



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
6525 HWY. 64 NBU 3004

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CONSERVATION DIVISION

New Mexico Oil & Gas Conservation Div.
2040 South Pacheco
Santa Fe, New Mexico 87505-6429

Downhole Commingling Allocation Method
On the San Juan 29-5 #32M, 57M, and 67M

Dear Sirs:

Phillips Petroleum wishes to change the allocation method we proposed with our commingling application on the subject wells. We originally planned on completing the Mesaverde right after completing the Dakota interval, but this didn't happen. We have produced the Dakota zone on each of these wells between 6 and 8 months and will now be adding the Mesaverde pay. We feel the most accurate method of allocating production from these particular wells would be to use the subtraction method between 6 and 12 months and then utilize the ratio method. This will give the Mesaverde time to stabilize.

New Dakota forecasts for each of these wells are attached as well as a production plot on each. If you have questions or concerns about our plans please call me at 505-599-3455, I will be glad to discuss them with you.

Sincerely,

Phillips Petroleum Company

Mark Stodola
Reservoir Engineer

MS/pc

cc: OCD - Aztec
BLM - Farmington
NM Commissioner of Public Lands - Santa Fe

57M - DHC-2129
67M DHC 2131
32M DHC 2132

29-5 Unit #32M Dakota Forecast

<i>Initial Production Rate</i>	=	90 MCFD
<i>Hyperbolic Exponent</i>	=	0.33
<i>Decline Rate</i>	=	5 %

	Month	Monthly MCF
1999	Oct	2,784
	Nov	2,683
	Dec	2,761
2000	Jan	2,749
	Feb	2,473
	Mar	2,727
	Apr	2,628
	May	2,705
	Jun	2,607
	Jul	2,683
	Aug	2,671
	Sep	2,575
	Oct	2,649
	Nov	2,554
	Dec	2,628
2001	Jan	2,617
	Feb	2,354
	Mar	2,596

Use subtraction method for +/- 12 months based on this Dakota forecast.

San Juan 29-5 #32M Dakota Production Forecast

