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

July 21, 2010

2010 JUL 23 A 10: 25

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 32-7 UNIT, #14-08-001-441**
Commerciality Determination
Dakota Participating Area
San Juan County, New Mexico

Gentlemen:

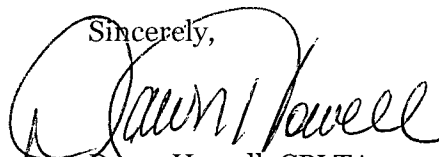
Pursuant to Section 11(a) of the above referenced Unit Agreement, **CONOCOPHILLIPS, as Unit Operator**, has determined that the well listed below is capable of producing unitized substances in paying quantities from the Dakota formation. ConocoPhillips is seeking confirmation of the well determination enclosed.

Well Name	Dedication	Lease No.	Compl Date	Determination
SJ 32-7 Unit #19A	NSL Sec. 4-31N-7W	SF-078996	6/17/09	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. For technical questions please contact Susan Rainbolt at 326-9574, all other questions to the undersigned at 599-4030.

Sincerely,



Dawn Howell, CPLTA
Land Analyst

SJ 32-7 Unit 4.3

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET

SAN JUAN 32-7 UNIT 19A

WELL INFORMATION

LEASE SAN JUAN 32-7 UNIT 19A
LOCATION 04031N007W
COUNTY, STATE SAN JUAN, NEW MEXICO
FORMATION DAKOTA
PROJECT TYPE NEWDRILL
WELL TYPE GAS WELL
OPERATOR CONOCOPHILLIPS CO
SPUD DATE 6/10/2009
COMP DATE 6/17/2009
1ST DELIVERY 8/1/2009
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

1,304.00 M\$ AVERAGE WELL COST
581.02 MMcF ULT. GROSS GAS RESERVES
301.07 MCFD INITIAL GAS RATE
10.45 % RATE OF RETURN
0.02 \$/\$ P/I, DISC. @ 10.00 %
20.03 M\$ NET PRESENT VALUE, DISC. @ 10.00 %
6.23 YRS PAYOUT

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET

SAN JUAN 32-7 UNIT 19A

SAN JUAN 32-7 UNIT 19A (C200) (20050534/37/38) Date Recd 2005-10-2010

Owner: C2000FALUSCONANV

Field: 3530

Zone: 34000A

Type: Gas

Group: Gas

C200 (Gas Inc)

Ce 314525 2009-10

Of 0.00014657 2004-06

DRY 25% C20 55.2014657

RR 32.0714657 W 34.2414657

Production Gas

Of 0 1673

Ce 55.2014657

Value 0.072 1673

Cost 0 1673

± Netty Gas: 14657

Ce 55.214657

± CO2: 14657

Value: 14657

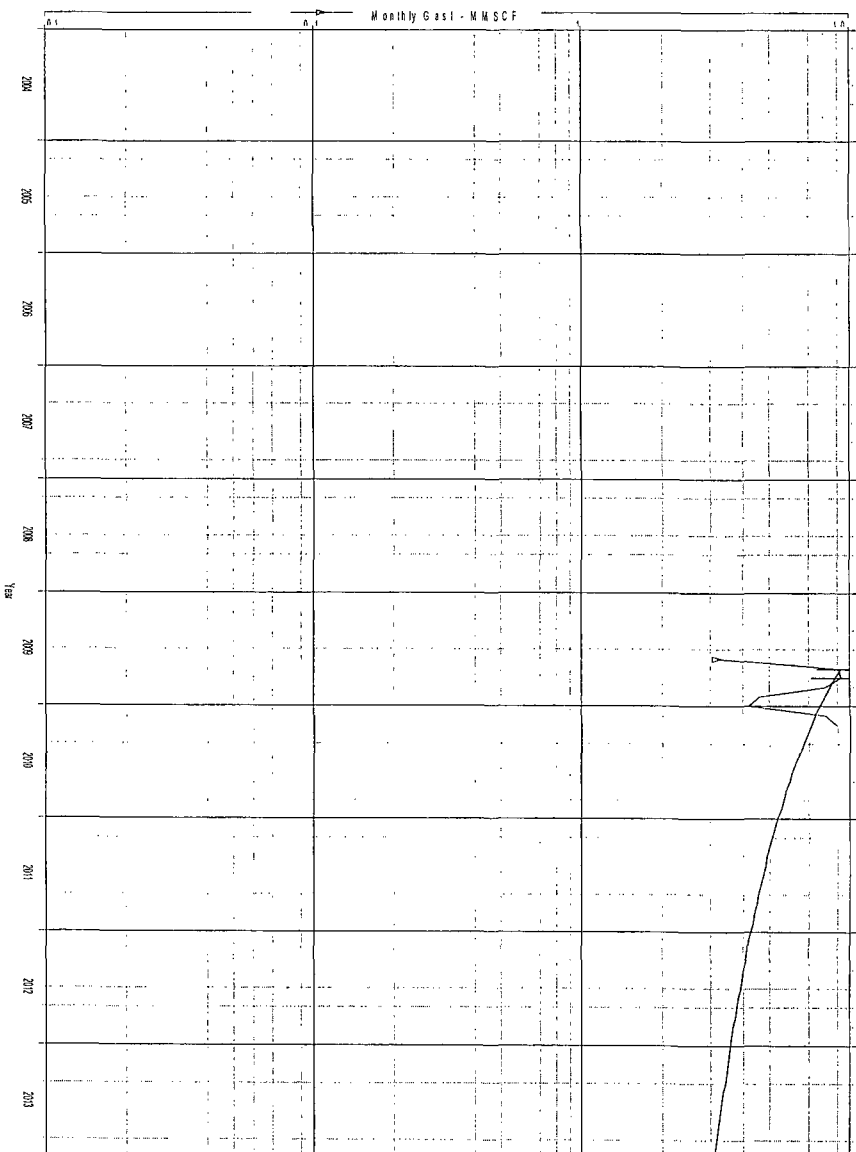
Production Fee: 14657

Of 0.00014657 2004-06

RR 32.0714657

RR 32.0714657

RR 32.0714657



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 Opcosts	Total Oper Inc	Total Capital	Total BT Cash
	mc/d	MMSCF	MMSCF	MMSCF	MSTB	\$/MMBTU	\$/mc/d	\$/Bbl	\$/Bbl	MS	MS	MS	MS	MS	MS

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET

SAN JUAN 32-7 UNIT 19A

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 Opcosts	Total Oper Inc	Total Capital	Total BT Cash
mc/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	Revenue	M\$	M\$	M\$	M\$	M\$	M\$
2009 09	301.1	9.0	6.45	0.00	0.63	4.86	4.86	35.51	22.66	43.8	4.43	1.25	38.13	1,304.00	-1,265.87
2009 10	297.5	9.2	6.59	0.00	0.64	4.86	4.86	35.51	22.66	44.7	4.52	1.25	38.96	0.00	38.96
2009 11	267.6	8.0	5.74	0.00	0.56	4.86	4.86	35.51	22.66	38.9	3.94	1.25	33.75	0.00	33.75
2009 12	148.1	4.6	3.28	0.00	0.32	4.86	4.86	35.51	22.66	22.3	2.25	1.25	18.77	0.00	18.77
2010 01	136.1	4.2	3.01	0.00	0.29	4.86	4.86	35.51	22.66	20.5	2.07	1.25	17.14	0.00	17.14
2010 02	286.7	8.0	5.74	0.00	0.56	4.86	4.86	35.51	22.66	38.9	3.94	1.25	33.75	0.00	33.75
2010 03	286.6	8.9	6.35	0.00	0.62	4.86	4.86	35.51	22.66	43.1	4.36	1.25	37.49	0.00	37.49
2010 04	229.8	6.9	4.93	0.00	0.48	4.86	4.86	35.51	22.66	33.4	3.38	1.25	28.81	0.00	28.81
2010 05	215.2	6.7	4.77	0.00	0.46	4.86	4.86	35.51	22.66	32.4	3.27	1.25	27.83	0.00	27.83
2010 06	215.5	6.5	4.62	0.00	0.45	4.86	4.86	35.51	22.66	31.4	3.17	1.25	26.93	0.00	26.93
2010 07	202.3	6.3	4.48	0.00	0.44	4.86	4.86	35.51	22.66	30.4	3.08	1.25	26.10	0.00	26.10
2010 08	196.6	6.1	4.36	0.00	0.42	4.86	4.86	35.51	22.66	29.6	2.99	1.25	25.32	0.00	25.32
2010 09	197.6	5.9	4.24	0.00	0.41	4.86	4.86	35.51	22.66	28.8	2.91	1.25	24.60	0.00	24.60
2010 10	186.3	5.8	4.13	0.00	0.40	4.86	4.86	35.51	22.66	28.0	2.83	1.25	23.93	0.00	23.93
2010 11	187.6	5.6	4.02	0.00	0.39	4.86	4.86	35.51	22.66	27.3	2.76	1.25	23.29	0.00	23.29
2010 12	177.2	5.5	3.93	0.00	0.38	4.86	4.86	35.51	22.66	26.6	2.69	1.25	22.70	0.00	22.70
2011 01	173.1	5.4	3.83	0.00	0.37	4.86	4.86	35.51	22.66	26.0	2.63	1.25	22.14	0.00	22.14
2011 02	187.3	5.2	3.75	0.00	0.36	4.86	4.86	35.51	22.66	25.4	2.57	1.25	21.61	0.00	21.61
2011 03	165.5	5.1	3.67	0.00	0.36	4.86	4.86	35.51	22.66	24.9	2.52	1.25	21.11	0.00	21.11
2011 04	167.4	5.0	3.59	0.00	0.35	4.86	4.86	35.51	22.66	24.4	2.46	1.25	20.64	0.00	20.64
Sub.	---	128.0	91.46	0.00	8.89	---	---	---	---	620.8	62.76	25.02	533.00	1,304.00	-771.00
Rem.	---	423.5	302.61	0.00	29.42	---	---	---	---	2,054.0	207.67	356.54	1,489.83	0.00	1,489.83
Total	---	551.4	394.06	0.00	38.31	---	---	---	---	2,674.8	270.43	381.56	2,022.83	1,304.00	718.83

**SAN JUAN 32-7 UNIT
WORKING INTEREST OWNERS
DAKOTA FORMATION**

CONOCOPHILLIPS COMPANY

ELIZABETH TURNER CALLOWAY

ENERGEN RESOURCES CORPORATION

FRED E TURNER LLC

J GLENN TURNER JR.

JOHN L TURNER

MARY FRANCES TURNER TRUST