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State of New Mexico
Commissioner of Public Lands

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PATRICK H. LYONS
COMMISSIONER

January 6, 2009

ConocoPhillips Company
P. O. Box 4289
Farmington, NM 87499-4289

Attention: Ms. Dawn Howell

Re: San Juan 32-8 Unit
Commerciality Determinations
Dakota Formation
San Juan 32-8 Unit Well No. 18, W/2 Sec. 11-31N-8W Commercial
San Juan 32-8 Unit Well No. 15M, W/2 Sec. 24-31N-8W Commercial
San Juan 32-8 Unit Well No. 29M, E/2 Sec. 11-31N-8W Commercial
San Juan 32-8 Unit Well No. 16M, W/2 Sec. 15-31N-8W Non-Commercial
San Juan County, New Mexico

Dear Ms. Howell:

We are in receipt of your letter of December 5, 2008 and a copy of the Bureau of Land Management's letter of December 12, 2008 regarding the above referenced commerciality determinations for the San Juan 32-8 Unit Well Nos. 18, 15M, 29M and 16M.

We concur with the Bureau of Land Management that the San Juan 32-8 Unit Well Nos. 18, 15M and 29M are commercial wells in the Dakota formation and should be included in the Dakota participating area. The San Juan 32-8 Unit Well No. 16M is a non-commercial well and should be produced on a lease basis.

Please submit an application for the appropriate expansion of the Dakota participating area to this office for approval.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
PL/JB/pm

pc: Reader File
BLM-Farmington Attn: Mr. Wayne Townsend
OCD-Santa Fe Attn: Mr. Ed Martin
TRD-Attn: Mr. Valdean Severson
RMD-Kurt McFall

-State Land Office Beneficiaries -

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