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February 13, 2006

Bureau of Land Management (3 copies) Farmington Resource Area 1235 La Plata Highway Farmington, New Mexico 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. St Francis Drive Santa Fe, New Mexico 87505-4000

RE:

SAN JUAN 30-5 UNIT #14-08-001-346 RIO ARRIBA COUNTY, NEW MEXICO 2006 PLAN OF DEVELOPMENT CONTRACT C40454

Ladies and Gentlemen:

By letter dated February 4, 2005, ConocoPhillips as Unit Operator filed the 2005 Plan of Development (POD). The POD indicated that twenty-four (27) wells were planned to be drilled or re-completed. The 2005 status is shown below:

The following wells were drilled in 2005:

Well Name	Dedicated Acreage	Formation	
San Juan 30-5 Unit #237R	E/2 Section 16-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #239A	W/2 Section 15-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #263A	E/2 Section 13-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #37M	W/2 Section 8-30N-5W	Mesaverde/Dakota	Drill

The San Juan 30-5 #237R well was drilled to the Fruitland Coal as an infill well on a drill block basis and the remaining Fruitland Coal wells were drilled as infill wells in the Fruitland Coal Participating Area. The Mesaverde/Dakota wells were drilled in the Mesaverde and Dakota Participating Areas. The San Juan 30-5 #37G, 39M, 205A, 211A, 220A, 241A, 247R, 248A, 249A, 255A, 257A, 258A, 259A, 261A, 267A, 268A, 269 wells will be carried over to the 2006 drilling program.

The following wells were re-completed in 2005:

Well Name	Dedicated Acreage	<u>Formation</u>	
San Juan 30-5 Unit #62	NE/4 Section 21-30N-5W	Pictured Cliffs	Recomplete

2005 Summary - There were five (5) wells drilled or re-completed in 2005. Seventeen (17) wells will be carried over to the 2006 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 30-5 Unit are listed below:

Formation	Revision	Effective
Fruitland Coal	Thirty-Fourth	8/1/2002
Pictured Cliffs	Third	11/1/81
Mesaverde	Thirty-Fifth	6/1/00
Dakota	Eighteenth	8/1/00
Dakota "A"	Initial	7/19/93

Pursuant to Section 10 of the San Juan 30-5 Unit Agreement, ConocoPhillips, as Unit Operator, hereby submits the following wells for the 2006 POD:

Well Name	Dedicated Acreage	Formation	Operation
San Juan 30-5 Unit #205A	W/2 Section 7-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #211A	E/2 Section 31-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #220A	W/2 Section 8-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #241A	W/2 Section 23-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #247R	E/2 Section 26-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #248A	W/2 Section 35-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #249A	E/2 Section 23-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #255A	W/2 Section 14-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #257A	W/2 Section 11-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #258A	E/2 Section 14-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #259A	W/2 Section 13-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #261A	E/2 Section 11-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #267A	E/2 Section 24-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #268A	W/2 Section 24-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #269	W/2 Section 25-30N-5W	Fruitland Coal	Drill
San Juan 30-5 Unit #37G	W/2 Section 8-30N-5W	Mesaverde/Dakota	Drill
San Juan 30-5 Unit #38M	E/2 Section 18-30N-5W	Mesaverde/Dakota	Drill
San Juan 30-5 Unit #39M	MV W/2 DK N/2 Sec 7-30N-5W	Mesaverde	Drill

The San Juan 30-5 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.

Respectfull	УУ	ours,
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Jim Penney

SAN JUAN 30-5 UNIT #14-08-001-346 2006 INITIAL PLAN OF DEVELOPMENT

Bureau of Land Management	Date
New Mexico Commissioner of Public Lands	Date
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New Mexico Oil Conservation Division	Date

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