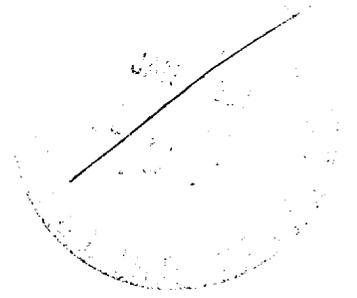




PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

January 26, 2001



STH

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

Recommended Allocation Method
Ratio Method – San Juan 30-5 Unit #70E
Unit O, 820' FSL & 1518' FEL, Sec. 9, T30N, R5W
API – 30-039-26028

Dear Mr. Chavez:

Phillips plans on using the ratio method from January 2001 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 59% to be allocated to the Mesaverde and 41% allocated to the Dakota.

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

San Juan 30-5 Mesaverde #70E
Monthly Production

Month	Total Well Production	Dakota Production	Days Produced	Dakota Daily	Mesaverde Production	Days Produced	Mesaverde Daily	MV %
Jan-00	19,113	9,281	31	299	9,832	31	317	51.4%
Feb-00	28,324	8,158	29	281	20,166	29	695	71.2%
Mar-00	23,515	8,204	31	265	15,311	31	494	65.1%
Apr-00	17,592	7,473	30	249	10,119	30	337	57.5%
May-00	18,702	7,276	31	235	11,426	31	369	61.1%
Jun-00	17,237	6,643	30	221	10,594	30	353	61.5%
Jul-00	16,035	6,483	31	209	9,552	31	308	59.6%
Aug-00	13,186	6,061	31	196	7,125	31	230	54.0%
Sep-00	14,499	5,550	30	185	8,949	30	298	61.7%
Oct-00	9,962	5,432	31	175	4,530	31	146	45.5%
Nov-00	14,115	4,982	30	166	9,133	30	304	64.7%

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

Twelves months prior to workover average Mesaverde allocation =

59%

San Juan 30-5 #70E Mesaverde Production

