



United States Department of the Interior

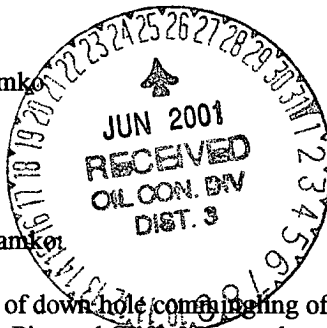
BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
NMSF-078472 et al.
3162.7 (07100)

Patsy Clugston, Clint Hutchinson and Kenny Schramke
Phillips Petroleum Company
5525 Hwy. 64 NBU 3004
Farmington, NM 87401

June 21, 2001



Dear Ms. Clugston, Mr. Hutchinson and Mr. Schramke,

Reference is made to your application for two kinds of down hole commingling of gas. One from Mesaverde-Dakota formation producing wells and another from Pictured Cliffs-Mesaverde wells in the San Juan 29-6, San Juan 31-6 and the San Juan 32-7 Units. We are accepting the 12 month Dakota production forecast for the Mesaverde-Dakota wells and the 12 month Pictured Cliffs production forecast from the Pictured Cliffs-Mesaverde wells you have submitted that are listed below. We also accept the subtraction method of production allocation for a period of time and then changing to a ratio for the remainder of the life of the well. After the wells have stabilized please submit the fixed allocation factors that you plan on using along with a starting date.

Well Name	Location	API#	Formations	Lease number
San Juan 32-7 #14	H sec 28, T32N, R7W	3004511251	PC/MV	SF-078472
San Juan 32-7 #34	A sec 27, T32N, R7W	30045-21330	MV/DK	SF-078472
San Juan 31-6 #35E	D sec 35, T29N, R6W	30039-25289	MV/DK	SF-078999
San Juan 29-6 #8B	D sec 1, T29N, R6W	30039-26184	MV/DK	NM-012698
San Juan 29-6 #16	N sec 32, T29N, R6W	30039-07471	PC/MV	STATE
San Juan 29-6 #29B	C sec 3, T29N, R6W	30039-26179	MV/DK	FEE
San Juan 29-6 #31B	E sec 10, T29N, R6W	30039-26197	MV/DK	SF-078278
San Juan 29-6 #51	N sec 31, T29N, R6W	30039-07470	PC/MV	NM-03040A
San Juan 29-6 #53	B sec 31, T29N, R6W	30039-07509	PC/MV	SF-078426
San Juan 29-6 #87M	O sec 33, T29N, R6W	30039-26187	MV/DK	SF-080596
San Juan 29-6 #90	G sec 15, T29N, R6W	30039-07622	MV/DK	SF-078278
San Juan 29-6 #97	M sec 35, T29N, R6W	30039-20241	MV/DK	SF-078960

If you have any questions, please contact Joe Hewitt at (505) 599-6365.

Sincerely,

Joe Hewitt
Geologist, Petroleum Management Team

cc: NMOCD, Santa Fe, NM NMOCD, Aztec, NM