

**PHILLIPS PETROLEUM COMPANY**FARMINGTON, NEW MEXICO 87401  
5525 HWY. 64 NBU 3004

November 23, 1998

NM Oil & Gas Conservation Division  
Attn: Lori Wrotenbery  
2040 South Pacheco Street  
Santa Fe, NM 87505Recommended Allocation Method based on  
Historical Production Values -30-5 #37

Dear Ms. Wrotenbery:

Phillips plans on using the ratio method from October 1998 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 15% to be allocated to the Dakota, with 85% allocated to the Mesaverde.

If you have any questions, please call me at 505-599-3455.

Sincerely,

PHILLIPS PETROLEUM COMPANY

A handwritten signature in cursive script that reads "Mark W. Stodola".

Mark W. Stodola  
Reservoir Engineercc: BLM - Farmington, NM  
OCD - Aztec, NM  
Pat Konkel

**San Juan 30-5 Mesaverde #37  
Monthly Production**

| Month | Total Well Production | Allocation Order* | Dakota Allocated | Days Produced | Should be Allocated | Mesaverde Allocation | Mesaverde Should be | Mesaverde Daily | Dakota Daily | MV %  |
|-------|-----------------------|-------------------|------------------|---------------|---------------------|----------------------|---------------------|-----------------|--------------|-------|
| Aug   | 8,019                 |                   | -                | 31            | -                   | 8,019                | 8,019               | 259             |              | ##### |
| Sept  | 6,929                 |                   | 6,929            | 0             | 6,929               | -                    | -                   | -               | #####        | 0.0%  |
| Oct   | 12,641                | 1,743             | 1,743            | 31            | 1,743               | 10,898               | 10,898              | 352             | 56           | 86.2% |
| Nov   | 24,644                | 1,729             | 13,189           | 6             | 2,638               | 11,455               | 22,006              | 3,668           | 440          | 89.3% |
| Dec   | 10,984                | 1,722             | 1,722            | 31            | 1,787               | 9,255                | 9,197               | 297             | 56           | 83.7% |
| Jan   | 19,637                | 1,722             | 1,722            | 31            | 1,779               | 17,915               | 17,858              | 576             | 56           | 90.9% |
| Feb   | 20,600                | 1,722             | 1,722            | 28            | 1,607               | 18,878               | 18,993              | 678             | 62           | 92.2% |
| Mar   | 19,639                | 1,707             | 1,707            | 31            | 1,764               | 17,932               | 17,875              | 577             | 55           | 91.0% |
| Apr   | 16,250                | 1,699             | 1,699            | 30            | 1,699               | 14,551               | 14,551              | 485             | 57           | 89.5% |
| May   | 13,321                | 1,693             | 1,693            | 31            | 1,693               | 11,628               | 11,628              | 375             | 55           | 87.3% |
| Jun   | 11,087                | 1,686             | 1,686            | 30            | 1,686               | 9,401                | 9,401               | 313             | 56           | 84.8% |
| Jul   | 11,163                | 1,679             | 1,679            | 31            | 1,679               | 9,484                | 9,484               | 306             | 54           | 85.0% |
| Aug   | 11,508                | 1,672             | 1,672            | 31            | 1,672               | 9,836                | 9,836               | 317             | 54           | 85.5% |
| Sep   | 10,154                | 1,665             | 1,665            | 30            | 1,665               | 8,489                | 8,489               | 283             | 56           | 83.6% |

\* These volumes are not converted to 14.65 pressure base; all other volumes are

Last four months average Mesaverde allocation = 85%

*San Juan 30-5 #37 Mesaverde Production*

