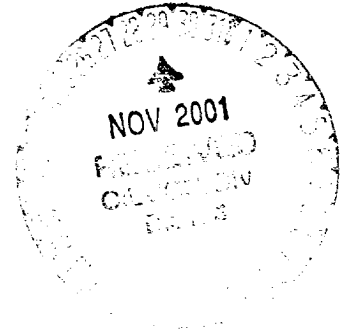




PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

November 28, 2001



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

Recommended Final Allocation Method
Ratio Method – San Juan 30-5 #51M
Unit I, 1729' FSL & 1040' FEL, Sec. 21, T30N, R5W
API#-30-039-26381; Rio Arriba County, NM

Dear Mr. Hayden:

 Phillips plans on using the ratio method from December 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 40% to be allocated to the Mesaverde and 60% to be allocated to the Dakota.

If you have any questions, please call me at 505-599-3459.

DHC187AZ

Sincerely,

PHILLIPS PETROLEUM COMPANY

Charlie Donahue

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

San Juan 30-5 Unit #51M
Monthly Production
API #3003926381

Month	Total Well Production	Dakota Production	Days Produced	Dakota Daily	Mesaverde Production	Days Produced	Mesaverde Daily	MV %
Dec-00	14,637	5,368	31	173	9,269	31	299	63.3%
Jan-01	11,396	6,569	31	212	4,827	31	156	42.4%
Feb-01	7,230	5,858	28	209	1,372	28	49	19.0%
Mar-01	9,807	6,407	31	207	3,400	31	110	34.7%
Apr-01	4,180	3,370	30	112	810	30	27	19.4%
May-01	8,932	6,245	31	201	2,687	31	87	30.1%
Jun-01	5,814	4,597	30	153	1,217	30	41	20.9%
Jul-01	9,296	6,089	31	196	3,207	31	103	34.5%
Aug-01	14,270	6,012	31	194	8,258	31	266	57.9%
Sep-01	8,757	5,746	30	192	3,011	30	100	34.4%
	94,319	56,261			38,058			

Total Mesaverde Production = 38,058 MCF
Total Dakota Production = 56,261 MCF
Total Production both zones = 94,319 MCF

Average Mesaverde Allocation since December 2001 = **40%**
Average Dakota Allocation since December 2001 = **60%**

San Juan 30-5 Unit #51M Production

