



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

July 23, 2002



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

Ratio Method – San Juan 29-6 #87M
Unit O, 660' FSL & 2110' FEL Sec. 33 29N, 6W
API # 30-039-26187 Rio Arriba County, NM

Dear Mr. Hayden:

Phillips plans on using the ratio method from June 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 83% to be allocated to the Mesaverde and 17% 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 505-599-3459.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Charlie Donahue
Charlie Donahue *by R*

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

San Juan 29-6 Unit #87M Monthly Production

Month	Total Well Production	Dakota Production	Days Produced	Dakota Daily	Mesaverde Production	Days Produced	Mesaverde Daily	MV %
Jun-01	20,580	2,997	30	100	17,583	30	586	85.4%
Jul-01	17,017	3,086	31	100	13,931	31	449	81.9%
Aug-01	18,484	3,096	31	100	15,388	31	496	83.3%
Sep-01	15,879	2,978	30	99	12,901	30	430	81.2%
Oct-01	17,787	3,058	31	99	14,729	31	475	82.8%
Nov-01	14,562	2,941	30	98	11,621	30	387	79.8%
Dec-01	16,114	3,098	31	100	13,016	31	420	80.8%
Jan-02	16,592	3,079	31	99	13,513	31	436	81.4%
Feb-02	16,394	2,764	28	99	13,630	28	487	83.1%
Mar-02	17,146	3,042	31	98	14,104	31	455	82.3%
Apr-02	19,023	2,926	30	98	16,097	30	537	84.6%
May-02	16,654	2,930	31	95	13,724	31	443	82.4%
	206,232	35,995			170,237			

Total Mesaverde Production = 170,237 MCF
 Total Dakota Production = 35,995 MCF
 Total Production both zones = 206,232 MCF

Average Mesaverde Allocation since June 2001 = 83%
 Average Dakota Allocation since June 2001 = 17%

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

