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December 3, 2008

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ConocoPhillips
San Juan Business Unit
P.O. Box 4289
Farmington, NM 87499-4289

2008 DEC 9 PM 1 39

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

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

New Mexico Oil Conservation Division
Energy Minerals & Natural Resources
Attn: Ms. Lori Wrotenbery
1220 S. Saint Francis Drive
Santa Fe, NM 87505-4000

RE: San Juan 31-6 Unit (14-06-001-464)
Commerciality Determination
Mesaverde Formation
Rio Arriba County, New Mexico

Ladies and Gentlemen:

Pursuant to the provisions of Section 11(a) of the San Juan 31-6 Unit Agreement, #14-06-001-464, approved November 28, 1952, ConocoPhillips Company, as Operator, has determined that the well listed below is capable of producing unitized substances in paying quantities from the Mesaverde Formation. ConocoPhillips is seeking confirmation of the well determination enclosed.

Well Name	Dedication	Lease No.	Completion Date	Determination
SJ 31-6 Unit #41M	W/2 Sec. 29-31N-6W	NM-078995	9/18/2007	Commercial

The SJ 31-6 Unit #41F will come into the next revision with the #41M well

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 are being sent to the working interest owners on the attached sheet. If you have any questions or need any additional information, please contact the undersigned at (505) 599-4030.

Sincerely,

Dawn Howell
Staff Land Technician

SJ 31-6 Unit, 4.2

SAN JUAN 31-6 UNIT 41M

PRODUCTION TAXES

GAS % OF REVENUE

SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.40
TOTAL %:	9.33

WELL COST AND ECONOMICS

1,145.00	M\$	AVERAGE WELL COST
1,140.22	MMCF	ULT. GROSS GAS RESERVES
634.61	MCFD	INITIAL GAS RATE
49.87	%	RATE OF RETURN
1.26	\$\$	P/I, DISC. @ 10.00 %
1,438.68	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
2.10	YRS	PAYOUT



BURLINGTON RESOURCES
 COMMERCIALITY DETERMINATION
 BLM DATA SHEET
 SAN JUAN 31-6 UNIT 41M

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)	634.6	38.7	27.08	0.00	3.16	4.86	4.86	35.51	22.66	194.2	19.76	2.68	171.81	1,145.00	-973.19
2008(12)	340.3	124.5	87.13	0.00	10.16	4.86	4.86	35.51	22.66	624.9	63.57	16.07	545.25	0.00	545.25
2009(12)	275.1	100.4	70.26	0.00	8.19	4.86	4.86	35.51	22.66	503.9	51.26	16.07	436.58	0.00	436.58
2010(12)	227.6	83.1	58.13	0.00	6.78	4.86	4.86	35.51	22.66	416.9	42.41	16.07	358.41	0.00	358.41
2011(12)	196.5	71.7	50.17	0.00	5.85	4.86	4.86	35.51	22.66	359.8	36.61	16.07	307.18	0.00	307.18
2012(12)	173.7	63.6	44.49	0.00	5.19	4.86	4.86	35.51	22.66	319.0	32.46	16.07	270.53	0.00	270.53
2013(12)	157.3	57.4	40.18	0.00	4.68	4.86	4.86	35.51	22.66	288.2	29.31	16.07	242.78	0.00	242.78
2014(12)	143.9	52.5	36.76	0.00	4.29	4.86	4.86	35.51	22.66	263.6	26.82	16.07	220.73	0.00	220.73
2015(12)	132.2	48.2	33.76	0.00	3.94	4.86	4.86	35.51	22.66	242.1	24.63	16.07	201.40	0.00	201.40
2016(12)	121.1	44.3	31.00	0.00	3.61	4.86	4.86	35.51	22.66	222.3	22.62	16.07	183.65	0.00	183.65
2017(12)	111.5	40.7	28.47	0.00	3.32	4.86	4.86	35.51	22.66	204.2	20.77	16.07	167.35	0.00	167.35
2018(12)	102.4	37.4	26.15	0.00	3.05	4.86	4.86	35.51	22.66	187.5	19.08	16.07	152.38	0.00	152.38
2019(12)	94.0	34.3	24.01	0.00	2.80	4.86	4.86	35.51	22.66	172.2	17.52	16.07	138.63	0.00	138.63
2020(12)	86.1	31.5	22.05	0.00	2.57	4.86	4.86	35.51	22.66	158.2	16.09	16.07	126.00	0.00	126.00
2021(12)	79.3	28.9	20.25	0.00	2.36	4.86	4.86	35.51	22.66	145.3	14.78	16.07	114.41	0.00	114.41
2022(12)	72.8	26.6	18.60	0.00	2.17	4.86	4.86	35.51	22.66	133.4	13.57	16.07	103.76	0.00	103.76
2023(12)	66.9	24.4	17.08	0.00	1.99	4.86	4.86	35.51	22.66	122.5	12.46	16.07	93.98	0.00	93.98
2024(12)	61.3	22.4	15.69	0.00	1.83	4.86	4.86	35.51	22.66	112.5	11.44	16.07	85.00	0.00	85.00
2025(12)	56.4	20.6	14.41	0.00	1.68	4.86	4.86	35.51	22.66	103.3	10.51	16.07	76.75	0.00	76.75
2026(12)	51.8	18.9	13.23	0.00	1.54	4.86	4.86	35.51	22.66	94.9	9.65	16.07	69.17	0.00	69.17
Sub.	---	970.3	678.90	0.00	79.16	---	---	---	---	4,869.0	495.29	307.97	4,065.72	1,145.00	2,920.72
Rem.	---	169.7	118.71	0.00	13.84	---	---	---	---	851.4	86.61	301.27	463.50	0.00	463.50
Total	---	1,140.0	797.61	0.00	93.00	---	---	---	---	5,720.4	581.90	609.24	4,529.22	1,145.00	3,384.22