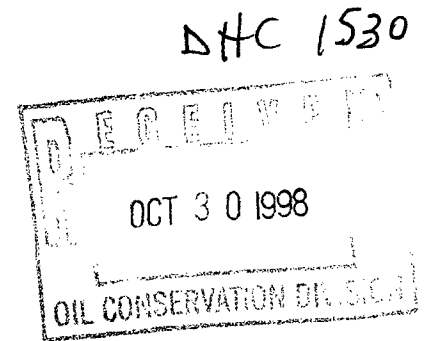




**PHILLIPS PETROLEUM COMPANY**

FARMINGTON, NEW MEXICO 87401  
5525 HWY. 64 NBU 3004



October 26, 1998

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

Recommended Allocation Method based on  
Historical Production Values – 30-5 #53E

Dear Ms. Wrotenberry:

Phillips plans on using the ratio method from September 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 we used to determine the ratio of 28% to be allocated to the Mesaverde, with 72% allocated to the Dakota.

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

Sincerely,

PHILLIPS PETROLEUM COMPANY

Mark W. Stodola  
Reservoir Engineer

cc: BLM – Farmington, NM  
OCD – Aztec, NM  
Pat Konkel  
NM State Land Commissioner

**San Juan 30-5 Mesaverde #53E**  
**Monthly Production**

| Month | Mesaverde<br>% |
|-------|----------------|
| Sept  | 50.8%          |
| Oct   | 47.9%          |
| Nov   | 63.9%          |
| Dec   | 41.0%          |
| Jan   | 34.0%          |
| Feb   | 39.8%          |
| Mar   | 17.1%          |
| Apr   | 34.3%          |
| May   | 23.0%          |
| Jun   | 23.5%          |
| Jul   | 38.4%          |
| Aug   | 30.8%          |

**Last 6 Months Average = 28%**

**The Mesaverde should from now on be allocated 28% of all future production, with the Dakota receiving the balance of 72%.**