Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

2005 OCT 7 PM 12:35

RECEIVED
070 FARMINGTON NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
NMSF079289

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
San Juan 28-7 Unit #55

2. Name of Operator
ConocoPhillips Co.

9. API Well No.
30-039-07444

3a. Address
P.O. Box 2197, WL3-6085 Houston Tx 77252

3b. Phone No. *(include area code)*
(832)486-2463

10. Field and Pool, or Exploratory Area
Basin FC/S Blanco PC/Blanco MV

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 12 T28N R7W SWSW 800FSL 891FWL

11. County or Parish, State
Rio Arriba
NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/ Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Change in Oil Allocation
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

In regards to oil allocation on this well, please note correction to our previously submitted subtraction allocation table. The Pictured Cliff and Fruitland Coal are 0% oil. Therefore all (100%) oil should be going to the Blanco Mesaverde.

Please see attached.

OCT 2005
RECEIVED
OIL CONS. DIV.
DIST. 3

APPROVED
OCT 13 2005
Matt Halbert
FIELD MANAGER

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
Christina Gustartis

Title
Regulatory Specialist

Signature
Chris Gustartis

Date
10/06/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by
Matt Halbert

Title
Pete ENG

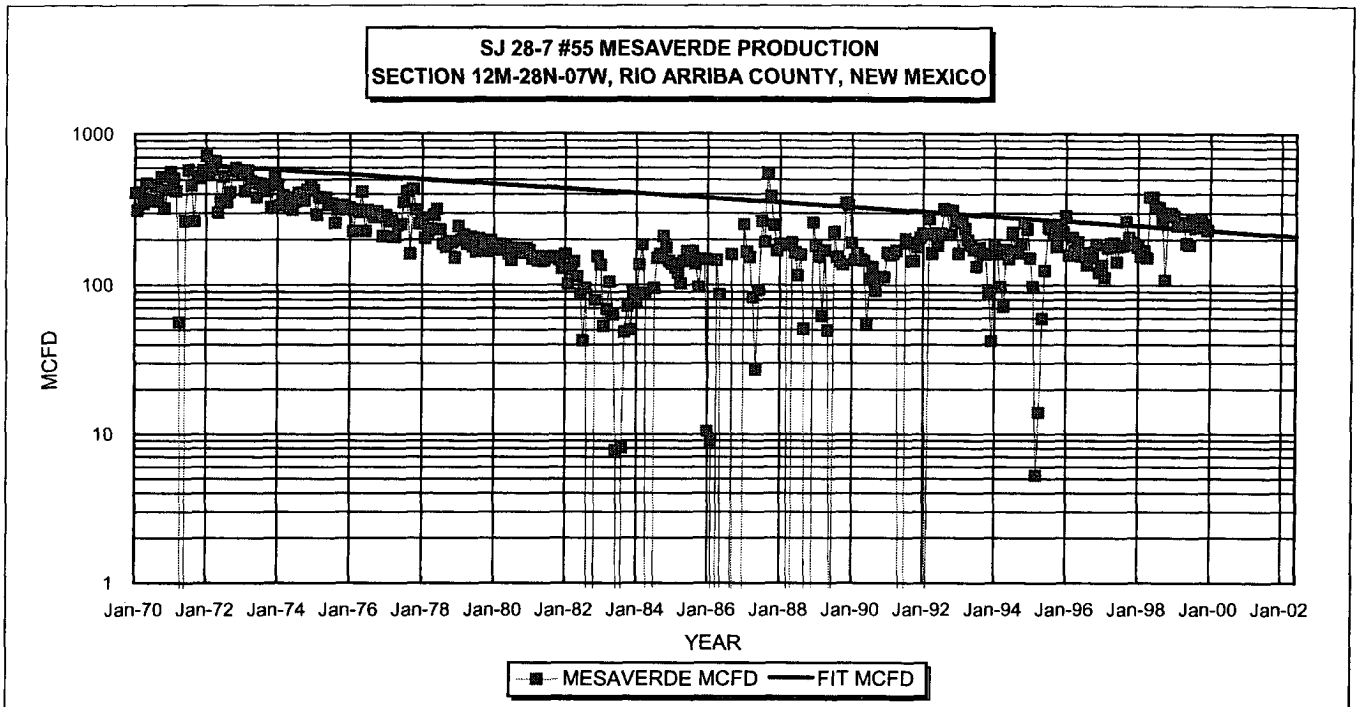
Date
10/13/05

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office
NMOCD
BLM- FFO.

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)



MESAVERDE PRODUCTION		**1ST PROD: 9/62**	**MESAVERDE PROJECTED DATA**		
OIL CUM:	**15.97**	**MBO**	**Jan.00 Qi:**	**230**	**MCFD**
GAS CUM:	**4871.0**	**MMCF**	**DECLINE RATE:**	**3.5%**	**(EXPONENTIAL)**
OIL YIELD:	**0.0033**	**BBL/MCF**	**API #30-039-07444**		

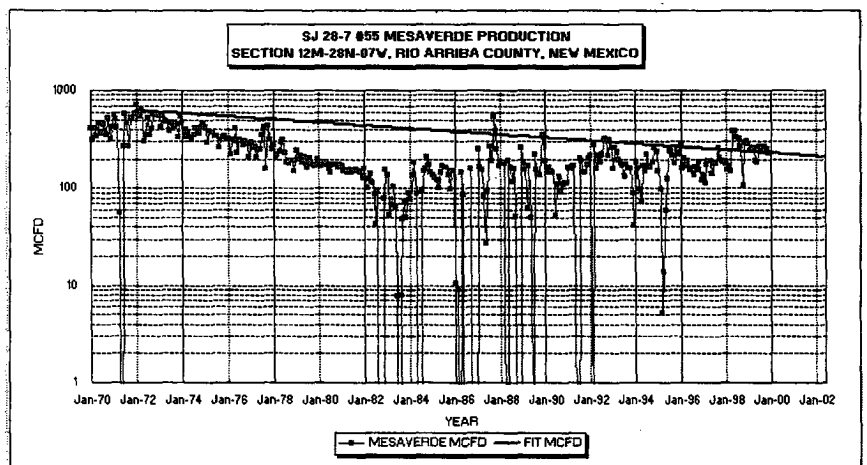
PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

YEAR	MID-YEAR AVG. MCFD	MID-YEAR AVG. BOPD
2000	226	0.7
2001	218	0.7
2002	211	0.7
2003	203	0.7
2004	196	0.6
2005	189	0.6
2006	183	0.6
2007	176	0.6
2008	170	0.6
2009	164	0.5
2010	158	0.5
2011	153	0.5
2012	148	0.5
2013	142	0.5
2014	137	0.5
2015	133	0.4
2016	128	0.4
2017	123	0.4
2018	119	0.4
2019	115	0.4
2020	111	0.4
2021	107	0.4
2022	103	0.3
2023	100	0.3
2024	96	0.3
2025	93	0.3
2026	90	0.3
2027	86	0.3

The SJ 28-7 Unit #55 was recompleted to the Fruitland/Pictured Cliffs in 2000, and subsequently DHC'd with existing Mesaverde (MV) production. The subtraction allocation table prepared for this project contained a formula error, which caused all but one MV oil allocation value to be zero. A corrected table is shown on a subsequent slide, and has been sent to Bartlesville and Houston Regulatory under a separate cover.

Note that Fruitland (FC) and Pictured Cliffs (PC) in this area are very dry, and produce little oil. The oil/condensate yield per Mmcfg from PC in direct offset Sections offsets is very low, and virtually zero for the FC. Additionally: pre-DHC testing of the FC and PC in the #55 yielded no oil, and incremental contribution from the FC/PC (+/- 30 Mcfgd combined) over the established MV profile has been negligible.

Based on my review of offset production data, and test data in the #55; it is perfectly reasonable to allocate 100% of liquids produced to the MV.



MESAVERDE PRODUCTION		1ST PROD: 3/62		MESAVERDE	PROJECTED DATA	
OIL CUM:	15.97	MBO		Jan-00 Qi:	230	MCFD
GAS CUM:	4871.0	MMCF		DECLINE RATE:	3.5%	(EXPONENTIAL)
OIL YIELD:	0.0033	BBL/MCF		API #30-039-07444		

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

YEAR	MID-YEAR AVG MCFD	MID-YEAR AVG BOPD
2000	226	0.7
2001	218	0.0
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2003	203	0.0
2004	196	0.0
2005	189	0.0
2006	183	0.0
2007	176	0.0
2008	170	0.0
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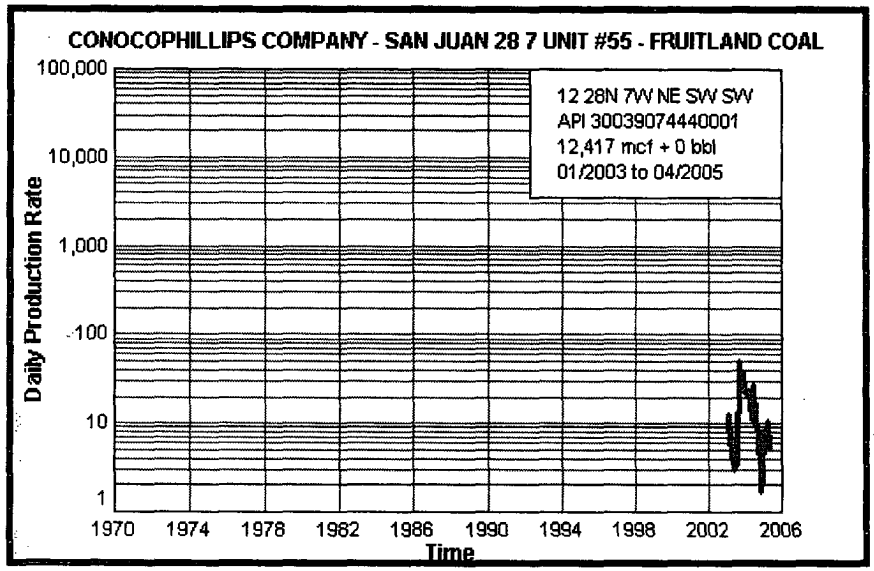
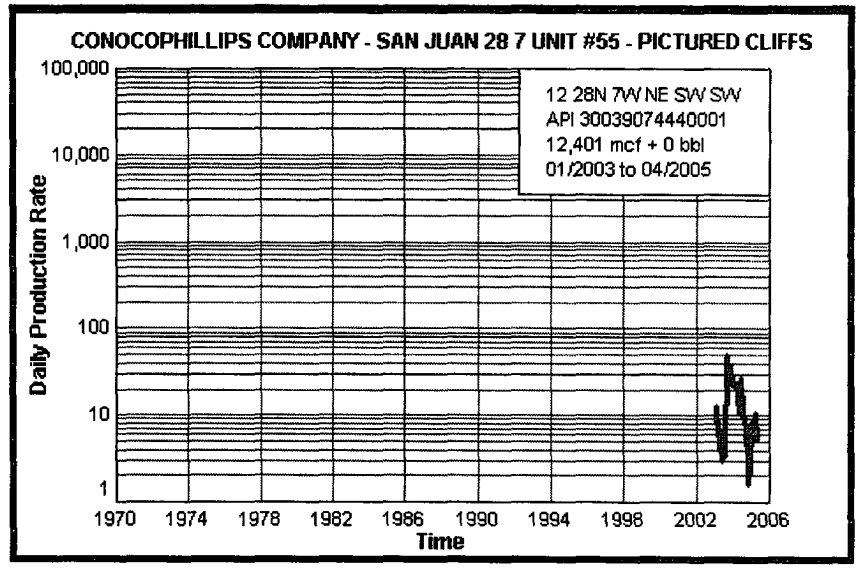
2012	148	0.0
2013	142	0.0
2014	137	0.0
2015	133	0.0
2016	128	0.0
2017	123	0.0
2018	119	0.0
2019	115	0.0
2020	111	0.0
2021	107	0.0
2022	103	0.0
2023	100	0.0
2024	96	0.0
2025	93	0.0
2026	90	0.0
2027	86	0.0
2028	83	0.0
2029	81	0.0
2030	78	0.0
2031	75	0.0
2032	72	0.0
2033	70	0.0
2034	67	0.0

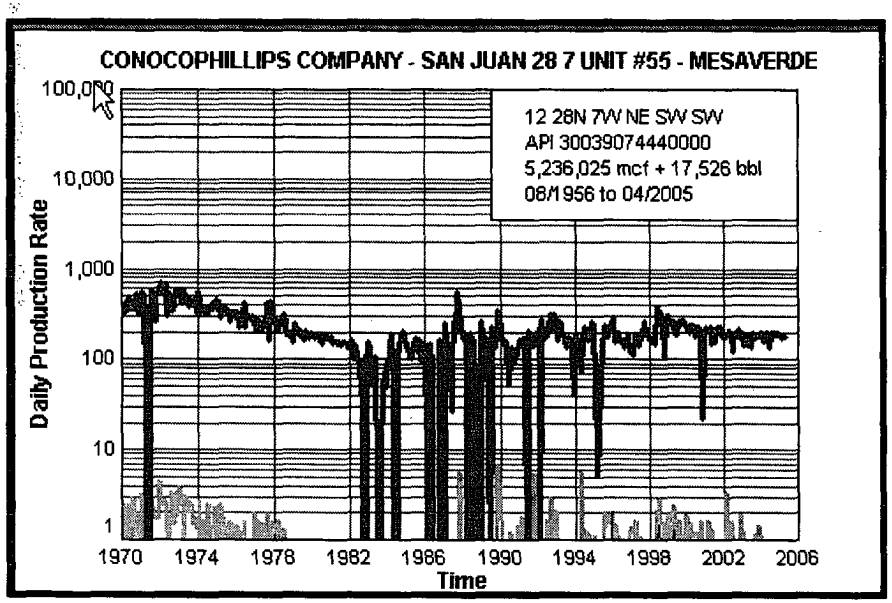
The Mid-Year Avg BOPD column in the allocation table did not populate properly due to the fact that the formula in the 1st cell was copied down without locking down the reference cell. This caused all cells below cell 1 to be populated with zeros.

YEAR	MID-YEAR AVG MCFD	MID-YEAR AVG BOPD
2000	226	0.7
2001	218	0.7
2002	211	0.7
2003	203	0.7
2004	196	0.6
2005	189	0.6
2006	183	0.6
2007	176	0.6
2008	170	0.6
2009	164	0.5
2010	158	0.5
2011	153	0.5
2012	148	0.5
2013	142	0.5
2014	137	0.5
2015	133	0.4
2016	128	0.4
2017	123	0.4
2018	119	0.4
2019	115	0.4
2020	111	0.4
2021	107	0.4
2022	103	0.3
2023	100	0.3
2024	96	0.3
2025	93	0.3
2026	90	0.3
2027	86	0.3
2028	83	0.3
2029	81	0.3
2030	78	0.3
2031	75	0.2
2032	72	0.2
2033	70	0.2
2034	67	0.2

This table reflects the Mid-Year Avg BOPD rates after correcting the formula error.


CONOCOPHILLIPS COMPANY - SAN JUAN 28 7 UNIT #55 - FRUITLAND COAL
12 28N 7W NE SW SW
API 30039074440001
12,417 mcf + 0 bbl
01/2003 to 04/2005
Daily Production Rate
100,000
10,000
1,000
100
10
1
1970
1974
1978
1982
1986
1990
1994
1998
2002
2006
Time


CONOCOPHILLIPS COMPANY - SAN JUAN 28 7 UNIT #55 - PICTURED CLIFFS
12 28N 7W NE SW SW
API 30039074440001
12,401 mcf + 0 bbl
01/2003 to 04/2005
Daily Production Rate
100,000
10,000
1,000
100
10
1
1970
1974
1978
1982
1986
1990
1994
1998
2002
2006
Time


CONOCOPHILLIPS COMPANY - SAN JUAN 28 7 UNIT #55 - MESAVERDE
12 28N 7W NE SW SW
API 30039074440000
5,236,025 mcf + 17,526 bbl
08/1956 to 04/2005
Daily Production Rate
100,000
10,000
1,000
100
10
1
1970
1974
1978
1982
1986
1990
1994
1998
2002
2006
Time

RESV ONSHORE	GAS CUM	OIL CUM	Cond Yield
PCCF	474142	321	
PCCF	607880	7	
PCCF	598785		
PCCF	538601	1	
PCCF	12401		
PCCF	310150	564	
PCCF	271410	1978	
PCCF	266408	761	
PCCF	489360	845	
PCCF	53646	12	
PCCF	106403	10	
PCCF	25485	20	
PC	3754671	4519	0.0012
MV	83512643	295690	0.00354
FC	3862127	22	5.7E-06

Average PC yield is 1/3 of that from the MV. PC is a very low volume gas producer (+/- 15 Mcfgd). FC yield is essentially 0.

RESV ONSHORE	GAS CUM	OIL CUM	Cond Yield
PCCF	474142	321	
PCCF	607880	7	
PCCF	598785		
PCCF	538601	1	
PCCF	12401		
PCCF	310150		
PCCF	271410		
PCCF	266408		
PCCF	489360		
PCCF	53646	12	
PCCF	106403	10	
PCCF	25485	20	
PC	3754671	371	9.9E-05
MV	83512643	295690	0.00354
FC	3862127	22	5.7E-06

Eliminating 4 of 12 “high” values from the average lowers the PC yield to essentially 0.