



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

April 5, 2002



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

Ratio Method – San Juan 29-5 #54
Unit N, 1180' FSL & 1740' FWL Sec. 31 29N, 5W
API # 30-039-20370 Rio Arriba County, NM

Dear Mr. Hayden:

Phillips plans on using the ratio method from March 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 73% to be allocated to the Mesaverde and 27% 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

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

San Juan 29-5 Unit #54 Monthly Production

Month	Total Well Production	Dakota Production	Days Produced	Dakota Daily	Mesaverde Production	Days Produced	Mesaverde Daily	MV %
Apr-01	9,942	3,175	30	106	6,767	30	226	68.1%
May-01	20,348	3,296	31	106	17,052	31	550	83.8%
Jun-01	17,010	3,185	30	106	13,825	30	461	81.3%
Jul-01	10,420	3,289	31	106	7,131	31	230	68.4%
Aug-01	11,693	3,286	31	106	8,407	31	271	71.9%
Sep-01	11,096	3,176	30	106	7,920	30	264	71.4%
Oct-01	10,529	3,279	31	106	7,250	31	234	68.9%
Nov-01	9,516	3,170	30	102	6,346	30	212	67.4%
Dec-01	9,787	3,272	31	109	6,515	31	210	65.8%
Jan-02	11,075	3,269	31	105	7,806	31	252	70.5%
Feb-02	11,832	2,949	28	95	8,883	28	287	75.1%
	133,248	35,346			97,902			

Total Mesaverde Production = 97,902 MCF
 Total Dakota Production = 35,346 MCF
 Total Production both zones = 133,248 MCF

Average Mesaverde Gas Allocation since April 2001 = 73%
 Average Dakota Gas Allocation since April 2001 = 27%

Note: 100% of the Oil/Condensate production should continue to be allocated to the Mesaverde.

San Juan 29-5 Unit #54 Production

