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February 4, 2005

Bureau of Land Management (3 copies)
Farmington Resource Area
1235 La Plata Highway
Farmington, NM 87401

Commissioner of Public Lands (2 copies)
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division (2 copies)
State of New Mexico
1220 S. Saint Francis Dr.
Santa Fe, New Mexico 87505-4000

RE: **SAN JUAN 32-8 UNIT**
#14-08-001-446
SAN JUAN COUNTY, NEW MEXICO
2005 PLAN OF DEVELOPMENT
Contract C40464

Gentlemen:

By letter dated January 8, 2004, ConocoPhillips, as Unit Operator, filed the 2004 Plan of Development (POD). The POD indicated twenty-five (25) wells were planned for 2004. The 2004 status is shown below.

The following wells were drilled in 2004:

<u>Well Name</u>	<u>Dedicated Acreage</u>	<u>Formation</u>
San Juan 32-8 Unit #220A	W/2 Sec 24-31N-8W	Fruitland Coal
San Juan 32-8 Unit #221A	W/2 Sec 9-31N-8W	Fruitland Coal
San Juan 32-8 Unit #222A	E/2 Sec 9-31N-8W	Fruitland Coal
San Juan 32-8 Unit #223A	W/2 Sec 10-31N-8W	Fruitland Coal
San Juan 32-8 Unit #224A	E/2 Sec 10-31N-8W	Fruitland Coal
San Juan 32-8 Unit #225A	W/2 Sec 15-31N-8W	Fruitland Coal
San Juan 32-8 Unit #226A	E/2 Sec 15-31N-8W	Fruitland Coal
San Juan 32-8 Unit #227A	W/2 Sec 16-31N-8W	Fruitland Coal
San Juan 32-8 Unit #228A	E/2 Sec 16-31N-8W	Fruitland Coal
San Juan 32-8 Unit #233A	E/2 Sec 30-32N-8W	Fruitland Coal
San Juan 32-8 Unit #234A	W/2 Sec 21-31N-8W	Fruitland Coal
San Juan 32-8 Unit #235A	E/2 Sec 21-31N-8W	Fruitland Coal
San Juan 32-8 Unit #236A	E/2 Sec 22-31N-8W	Fruitland Coal
San Juan 32-8 Unit #237A	E/2 Sec 23-31N-8W	Fruitland Coal
San Juan 32-8 Unit #238A	W/2 Sec 23-31N-8W	Fruitland Coal
San Juan 32-8 Unit #239A	W/2 Sec 30-32N-8W	Fruitland Coal
San Juan 32-8 Unit #240A	W/2 Sec 3-31N-8W	Fruitland Coal
San Juan 32-8 Unit #241A	E/2 Sec 4-31N-8W	Fruitland Coal
San Juan 32-8 Unit #242A	W/2 Sec 4-31N-8W	Fruitland Coal
San Juan 32-8 Unit #244A	E/2 Sec 14-31N-8W	Fruitland Coal
San Juan 32-8 Unit #245A	W/2 Sec 14-31N-8W	Fruitland Coal
San Juan 32-8 Unit #247A	W/2 Sec 19-32N-8W	Fruitland Coal
San Juan 32-8 Unit #257A	E/2 Sec 19-32N-8W	Fruitland Coal

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All Fruitland Coal wells drilled in 2004 were drilled as infill wells in the Fruitland Coal Participating Area. The #206A and 207A Fruitland Coal wells will be carried over into the 2005 drilling program.

2004 Summary - There were twenty-three (23) wells drilled in 2004. Two (2) wells will be carried over to the 2005 drilling program. All operations were conducted in accordance with existing regulatory parameters.

Attached to this letter are unit production plats for each producing formation. The Participating Areas which have been established in the San Juan 32-8 Unit are listed below:

<u>Formation</u>	<u>Revision</u>	<u>Effective</u>
Fruitland Coal	Twenty-seventh	10/1/01
Pictured Cliffs	First	1/1/83
Mesaverde	Nineteenth	7/1/83
Dakota	Initial	2/10/82

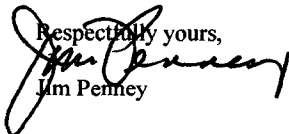
Pursuant to Section 10 of the San Juan 32-8 Unit Agreement, ConocoPhillips, as Unit Operator hereby submits the following wells for the 2005 POD:

<u>Well Name</u>	<u>Dedicated Acreage</u>	<u>Formation</u>	<u>Operation</u>
San Juan 32-8 Unit #206A	E/2 Sec 24-31N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #207A	W/2 Sec 22-31N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #213A	W/2 Sec 22-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #249AR	E/2 Sec 3-31N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #254A	W/2 Sec 23-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #258A	W/2 Sec 15-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #259	E/2 Sec 22-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #260A	S/2 Sec 18-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #261A	W/2 Sec 17-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #262A	E/2 Sec 17-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #263A	E/2 Sec 15-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #264A	NSP Sec 9-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #265	W/2 Sec 14-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #266A	E/2 Sec 14-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #267	E/2 Sec 23-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #267A	E/2 Sec 23-32N-8W	Fruitland Coal	Drill
San Juan 32-8 Unit #11M	E/2 Sec 21-31N-8W	Mesaverde/Dakota	Drill
San Juan 32-8 Unit #12F	W/2 Sec 21-31N-8W	Mesaverde/Dakota	Drill
San Juan 32-8 Unit #7M	W/2 Sec 22-31N-8W	Mesaverde/Dakota	Drill
San Juan 32-8 Unit #8B	E/2 Sec 22-31N-8W	Mesaverde/Dakota	Drill
San Juan 32-8 Unit #8C	E/2 Sec 22-31N-8W	Mesaverde/Dakota	Drill
San Juan 32-8 Unit #26B	W2 Sec 16-31N-8W	Mesaverde/Dakota	Drill
San Juan 32-8 Unit #26C	W/2 Sec 16-31N-8W	Mesaverde/Dakota	Drill
San Juan 32-8 Unit #28B	E/2 Sec 16-31N-8W	Mesaverde/Dakota	Drill
San Juan 32-8 Unit #32	E/2 Sec 16-31N-8W	Mesaverde/Dakota	Drill
San Juan 32-8 Unit #33A	E/2 Sec 9-31N-8W	Mesaverde/Dakota	Drill

The San Juan 32-8 Unit working interest owners are being provided with a copy of this letter. ConocoPhillips, as Unit Operator, will drill any wells that may be required to prevent drainage and any other wells deemed necessary or requested by the Unit working interest owners under the terms and provisions of the Unit Operating Agreement.

Per Section 10 of the Unit Agreement, please confirm your approval of this POD by signing in the appropriate space below and returning an executed copy to my attention.

Respectfully yours,


Jim Penney

SAN JUAN 32-8 UNIT #14-08-001-446
2005 PLAN OF DEVELOPMENT

Bureau of Land Management

Date

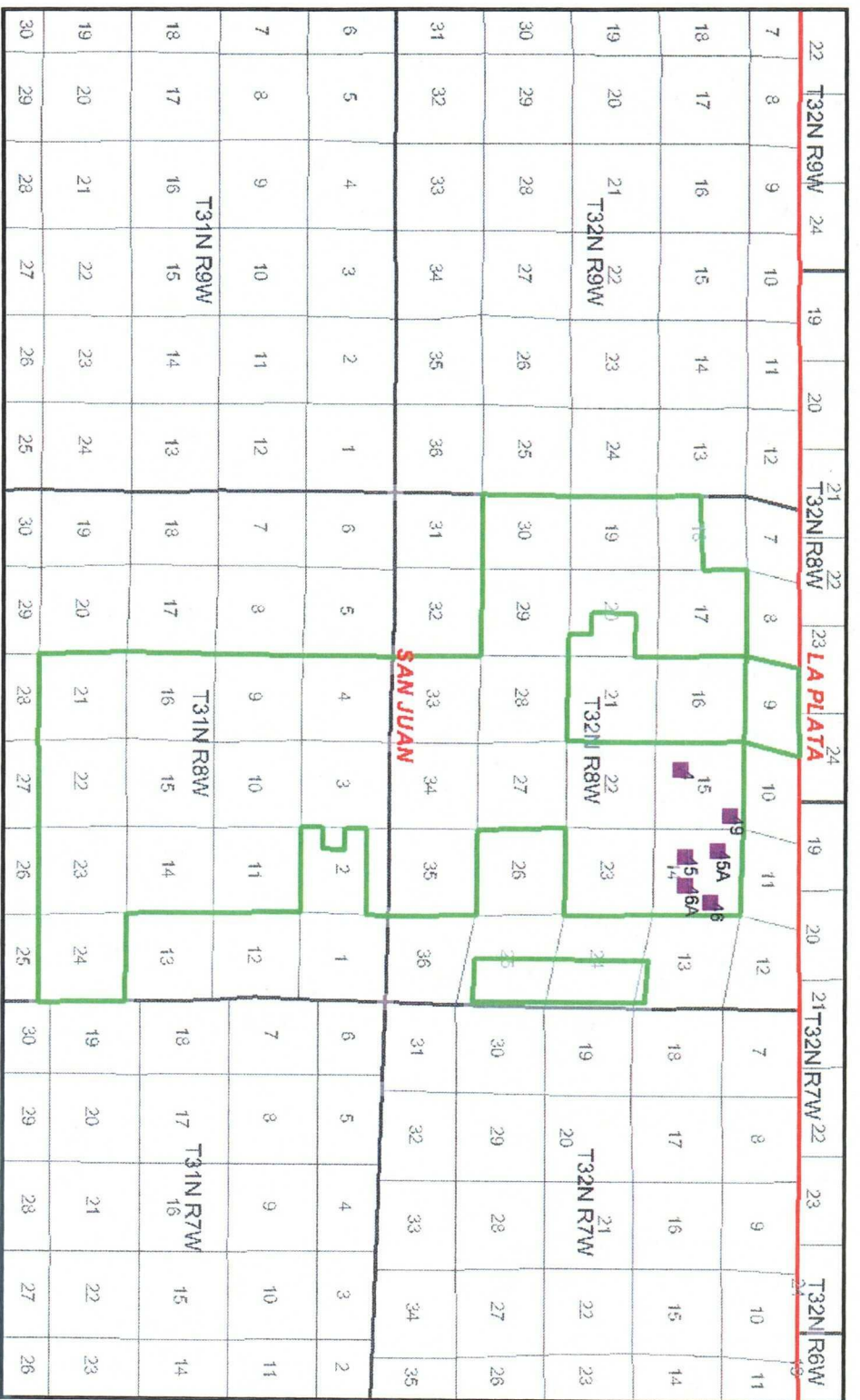
New Mexico Commissioner of Public Lands

Date

New Mexico Oil Conservation Division

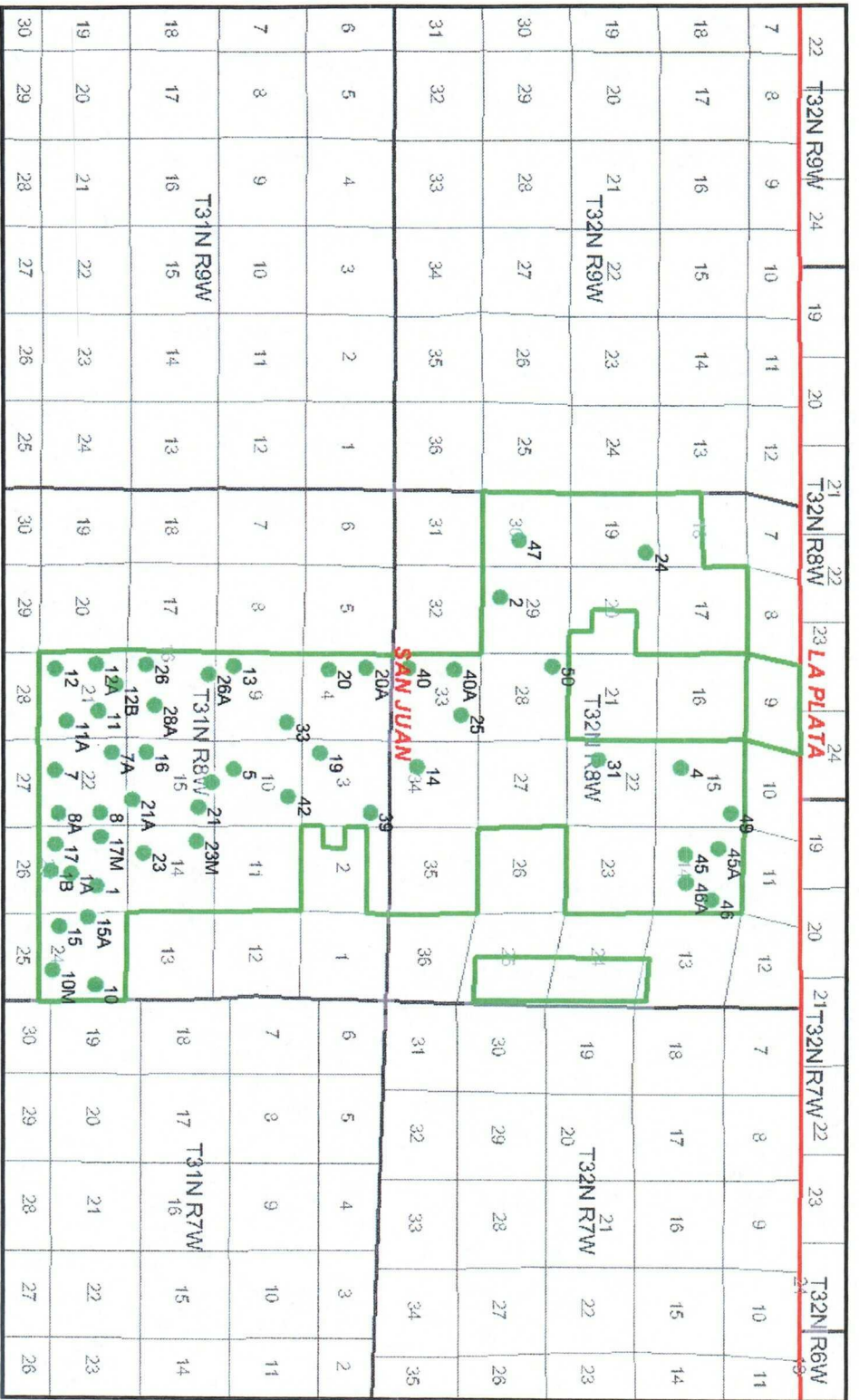
Date


3/31/05



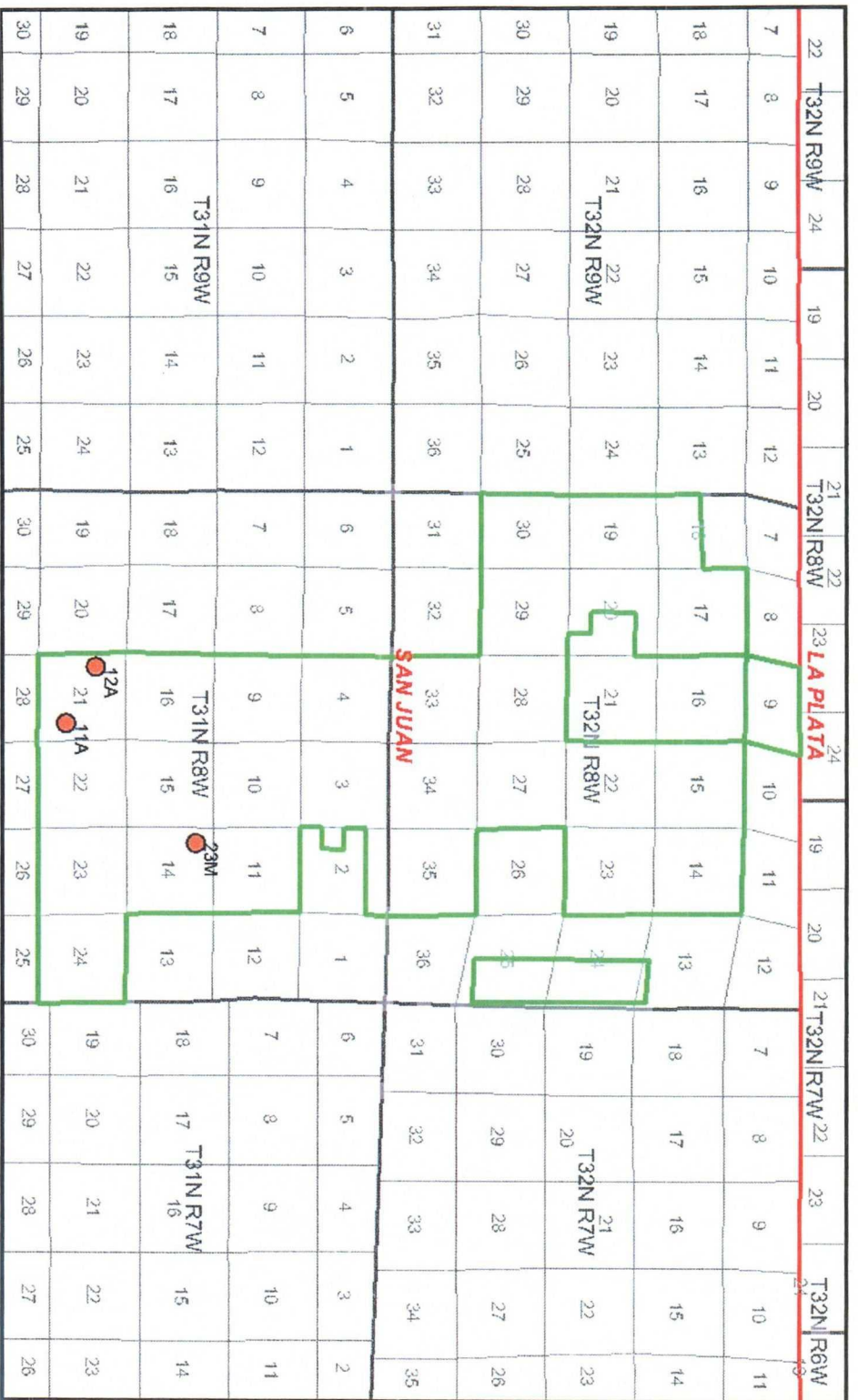
ConocoPhillips
San Juan 32-8 Unit
Pictured Cliffs Wells

Projection: NAD 1983 SPCS Zone New Mexico West
Drawn by: Jim Penney
Date: Mon Jan 24 16:45:31 2005



ConocoPhillips
San Juan 32-8 Unit
Mesaverde Wells

Projection: NAD 1983 SPCS Zone New Mexico West
 Drawn by: Jim Penney
 Date: Mon Jan 24 16:55:07 2005



ConocoPhillips
San Juan 32-8 Unit
Dakota Wells

Projection: NAD 1983 SPCS Zone New
Mexico West
Drawn by: Jim Penney
Date: Mon Jan 24 16:51:21 2005