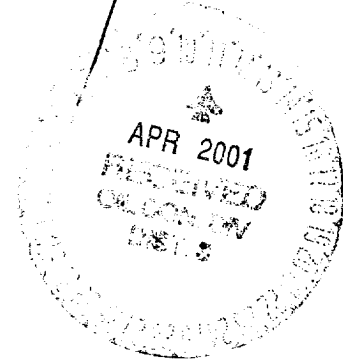




# PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401  
5525 HWY. 64 NBU 3004

April 9, 2001



NM Oil & Gas Conservation Division  
Attn: Frank Chavez  
1000 Rio Bravos Rd.  
Aztec, NM 87410

Recommended Final Allocation Method  
Ratio Method – San Juan 29-5 Unit #45  
Unit A, 1090' FNL & 990' FEL, Sec. 22 T29N, R6W  
API – 30-039-07596; SF-080069

50

Dear Mr. Chavez:

The previous allocation forecast for the Mesavaerde interval was incorrect. The well has been unable to sustain flow at the predicted rate. I have attached a production plot showing the Mesaverde production prior to commingling with the Pictured Cliffs and the new proposed allocation forecast. Based on production values derived from this forecast, we believe that 44% of production should be allocated to the MV and 56% of production should be allocated to the PC. Phillips plans on using the ratio method from March 2001 production throughout the life of the well.

K

Attached are three plots to help clarify this change. Attachment I shows the entire life history of MV production with forecast. Attachment II is the MV production since 1999 workover with the forecast. Attachment III is production volumes and allocation determination.

Our production accounting department will be making the changes necessary to get the production reported correctly for months we reported production using the wrong allocation forecast. If you have any questions, please call me at 505-599-3423.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Clint Hutchinson  
Reservoir Engineer

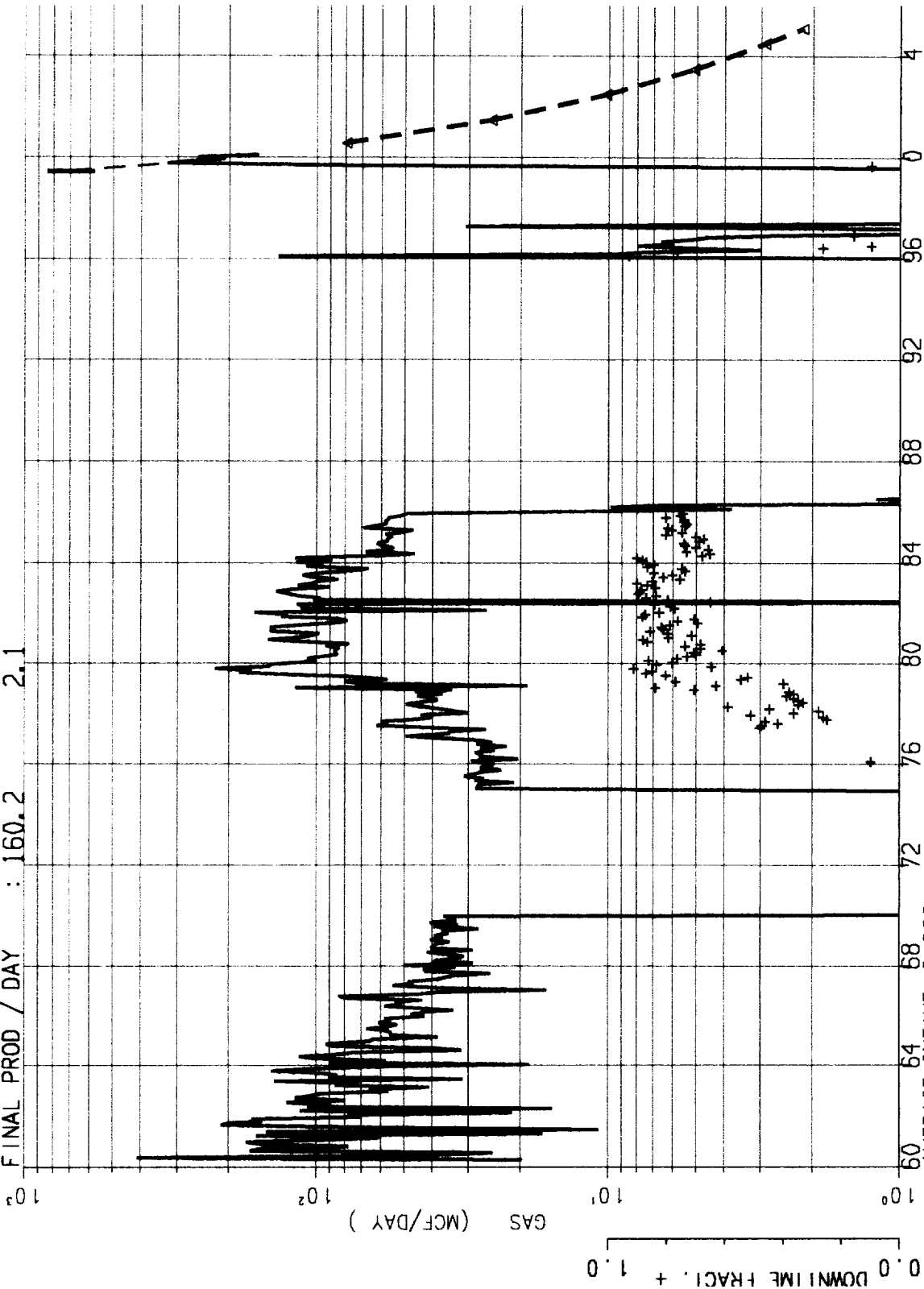
cc: Trish Stuart  
Jim Lovato – BLM  
David Valdez - Burlington

Attachment I

Current Cums  
 377903. MCF GAS  
 55. BBL OIL  
 1354. BBL WTR

7/99-2/0 3/0-LIFE  
 : 707.7 144.7  
 : 0.67 5.00  
 : 314.13 186.06  
 : 38947. 39911.  
 : 160.2 2.1

INITIAL PROD / DAY  
 REMAINING LIFE  
 HYPR(0.33) DECL %  
 CUM PRODUCTION  
 FINAL PROD / DAY



AVERAGE ONT IME = 0.996

LEASE- 650111 : SAN JUAN 29-5 MESA VERDE  
 RESVR- 002 : BLANCO MESAVERDE  
 WELL - 000045 CUM MCF = 417219.

F016401  
 ZONE-650111002000045 F016401  
 API-30039075960000 THRU 2/01

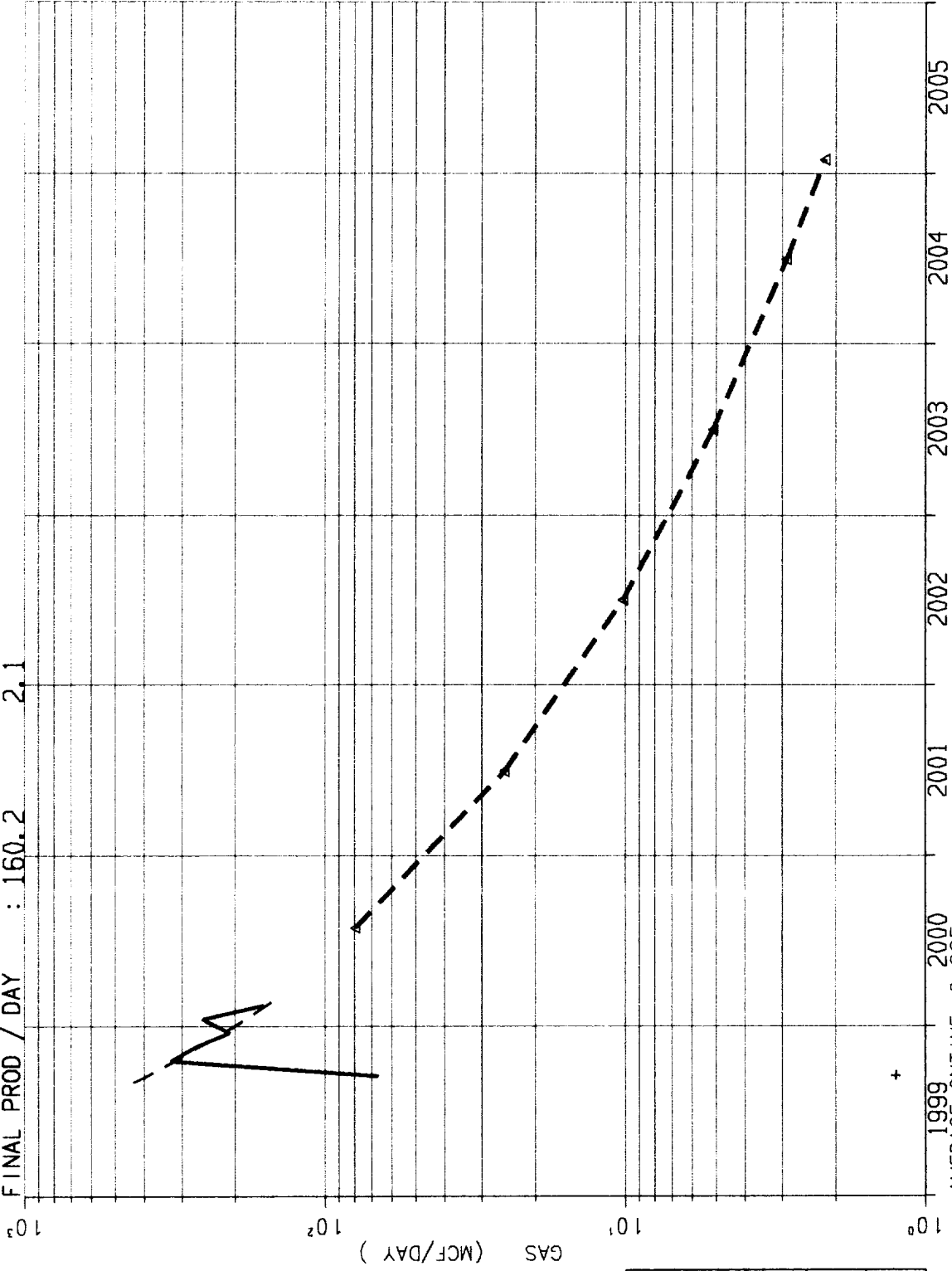
Attachment II

Current Cums  
 38947. MCF GAS  
 55. BBL OIL  
 280. BBL WTR

3/0-LIFE  
 144.8  
 5.00  
 186.07  
 39911.  
 2.1

9/99-2/0  
 : 436.6  
 : 0.50  
 : 267.86  
 : 38947.  
 : 160.2

INITIAL PROD / DAY : 436.6  
 REMAINING LIFE : 0.50  
 HYPR(0.33) DECL % : 267.86  
 CUM PRODUCTION : 38947.  
 FINAL PROD / DAY : 160.2



1999  
 AVERAGE ONTIME = 0.995

LEASE- 650111 : SAN JUAN 29-5 MESA VERDE  
 RESVR- 002 : BLANCO MESAVERDE  
 WELL - 000045 CUM MCF = 417219.

F016401  
 ZONE-650111002000045 F016401  
 API-3003907596000 THRU 2/01

Attachment III  
 Financial Information

Account	Account Number	Balance Forward	Debit	Credit	Balance Forward	Debit	Credit	Balance Forward	Debit
Accounts Payable	2100	1,000	1,000	0	1,000	0	0	1,000	0
Accounts Receivable	2200	0	0	0	0	0	0	0	0
Inventory	2300	0	0	0	0	0	0	0	0
Prepaid Insurance	2400	0	0	0	0	0	0	0	0
Property, Plant, and Equipment	2500	0	0	0	0	0	0	0	0
Accumulated Depreciation	2600	0	0	0	0	0	0	0	0
Capital Stock	3100	0	0	0	0	0	0	0	0
Retained Earnings	3200	0	0	0	0	0	0	0	0
Dividends	3300	0	0	0	0	0	0	0	0
Salaries Expense	4100	0	0	0	0	0	0	0	0
Utilities Expense	4200	0	0	0	0	0	0	0	0
Insurance Expense	4300	0	0	0	0	0	0	0	0
Depreciation Expense	4400	0	0	0	0	0	0	0	0
Cost of Sales	4500	0	0	0	0	0	0	0	0
Revenue	4600	0	0	0	0	0	0	0	0
Interest Expense	4700	0	0	0	0	0	0	0	0
Interest Revenue	4800	0	0	0	0	0	0	0	0
Other Income	4900	0	0	0	0	0	0	0	0
Other Expense	5000	0	0	0	0	0	0	0	0

Net Income (Loss) \$0

Retained Earnings \$0

**0%**

0%  
0%  
0%  
0%  
0%  
0%  
0%  
0%  
0%  
0%

Financial Information for the Year Ended December 31, 2018

Financial Information for the Year Ended December 31, 2018

San Juan 29-5 MV/PC #45  
Monthly Production

Month	Total Well Production	Mesaverde Production	Days Produced	Mesaverde Daily	Pictured Cliffs Production	Days Produced	Pictured Cliffs Daily	PC %
Mar-00	3,841	1,713	13	132	2,128	13	164	55.4%
Apr-00	8,765	3,524	30	117	5,241	30	175	59.8%
May-00	7,097	3,061	31	99	4,036	31	130	56.9%
Jun-00	5,339	2,676	30	89	2,663	30	89	49.9%
Jul-00	5,941	2,352	31	76	3,589	31	116	60.4%
Aug-00	3,531	2,079	31	67	1,452	31	47	41.1%
Sep-00	4,205	1,846	30	62	2,359	30	79	56.1%
Oct-00	3,565	1,647	31	53	1,918	31	62	53.8%
Nov-00	3,402	1,475	30	49	1,927	30	64	56.6%
Dec-00	3,561	1,326	31	43	2,235	31	72	62.8%
Jan-01	3,459	1,197	31	39	2,262	31	73	65.4%
Feb-01	2,668	1,084	28	39	1,584	28	57	59.4%
Mar-01								
Apr-01								

\* These volumes are not converted to 14.65 pressure base; all other volumes are

Twelves months prior to workover average Pictured Cliffs allocation =

56%

San Juan 29-5 #45 Mesaverde Production

