



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

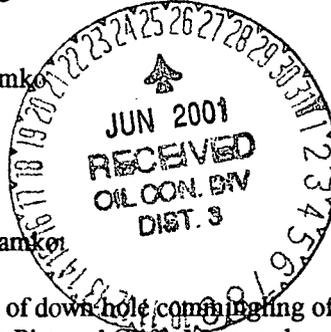
Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

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

30-045-21330

June 21, 2001

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



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

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