



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

October 24, 2002

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

Amended - Ratio Method – San Juan 32-8 Unit # 45A
Unit F, 1495' FN & 1301' FWL, Sec. 14, 32N, 8W
API # 30-045-30301 San Juan County, NM
DHC Order – 2915, approved 6/6/01

 Dear Mr. Hayden:

Phillips plans on using the ratio method from September 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 24% to be allocated to the Mesaverde and 76% to be allocated to the Pictured Cliffs for gas production. The oil production will be allocated at 100% Pictured Cliffs and 0% Mesaverde.

If you have any questions, please call me at 505-599-3455.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Eric Dahlgren

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

32-8 #45A Fixed Percentage Allocation

Pictured Cliffs		Mesaverde	
Mcf	% PC	Mcf	% MV
4/1/2002	16186	9/1/2001	7767
5/1/2002	27774	10/1/2001	6496
6/1/2002	17480	11/1/2001	5824
7/1/2002	15358	12/1/2001	5060
8/1/2002	13603	1/1/2002	5223
		2/1/2002	4053
		3/1/2002	4092
		4/1/2002	1023
		5/1/2002	0
		6/1/2002	0
		7/1/2002	0
		8/1/2002	0

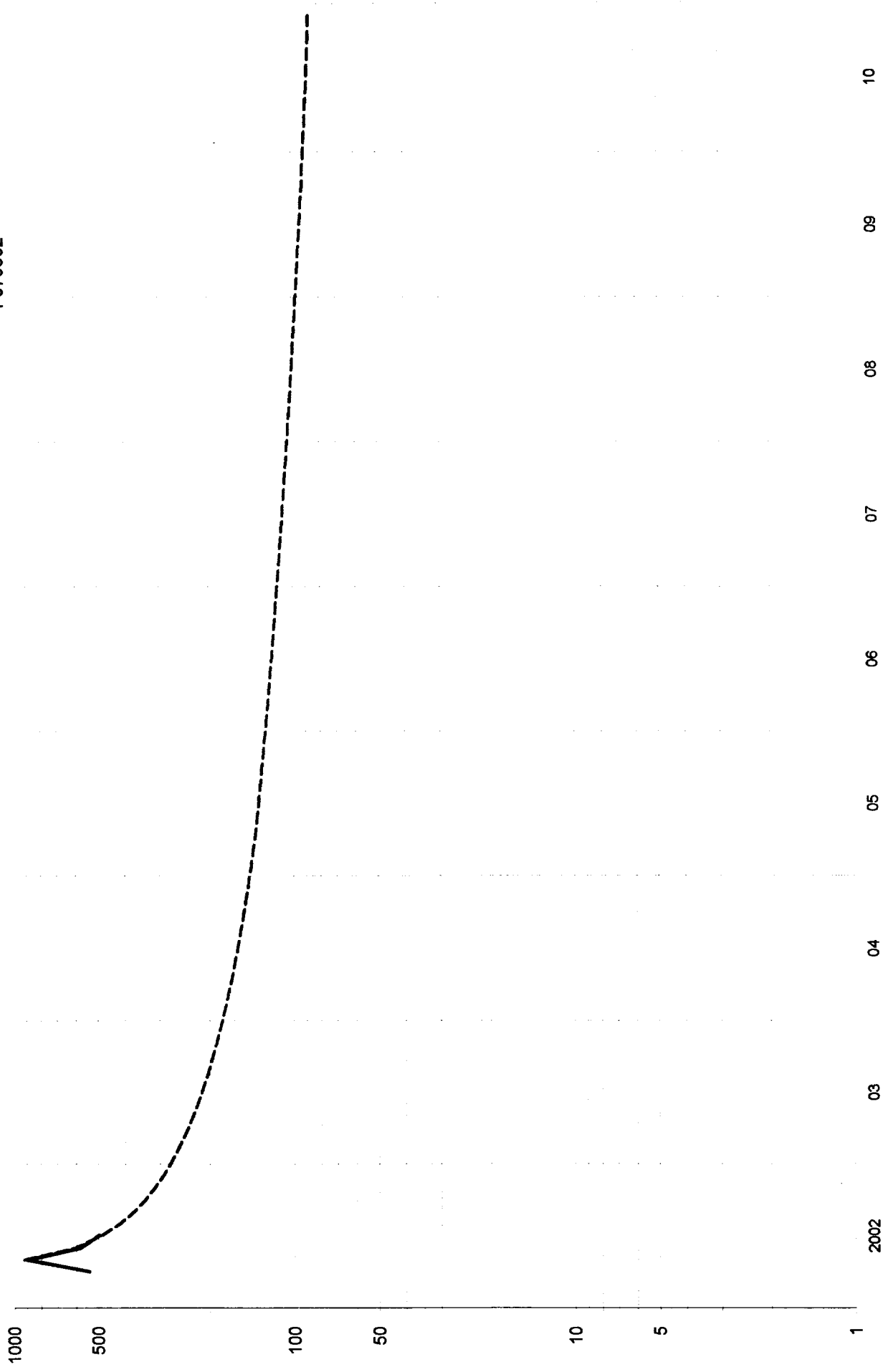
Average Pictured Cliffs Allocation = **75.9%**
 Average Mesaverde Allocation = **24.1%**

Eiri Dally 10/25/2002

SAN JUAN 32-8 # 45A PC

— Gas Rate (Cal. Day) (Mcf/d)
- - - - 2003 Total Gas Fcst (Mcf/d)

Cum. Gas Production : 76.8 MMcf
Cum. Oil Production : 0.0 Mbbl
API - 3004530301
F070802



Gas Rate (Cal. Day) (Mcf/d)
2003 Total Gas Fcst (Mcf/d)

SAN JUAN 32-8 # 45A MV

Cum. Gas Production : 39.5 MMcf
Cum. Oil Production : 0.0 Mbbl
API - 3004530301
F070801

