



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

January 26, 2001

8# NM Oil & Gas Conservation Division

Attn: Frank Chavez
1000 Rio Bravos Rd.
Aztec, NM 87410

Recommended Allocation Method
Ratio Method – San Juan 30-5 Unit #20A
Unit P, 1115' FSL & 790' FEL, T30N, R5W
API – 30-039-26040

Dear Mr. Chavez:

Phillips plans on using the ratio method from January 2001 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 77% to be allocated to the Mesaverde and 23% allocated to the Dakota.

If you have any questions, please call me at 505-599-3423.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Clint Hutchinson
Reservoir Engineer

cc: Trish Stuart
Jim Lovato – BLM
David Valdez - Burlington