



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

April 5, 2002



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

Ratio Method – San Juan 29-5 #56
Unit G, 1550' FNL & 1460' FEL, Sec. 19 29N, 5W
API # 30-039-20449 Rio Arriba County, NM

Dear Mr. Hayden:

Phillips plans on using the ratio method from March 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 69% to be allocated to the Mesaverde and 31% to be allocated to the Dakota for gas production. The oil production will be allocated at 100% Mesaverde and 0% Dakota.

If you have any questions, please call me at 505-599-3459.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Charlie Donahue

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

San Juan 29-5 Unit #56 Monthly Production

Month	Total Well Production	Dakota Production	Days Produced	Dakota Daily	Mesaverde Production	Days Produced	Mesaverde Daily	MV %
Apr-01	13,941	3,975	30	133	9,966	30	332	71.5%
May-01	16,987	4,115	31	133	12,872	31	415	75.8%
Jun-01	7,802	3,938	30	131	3,864	30	129	49.5%
Jul-01	8,950	4,047	31	131	4,903	31	158	54.8%
Aug-01	15,209	4,084	31	132	11,125	31	359	73.1%
Sep-01	14,123	3,943	30	131	10,180	30	339	72.1%
Oct-01	14,793	4,065	31	131	10,728	31	346	72.5%
Nov-01	13,342	3,925	30	127	9,417	30	314	71.3%
Dec-01	13,341	4,045	31	135	9,296	31	300	69.0%
Jan-02	12,346	4,036	31	130	8,310	31	268	67.3%
Feb-02	11,339	3,637	28	117	7,702	28	248	67.9%
	142,173	43,810			98,363			

Total Mesaverde Production = 98,363 MCF
 Total Dakota Production = 43,810 MCF
 Total Production both zones = 142,173 MCF

Average Mesaverde Gas Allocation since April 2001 = **69%**
 Average Dakota Gas Allocation since April 2001 = **31%**

Note: 100% of the Oil/Condensate production should continue to be allocated to the Mesaverde.

San Juan 29-5 Unit #56 Production

