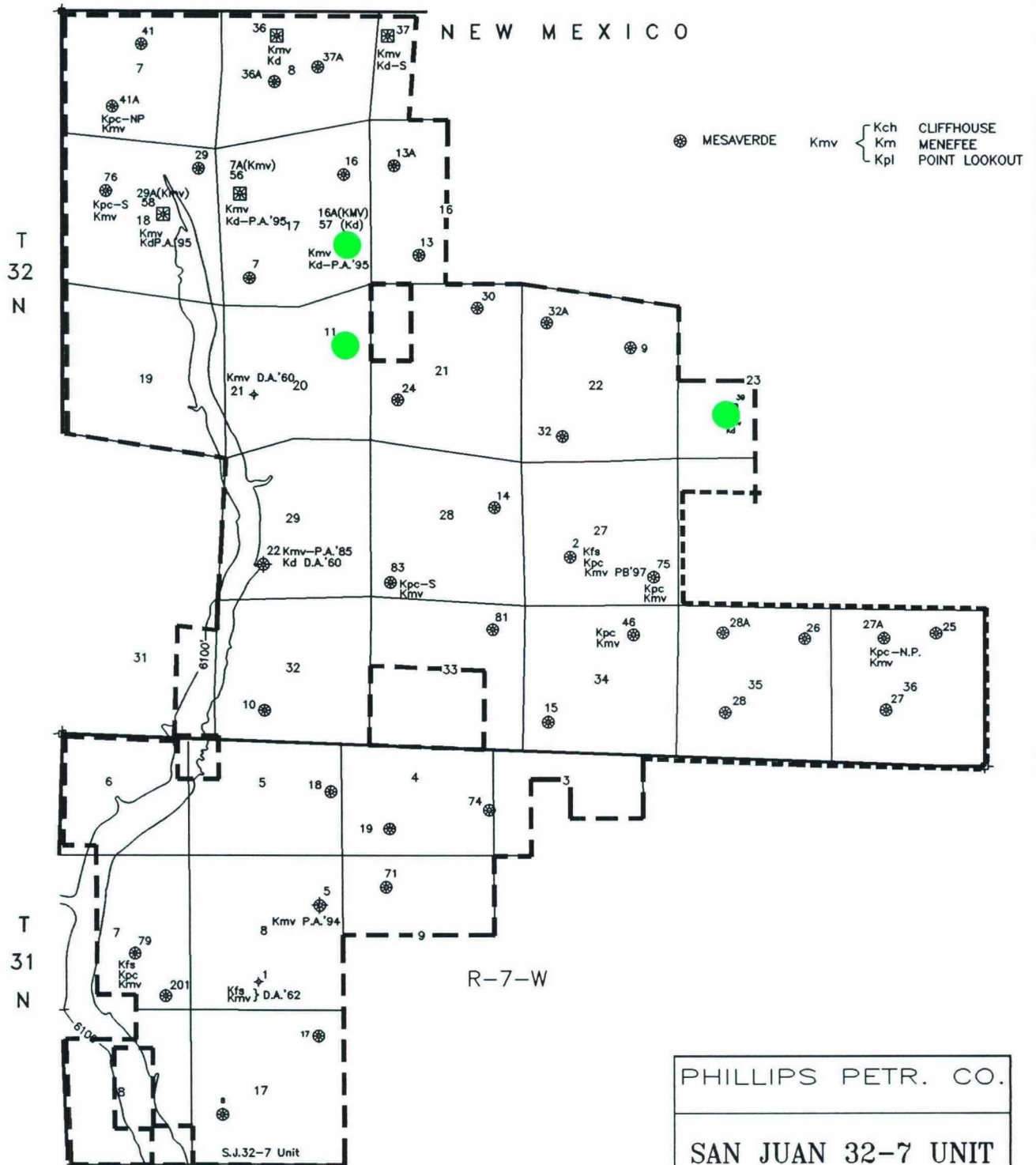


COLORADO
NEW MEXICO



PHILLIPS PETR. CO.

SAN JUAN 32-7 UNIT

SAN JUAN CO, NM

March 4, 1999

J. Hopkins

MESAVERDE FORMATION

	INITIAL		CURRENT		PROJECTED	PROJECTED
	WHSIP (PSI)	BHSIP (PSI)	WHSIP (PSI)	BHSIP (PSI)	Qi (MCFD)	EUR (BCF)
SAN JUAN 29-6 UNIT	1067	1280	417	500	363	0.74
SAN JUAN 31-6 UNIT	1083	1300	446	536	315	0.69
SAN JUAN 32-7 UNIT	1133	1360	482	578	204	0.61
SAN JUAN 32-8 UNIT	1125	1350	538	646	345	0.69

DAKOTA FORMATION

	INITIAL		CURRENT		PROJECTED	PROJECTED
	WHSIP (PSI)	BHSIP (PSI)	WHSIP (PSI)	BHSIP (PSI)	Qi (MCFD)	EUR (BCF)
SAN JUAN 29-6 UNIT	2608	3130	703	844	277	1.23
SAN JUAN 31-6 UNIT	2761	3313	1050	1260	335	1.69
SAN JUAN 32-7 UNIT	2658	3190	755	906	243	0.83
SAN JUAN 32-8 UNIT	2658	3190	876	1051	145	0.76

DRILLING AND COMPLETION COSTS CAPITAL EXPENSES (M\$)

MESAVERDE

DAKOTA

SINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	105.2	339.4	444.6	DRILL & COMPLETE	119.1	362.2	481.3
FACILITIES	22.6	16.4	39.0	FACILITIES	22.6	16.4	39.0
TOTAL	127.8	355.8	483.6	TOTAL	141.7	378.6	520.3
Two Singles (Dakota + Mesaverde)					1003.9		

DUAL COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	74.5	330.3	404.8	DRILL & COMPLETE	80.6	362.0	442.6
FACILITIES	22.6	16.4	39.0	FACILITIES	22.6	16.4	39.0
TOTAL	97.1	346.7	443.8	TOTAL	103.2	378.4	481.6
Dually Completed (Dakota + Mesaverde)					925.4		

COMMINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	51.7	284.5	336.2	DRILL & COMPLETE	69.7	280.3	350.0
FACILITIES	11.3	8.2	19.5	FACILITIES	11.3	8.2	19.5
TOTAL	63.0	292.7	355.7	TOTAL	81.0	288.5	369.5
Commingled Completion (Dakota + Mesaverde)					725.2		

MESAVERDE OPERATING COSTS (\$/YR)

	SINGLE COMPLETION	DUAL COMPLETION	COMMINGLE COMPLETION
SAN JUAN 29-6 UNIT	7350	6620	5510
SAN JUAN 31-6 UNIT	5540	4990	4160
SAN JUAN 32-7 UNIT	6900	6210	5180
SAN JUAN 32-8 UNIT	6220	5600	4670

DAKOTA OPERATING COSTS (\$/YR)

	SINGLE COMPLETION	DUAL COMPLETION	COMMINGLE COMPLETION
SAN JUAN 29-6 UNIT	5560	5000	4170
SAN JUAN 31-6 UNIT	5560	5000	4170
SAN JUAN 32-7 UNIT	5500	4950	4130
SAN JUAN 32-8 UNIT	5025	4525	3770

SAN JUAN 32-7 UNIT

MESAVERDE MARGINAL ECONOMICS

