



Jim Penney
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July 19, 2005

Bureau of Land Management
Farmington Resource Area
1235 LaPlata Highway
Farmington, New Mexico 87401
Attn: Mr. Wayne Townsend

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87501-1148
Attn: Mr. Patrick H. Lyons

Oil Conservation Division
State of New Mexico
1220 So. Saint Francis Drive
Santa Fe, New Mexico 87505-4000
Attn: Ms Lori Wrotenberry

RE: San Juan 32-7 Unit – No. 14-08-001-441
Commerciality Determination
Fruitland Coal Formation
San Juan County, New Mexico
Contract: 040463 Lease: A650115

Ladies and Gentlemen:

Pursuant to the provisions of Section 11(a) of the San Juan 32-7 Unit Agreement, ConocoPhillips Company ("ConocoPhillips"), as Unit Operator, has determined that the following well is capable of producing unitized substances in paying quantities from the Fruitland Coal formation:

Well Name	Dedication	Lease No.	Completion Date	Operator's Determination
Allison Unit Com #105	N/2 Sec. 26, T32N, R7W	SF 078483A	7/21/1996	Commercial

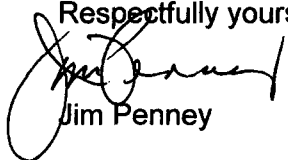
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ConocoPhillips respectfully requests agency confirmation of the enclosed paying well determination which includes an economic summary along with production data for the well.

The lands dedicated to this well cover the N/2 of Section 26, T32N, R7W. The N/2NW/4 of Section 26, T32N, R7W (NMSF-078472) is contained within the boundary of the ConocoPhillips operated San Juan 32-7 Unit. The S/2NW/4 (NMNM-2995), the W/2NE/4 (SF-078483-A), and the E/2 of NE/4 (Fee Lease) of Section 26, T32N, R7W are contained within the boundary of the Burlington operated Allison Unit. These lands are subject to a Communitization Agreement dated June 14, 1996 (NMNM96754). Upon confirmation from the Bureau of Land Management and concurring responses from the Commissioner of Public Lands and the New Mexico Oil Conservation Division, the formal Participating Area schedules will be prepared and submitted.

Copies of this letter and enclosures are being sent to the 32-7 Unit Fruitland Coal PA working interest owners as listed below. Please contact Janet Stasney at (832) 486-2359 for any technical questions you may have, and direct all other questions to the undersigned at (832) 486-2355.

Respectfully yours,



Jim Penney

Williams Production Company
One Williams Center
P.O. Box 3102 MS 37-5
Tulsa, Oklahoma 74101
Attention: Mr. Vern Hansen

San Juan Basin Partnership
C/O EN Vantage Inc.
1415 North Loop West, Suite 1180
Houston, TX 77008