

November 23, 1998

NM Oil & Gas Conservation Division Attn: Lori Wrotenbery 2040 South Pacheco Street Santa Fe, NM 87505

Recommended Allocation Method based on Historical Production Values -30-5 #49

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 23% to be allocated to the Dakota, with 77% allocated to the Mesaverde.

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

Sincerely,

PHILLIPS PETROLEUM COMPANY

Morh W. Stodola

Mark W. Stodola Reservoir Engineer

cc:

BLM – Farmington, NM OCD – Aztec, NM Pat Konkel

San Juan 30-5 Mesaverde #49 **Monthly Production**

	Total Well	Allocation	Dakota	Days	Should be	Mesaverde	Mesaverde	Mesaverde	Dakota	MV
Month	Production	Order*	Allocated	Produced	Allocated	Allocation	Should be	Daily	Daily	%
Aug	21,635		-	0	-	21,635	21,635	#DIV/0!		#######
Sept	1,749		1,749	30	1,749	-	-	-	58	0.0%
Oct	22,551	2,148	2,148	31	2,148	20,403	20,403	658	69	90.5%
Nov	20,685	2,048	2,048	30	2,048	18,637	18,637	621	68	90.1%
Dec	13,152	2,148	2,148	31	2,148	11,004	11,004	355	69	83.7%
Jan	12,330	2,147	2,147	31	2,147	10,183	10,183	328	69	82.6%
Feb	10,978	2,134	2,134	28	2,134	8,844	8,844	316	76	80.6%
Mar	11,199	2,147	2,147	31	2,147	9,052	9,052	292	69	80.8%
Apr	9,687	2,142	2,142	30	2,142	7,545	7,545	252	71	77.9%
May	10,164	2,146	2,146	31	2,146	8,018	8,018	259	69	78.9%
Jun	9,284	2,142	2,142	30	2,142	7,142	7,142	238	71	76.9%
Jul	9,621	2,145	2,145	31	2,145	7,476	7,476	241	69	77.7%
Aug	9,211	2,145	2,145	31	2,145	7,066	7,066	228	69	76.7%
Sep	8,816	2,141	2,141	30	2,141	6,675	6,675	223	71	75.7%

^{*} These volumes are not converted to 14.65 pressure base; all other volumes are

Last four months average Mesaverde allocation =

77%

San Juan 30-5 #49 Mesaverde Production

