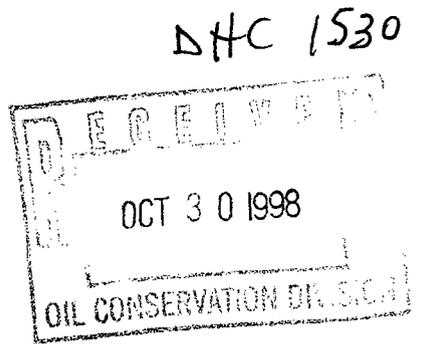




PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004



October 26, 1998

NM Oil & Gas Conservation Division
Attn: Lori Wrotenberry
2040 South Pacheco Street
Santa Fe, NM 87505

Recommended Allocation Method based on
Historical Production Values – 30-5 #53E

Dear Ms. Wrotenberry:

Phillips plans on using the ratio method from September 1998 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 we used to determine the ratio of 28% to be allocated to the Mesaverde, with 72% allocated to the Dakota.

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

Sincerely,

PHILLIPS PETROLEUM COMPANY

Mark W. Stodola
Reservoir Engineer

cc: BLM – Farmington, NM
OCD – Aztec, NM
Pat Konkel
NM State Land Commissioner

San Juan 30-5 Mesaverde #53E
Monthly Production

Month	Mesaverde %
Sept	50.8%
Oct	47.9%
Nov	63.9%
Dec	41.0%
Jan	34.0%
Feb	39.8%
Mar	17.1%
Apr	34.3%
May	23.0%
Jun	23.5%
Jul	38.4%
Aug	30.8%

Last 6 Months Average = 28%

The Mesaverde should from now on be allocated 28% of all future production, with the Dakota receiving the balance of 72%.