

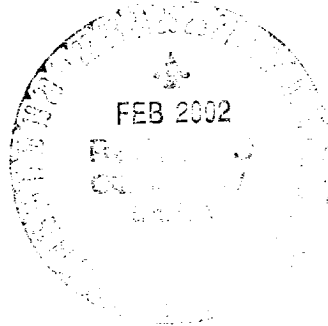


United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:
San Juan 29-5 #70M
3162.7 (07100)



February 19, 2002

Mr. Charlie Donahue

Phillips Petroleum Company
5525 Highway 64 NBU 3004
Farmington, NM 87401

RE: San Juan 29-5 #70M - Accept downhole commingle applications & allocation factors

Dear Mr. Donahue:

The San Juan 29-5 #70M well was reviewed for downhole commingling of the Mesaverde/Dakota formations. After reviewing the production history for this well, we concur with the allocation factors established for gas and the associated hydrocarbons in your application. The effective date is the date that downhole commingling actually occurs. The well and the approved allocation factors are listed below.

Well Name	Lease/CA#	Location	API#	Formation Allocation	Formation Allocation
San Juan 29-5 #70M	FEE MV(NMNM078415A) DK (NMNM078415B)	sec28, T29N, R5W	3003926299	MV gas 77% oil 100%	DK gas 23% oil 0%

If you have any questions, please contact Adrienne Garcia at (505) 599-6358 or the undersigned with this office at (505) 599-6367.

DHC 158A2

Sincerely,

Jim Lovato
Team Leader, Petroleum Management Team

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

bcc: T&R, MV(NMNM078415A), DK(NMNM078415B)
DOMR
07100:AGarcia:2/19/02:x6358:Phillips