

DHC 1719



**PHILLIPS PETROLEUM COMPANY**  
FARMINGTON, NEW MEXICO 87401  
5525 HWY. 64 NBU 3004

AUG 21 1998

August 18, 1998

NM Oil & Gas Conservation Division  
Attn: Lori Wrotenbery  
2040 South Pacheco Street  
Santa Fe, NM 87505

Recommended Allocation Method based on  
Historical Production Values -30-5 #110M

Dear Ms. Wrotenbery:

Phillips plans on using the ratio method from July 1998 production throughout the life of the well. Based on historical production values, we believe this will be the most accurate method of allocating production. Listed below are the historical data that we used to determine the ratio of 44% to be allocated to the Dakota, with 56% allocated to the Mesaverde.

| <u>Date</u> | <u>Total Production</u> | <u>Dakota %</u> |
|-------------|-------------------------|-----------------|
| Dec. 1997   | 27,005 mcf              | 25.45%          |
| Jan. 1998   | 21,676 mcf              | 31.42%          |
| Feb. 1998   | 16,042 mcf              | 37.99%          |
| March 1998  | 14,364 mcf              | 46.55%          |
| April 1998  | 14,549 mcf              | 44.03%          |
| May 1998    | 11,744 mcf              | 55.88%          |
| June 1998   | 14,287 mcf              | 44.04%          |

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

Sincerely,

PHILLIPS PETROLEUM COMPANY

Mark W. Stodola  
Reservoir Engineer

cc: BLM - Farmington, NM  
OCD - Aztec, NM  
Pat Konkel