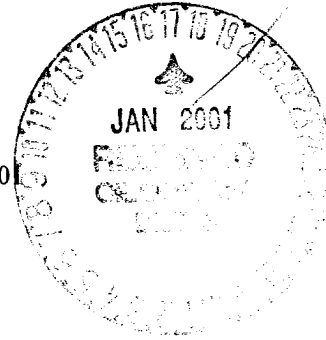




INTER-OFFICE CORRESPONDENCE / SUBJECT:

January 12, 2001



NM Oil & Gas Conservation Division
Attn: Frank Chavez
1000 Rio Bravos Rd.
Aztec, NM 87410

Recommended Allocation Method
Ration Method – San Juan 29-6, Well #33
Unit H, 800' FNL & 1145' FEL
API # - 30-039-07636

B-13-29N-6W

Mr. Chavez:

Phillips plans on using the ratio method beginning December, 2000 to allocate the commingled production to the Mesaverde and Dakota formations. Based upon a review of all available information, the ratio will be 50% to each of the two zones.

The subject well produced with dual tubing strings in the Dakota and Mesaverde until October, 1999, at which time the dual strings were removed, the Lewis Shale was completed, and all production was commingled. The subtraction method was applied for the first year of production.

For the 3 months immediately preceding the removal of the dual tubing strings and the completion of the Lewis Shale, the Dakota formation averaged 104 mcf/d, and the Mesaverde averaged 80 mcf/d for a combined wellstream rate of 184 mcf/d.

The daily production for the 3 most recent months of commingled production (September through November, 2000) averaged 207 mcf/d. The equal split of production provides for allocating the proper amount to the Dakota Formation as it was unaltered in the recent wellwork.

Please call me at 505-599-3429 if you have any questions.

Sincerely,

PHILLIPS PETROLEUM COMPANY

K. R. Schramko

K. R. Schramko
Reservoir Engineer

cc: Pat Konkel
Jim Lovato
David Valdez - Burlington