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446
ConocoPhillips Company
PO Box 4289
Farmington NM 87499-4289
505-326-9700

February 22, 2008

Bureau of Land Management
Farmington Resource Area
Attn: Mr. Wayne Townsend
1235 La Plata Highway
Farmington, NM 87401

RE: **SAN JUAN 32-8 UNIT, #14-08-001-446**
Commerciality Determinations
DAKOTA Participating Area
San Juan County, New Mexico
Property Code: A709919

Gentlemen:

Pursuant to Section 11(a) of the above referenced Unit Agreement, approved October 21, 1952, **CONOCOPHILLIPS, as Unit Operator**, has determined that the wells listed below are capable of producing unitized substances in paying quantities from the Dakota Formation. ConocoPhillips is seeking confirmation of the well determinations enclosed.

Well Name	Dedication	Lease No.	Completion Date	Determination
SJ 32-8 Unit #12F	W/2 Sec. 21-31N-8W	NMNM-013364	11-29-06	Commercial
SJ 32-8 Unit #32	E/2 Sec. 16-31N-8W	State B-11240-84	11-11-06	Commercial
SJ 32-8 Unit #34M	E/2 Sec. 22-31N-8W	NMNM-03402	11-17-06	Commercial

Upon receipt of response from the Bureau of Land Management and concurring responses from the Commissioner of Public Lands and 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 working interest owners as listed on the attached page. Please contact Karen Stevens at 326-9754 for any technical questions, all other questions to the undersigned at 599-4030.

Sincerely,

Dawn Howell
Staff Land Technician

SJ 32-8 Unit 4.3

Cc: State of New Mexico
Oil Conservation Division
Attn: Ms. Lori Wrotenbery
1220 S. Saint Francis Drive
Santa Fe, NM 87505-4000

State of New Mexico
Commissioner of Public Lands
Attn: Mr. Pete Martinez
P.O. Box 1148
Santa Fe, NM 87504-1148

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 32-8 UNIT 12F

WELL INFORMATION

LEASE SAN JUAN 32-8 UNIT 12F
 LOCATION 21031N008W
 COUNTY, STATE SAN JUAN, New Mexico
 FORMATION DAKOTA
 PROJECT TYPE NEWDRILL
 WELL TYPE GAS WELL
 OPERATOR CONOCOPHILLIPS COMPANY
 SPUD DATE 9/27/2006
 COMP DATE 11/29/2006
 1ST DELIVERY 12/11/2006
 COMM GWI % 100.00
 COMM NRI % 87.50
 BOARD RATE % 10.00

PRODUCTION TAXES

TAXES FOR: SAN JUAN, New Mexico
 2003 - 2004 Commerciality

GAS % OF REVENUE

SEVERANCE:
 Severance, School, Conservation 7.93

AD VALOREM:
 Production, Equipment 1.26

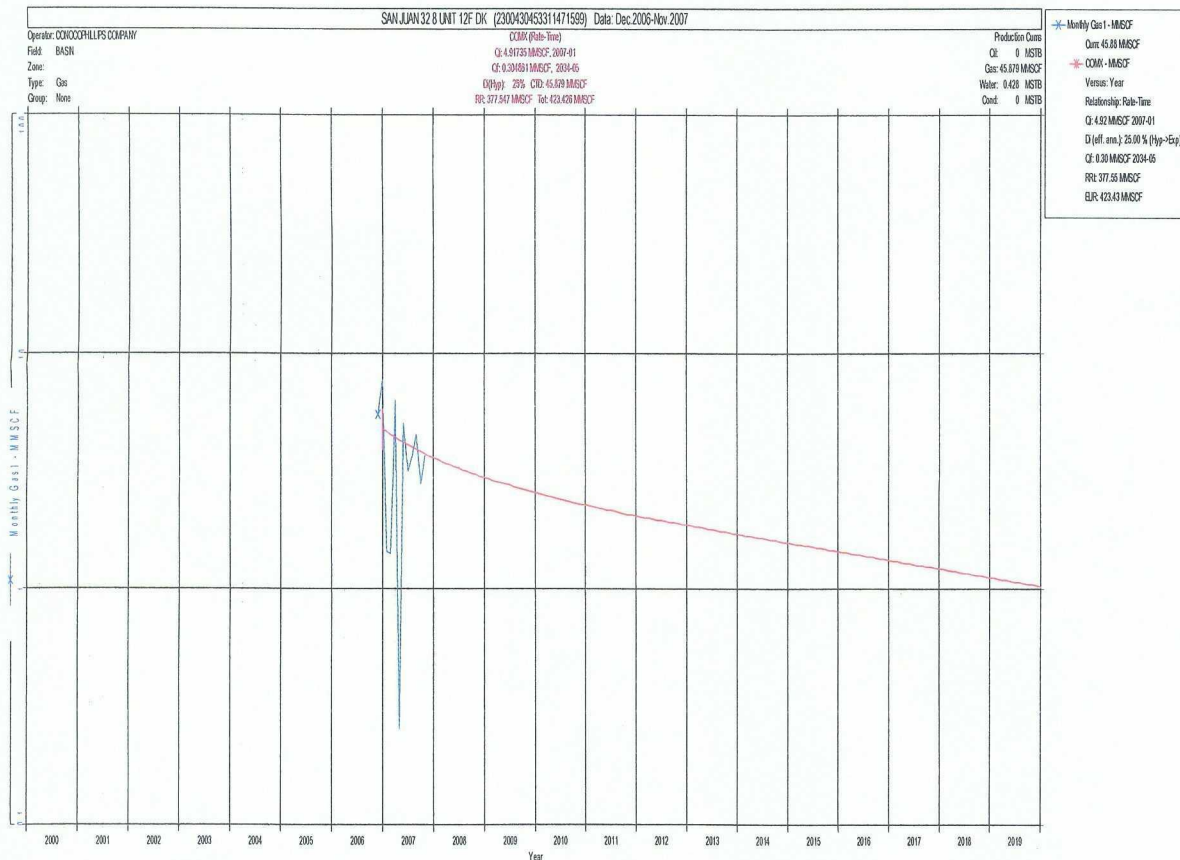
TOTAL %: 9.19

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

684.00 M\$ AVERAGE WELL COST
 417.88 MMCF ULT. GROSS GAS RESERVES
 120.70 MCFD INITIAL GAS RATE
 18.83 % RATE OF RETURN
 0.37 \$/\$ P/I, DISC. @ 10.00 %
 251.62 M\$ NET PRESENT VALUE, DISC. @ 10.00 %
 4.54 YRS PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 UNIT 12F

CASH FLOW SUMMARY

Date	Gas1 Rate	Gas1 Volume	Net Gas Volume	Net Cond Volume	Net Oth Volume	Gas1 Price	Gas Price	Cond Price	Oth Price	Net Revenue	Prod Taxes	Total Opccosts	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2007(12)	120.7	44.1	31.48	0.00	3.06	4.86	4.86	35.51	22.66	213.7	21.61	6.00	186.10	684.00	-497.90
2008(12)	109.0	39.9	28.52	0.00	2.77	4.86	4.86	35.51	22.66	193.6	19.57	6.00	167.99	0.00	167.99
2009(12)	91.7	33.5	23.92	0.00	2.33	4.86	4.86	35.51	22.66	162.4	16.42	6.00	139.96	0.00	139.96
2010(12)	79.8	29.1	20.82	0.00	2.02	4.86	4.86	35.51	22.66	141.3	14.29	6.00	121.06	0.00	121.06
2011(12)	71.2	26.0	18.57	0.00	1.81	4.86	4.86	35.51	22.66	126.0	12.74	6.00	107.29	0.00	107.29
2012(12)	64.4	23.6	16.84	0.00	1.64	4.86	4.86	35.51	22.66	114.3	11.56	6.00	96.74	0.00	96.74
2013(12)	59.2	21.6	15.44	0.00	1.50	4.86	4.86	35.51	22.66	104.8	10.59	6.00	88.19	0.00	88.19
2014(12)	54.4	19.8	14.18	0.00	1.38	4.86	4.86	35.51	22.66	96.2	9.73	6.00	80.50	0.00	80.50
2015(12)	49.9	18.2	13.02	0.00	1.27	4.86	4.86	35.51	22.66	88.4	8.93	6.00	73.44	0.00	73.44
2016(12)	45.7	16.7	11.96	0.00	1.16	4.86	4.86	35.51	22.66	81.2	8.21	6.00	66.95	0.00	66.95
2017(12)	42.1	15.4	10.98	0.00	1.07	4.86	4.86	35.51	22.66	74.5	7.54	6.00	61.00	0.00	61.00
2018(12)	38.7	14.1	10.08	0.00	0.98	4.86	4.86	35.51	22.66	68.5	6.92	6.00	55.53	0.00	55.53
2019(12)	35.5	13.0	9.26	0.00	0.90	4.86	4.86	35.51	22.66	62.9	6.36	6.00	50.51	0.00	50.51
2020(12)	32.5	11.9	8.51	0.00	0.83	4.86	4.86	35.51	22.66	57.7	5.84	6.00	45.90	0.00	45.90
2021(12)	29.9	10.9	7.81	0.00	0.76	4.86	4.86	35.51	22.66	53.0	5.36	6.00	41.66	0.00	41.66
2022(12)	27.5	10.0	7.17	0.00	0.70	4.86	4.86	35.51	22.66	48.7	4.92	6.00	37.77	0.00	37.77
2023(12)	25.3	9.2	6.59	0.00	0.64	4.86	4.86	35.51	22.66	44.7	4.52	6.00	34.20	0.00	34.20
2024(12)	23.1	8.5	6.05	0.00	0.59	4.86	4.86	35.51	22.66	41.1	4.15	6.00	30.92	0.00	30.92
2025(12)	21.3	7.8	5.56	0.00	0.54	4.86	4.86	35.51	22.66	37.7	3.81	6.00	27.90	0.00	27.90
2026(12)	19.6	7.1	5.10	0.00	0.50	4.86	4.86	35.51	22.66	34.6	3.50	6.00	25.14	0.00	25.14
Sub.	---	380.4	271.86	0.00	26.43	---	---	---	---	1,845.3	186.56	120.00	1,538.74	684.00	854.74
Rem.	---	37.5	26.76	0.00	2.60	---	---	---	---	181.7	18.37	44.50	118.80	0.00	118.80
Total	---	417.9	298.62	0.00	29.03	---	---	---	---	2,027.0	204.93	164.50	1,657.55	684.00	973.55

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 32-8 UNIT 32

WELL INFORMATION

LEASE	SAN JUAN 32-8 UNIT 32
LOCATION	16031N008W
COUNTY, STATE	SAN JUAN, New Mexico
FORMATION	DAKOTA
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS COMPANY
SPUD DATE	8/13/2006
COMP DATE	11/11/2006
1ST DELIVERY	11/28/2006
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES

TAXES FOR: SAN JUAN, New Mexico
2003 - 2004 Commerciality

GAS % OF REVENUE

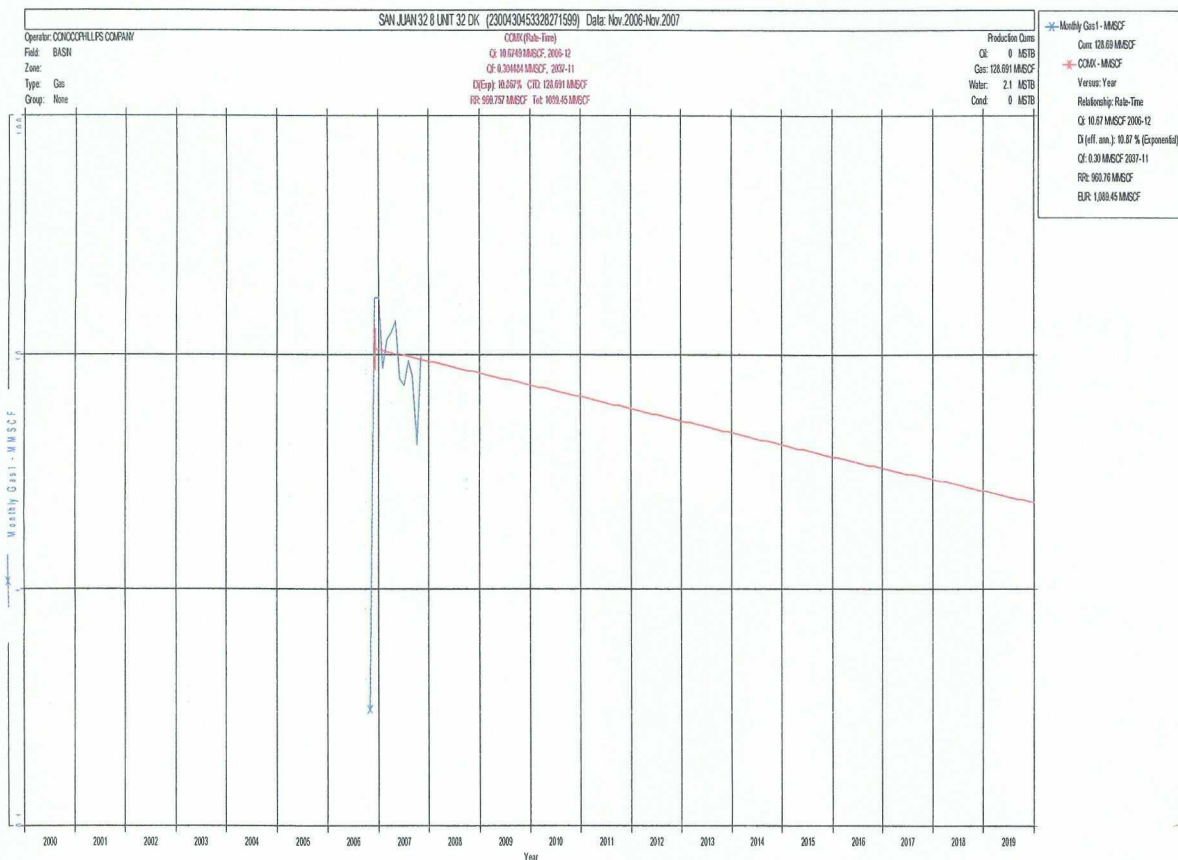
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.26
TOTAL %:	9.19

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

684.00	M\$	AVERAGE WELL COST
1,089.14	MMCF	ULT. GROSS GAS RESERVES
560.23	MCFD	INITIAL GAS RATE
120.48	%	RATE OF RETURN
2.91	\$/	P/I, DISC. @ 10.00 %
1,990.15	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
1.25	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 UNIT 32

CASH FLOW SUMMARY

Date	Gas1 Rate	Gas1 Volume	Net Gas Volume	Net Cond Volume	Net Oth Volume	Gas1 Price	Gas Price	Cond Price	Oth Price	Net Revenue	Prod Taxes	Total Op costs	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2006(12)	560.2	17.4	12.41	0.00	1.21	4.86	4.86	35.51	22.66	84.2	8.52	0.50	75.22	684.00	-608.78
2007(12)	330.1	120.5	86.10	0.00	8.37	4.86	4.86	35.51	22.66	584.4	59.09	6.00	519.35	0.00	519.35
2008(12)	291.9	106.8	76.34	0.00	7.42	4.86	4.86	35.51	22.66	518.2	52.39	6.00	459.79	0.00	459.79
2009(12)	260.9	95.2	68.04	0.00	6.62	4.86	4.86	35.51	22.66	461.9	46.70	6.00	409.17	0.00	409.17
2010(12)	232.5	84.9	60.65	0.00	5.90	4.86	4.86	35.51	22.66	411.7	41.62	6.00	364.05	0.00	364.05
2011(12)	207.3	75.6	54.06	0.00	5.26	4.86	4.86	35.51	22.66	366.9	37.10	6.00	323.84	0.00	323.84
2012(12)	184.2	67.4	48.18	0.00	4.68	4.86	4.86	35.51	22.66	327.1	33.07	6.00	288.00	0.00	288.00
2013(12)	164.7	60.1	42.95	0.00	4.18	4.86	4.86	35.51	22.66	291.5	29.47	6.00	256.05	0.00	256.05
2014(12)	146.8	53.6	38.28	0.00	3.72	4.86	4.86	35.51	22.66	259.8	26.27	6.00	227.57	0.00	227.57
2015(12)	130.8	47.7	34.12	0.00	3.32	4.86	4.86	35.51	22.66	231.6	23.42	6.00	202.19	0.00	202.19
2016(12)	116.3	42.6	30.41	0.00	2.96	4.86	4.86	35.51	22.66	206.4	20.87	6.00	179.57	0.00	179.57
2017(12)	103.9	37.9	27.11	0.00	2.64	4.86	4.86	35.51	22.66	184.0	18.60	6.00	159.40	0.00	159.40
2018(12)	92.6	33.8	24.16	0.00	2.35	4.86	4.86	35.51	22.66	164.0	16.58	6.00	141.43	0.00	141.43
2019(12)	82.6	30.1	21.54	0.00	2.09	4.86	4.86	35.51	22.66	146.2	14.78	6.00	125.40	0.00	125.40
2020(12)	73.4	26.9	19.20	0.00	1.87	4.86	4.86	35.51	22.66	130.3	13.17	6.00	111.13	0.00	111.13
2021(12)	65.6	23.9	17.11	0.00	1.66	4.86	4.86	35.51	22.66	116.1	11.74	6.00	98.40	0.00	98.40
2022(12)	58.5	21.3	15.25	0.00	1.48	4.86	4.86	35.51	22.66	103.5	10.47	6.00	87.05	0.00	87.05
2023(12)	52.1	19.0	13.59	0.00	1.32	4.86	4.86	35.51	22.66	92.3	9.33	6.00	76.94	0.00	76.94
2024(12)	46.3	17.0	12.12	0.00	1.18	4.86	4.86	35.51	22.66	82.2	8.31	6.00	67.93	0.00	67.93
2025(12)	41.4	15.1	10.80	0.00	1.05	4.86	4.86	35.51	22.66	73.3	7.41	6.00	59.89	0.00	59.89
Sub.	---	996.9	712.42	0.00	69.27	---	---	---	---	4,835.8	488.91	114.50	4,232.36	684.00	3,548.36
Rem.	---	92.2	65.87	0.00	6.40	---	---	---	---	447.1	45.21	71.00	330.93	0.00	330.93
Total	---	1,089.1	778.30	0.00	75.67	---	---	---	---	5,282.9	534.11	185.50	4,563.30	684.00	3,879.30

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 32-8 UNIT 34M

WELL INFORMATION

LEASE	SAN JUAN 32-8 UNIT 34M
LOCATION	22031N008W
COUNTY, STATE	SAN JUAN, New Mexico
FORMATION	DAKOTA
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS COMPANY
SPUD DATE	9/5/2006
COMP DATE	11/17/2006
1ST DELIVERY	12/2/2006
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES

TAXES FOR: SAN JUAN, New Mexico
2003 - 2004 Commerciality

GAS % OF REVENUE

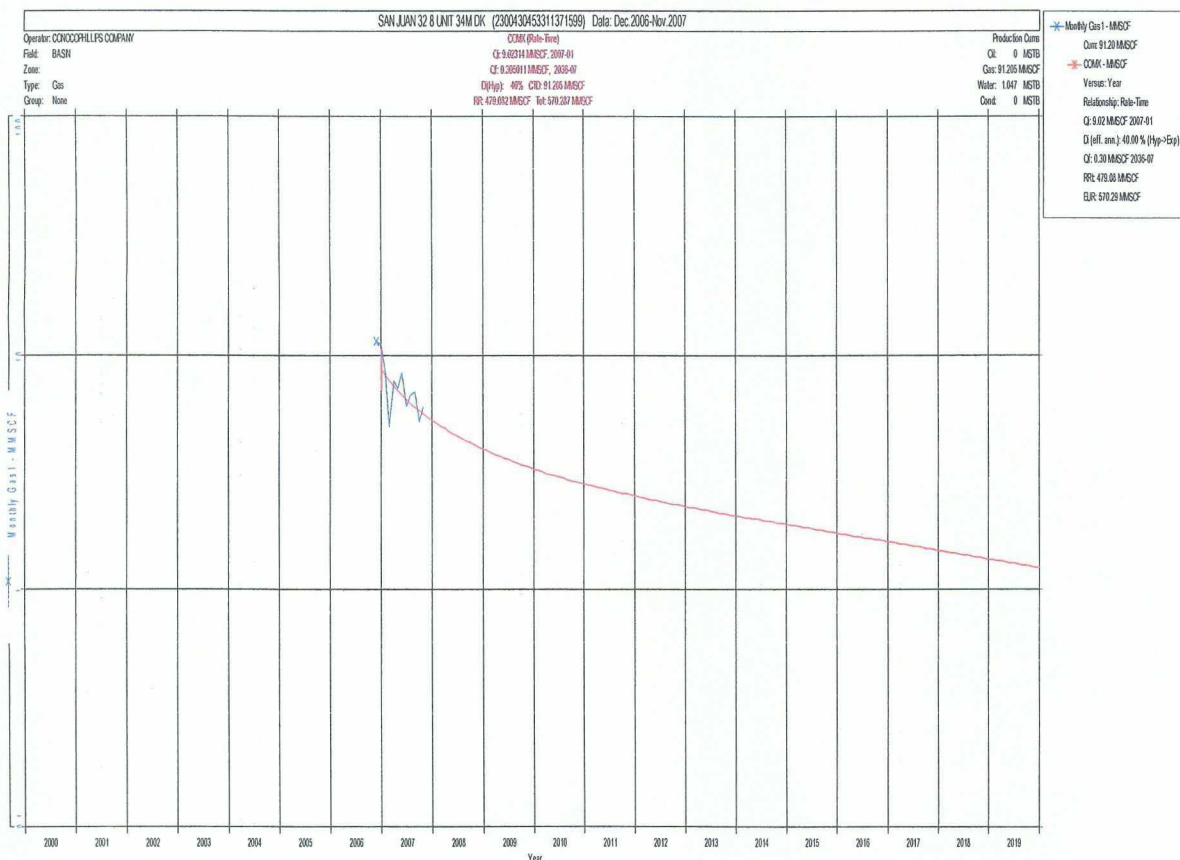
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.26
TOTAL %:	9.19

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

684.00	M\$	AVERAGE WELL COST
558.87	MMCF	ULT. GROSS GAS RESERVES
233.66	MCFD	INITIAL GAS RATE
41.05	%	RATE OF RETURN
0.95	\$/	P/I, DISC. @ 10.00 %
647.25	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
2.36	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 UNIT 34M

CASH FLOW SUMMARY

Date	Gas1 Rate	Gas1 Volume	Net Gas Volume	Net Cond Volume	Net Oth Volume	Gas1 Price	Gas Price	Cond Price	Oth Price	Net Revenue	Prod Taxes	Total Op costs	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2007(12)	233.7	85.3	60.95	0.00	5.93	4.86	4.86	35.51	22.66	413.7	41.83	6.00	365.87	684.00	-318.13
2008(12)	152.8	55.9	39.97	0.00	3.89	4.86	4.86	35.51	22.66	271.3	27.43	6.00	237.89	0.00	237.89
2009(12)	120.7	44.0	31.47	0.00	3.06	4.86	4.86	35.51	22.66	213.6	21.60	6.00	186.02	0.00	186.02
2010(12)	101.3	37.0	26.42	0.00	2.57	4.86	4.86	35.51	22.66	179.3	18.13	6.00	155.19	0.00	155.19
2011(12)	88.2	32.2	23.01	0.00	2.24	4.86	4.86	35.51	22.66	156.2	15.79	6.00	134.38	0.00	134.38
2012(12)	78.5	28.7	20.52	0.00	2.00	4.86	4.86	35.51	22.66	139.3	14.08	6.00	119.21	0.00	119.21
2013(12)	71.4	26.0	18.61	0.00	1.81	4.86	4.86	35.51	22.66	126.4	12.77	6.00	107.58	0.00	107.58
2014(12)	65.4	23.9	17.07	0.00	1.66	4.86	4.86	35.51	22.66	115.8	11.71	6.00	98.12	0.00	98.12
2015(12)	60.1	21.9	15.67	0.00	1.52	4.86	4.86	35.51	22.66	106.4	10.76	6.00	89.63	0.00	89.63
2016(12)	55.0	20.1	14.39	0.00	1.40	4.86	4.86	35.51	22.66	97.7	9.88	6.00	81.82	0.00	81.82
2017(12)	50.7	18.5	13.22	0.00	1.29	4.86	4.86	35.51	22.66	89.7	9.07	6.00	74.65	0.00	74.65
2018(12)	46.5	17.0	12.14	0.00	1.18	4.86	4.86	35.51	22.66	82.4	8.33	6.00	68.07	0.00	68.07
2019(12)	42.7	15.6	11.15	0.00	1.08	4.86	4.86	35.51	22.66	75.7	7.65	6.00	62.02	0.00	62.02
2020(12)	39.1	14.3	10.24	0.00	1.00	4.86	4.86	35.51	22.66	69.5	7.03	6.00	56.47	0.00	56.47
2021(12)	36.0	13.2	9.40	0.00	0.91	4.86	4.86	35.51	22.66	63.8	6.45	6.00	51.37	0.00	51.37
2022(12)	33.1	12.1	8.64	0.00	0.84	4.86	4.86	35.51	22.66	58.6	5.93	6.00	46.69	0.00	46.69
2023(12)	30.4	11.1	7.93	0.00	0.77	4.86	4.86	35.51	22.66	53.8	5.44	6.00	42.39	0.00	42.39
2024(12)	27.8	10.2	7.28	0.00	0.71	4.86	4.86	35.51	22.66	49.4	5.00	6.00	38.44	0.00	38.44
2025(12)	25.6	9.4	6.69	0.00	0.65	4.86	4.86	35.51	22.66	45.4	4.59	6.00	34.81	0.00	34.81
2026(12)	23.6	8.6	6.14	0.00	0.60	4.86	4.86	35.51	22.66	41.7	4.22	6.00	31.48	0.00	31.48
Sub.	---	505.0	360.91	0.00	35.09	---	---	---	---	2,449.8	247.68	120.00	2,082.12	684.00	1,398.12
Rem.	---	53.8	38.46	0.00	3.74	---	---	---	---	261.1	26.40	57.50	177.19	0.00	177.19
Total	---	558.9	399.38	0.00	38.83	---	---	---	---	2,710.9	274.08	177.50	2,259.31	684.00	1,575.31

**SAN JUAN 32-8 UNIT
WORKING INTEREST OWNERS**

BURLINGTON RESOURCES OIL & GAS
CONOCOPHILLIPS COMPANY
FOUR STAR OIL & GAS COMPANY
H H PHILLIPS
H H PHILLIPS JR
PHILLIPS-NEW MEXICO PARTNERS LP
PHILLIPS-SAN JUAN PARTNERS LP
SUSANNA PHILLIPS KELLY
WILLIAMS PRODUCTION COMPANY
WINTERGREEN ENERGY CORP