



August 11, 2014

Bureau of Land Management
Farmington Resource Area
Mr. Jim Lovato
6251 College Blvd., Suite A
Farmington, NM 87402

Commissioner of Public Lands
State of New Mexico
Mr. Pete Martinez
P. O. Box 1148
Santa Fe, NM 87501-1148

Oil Conservation Division
State of New Mexico
Energy & Minerals Department
Attn: Lori Wrotenbery
1220 S. Saint Francis Drive
Santa Fe, NM 87505

RE: San Juan 32-7 Unit 17B
#14-08-001-441
San Juan County, New Mexico
MANCOS PARTICIPATING AREA
INITIAL EXPANSION: Effective November 3, 2010

Dear Sir or Madam:

Pursuant to Section 11(a) of the Unit Agreement for the referenced Unit, approved September 8, 1952, ConocoPhillips Company, as Unit Operator, has determined that the following well is capable of producing unitized substances in paying quantities from the Mancos formation and establishes the initial expansion of the Mancos Participating Area. Pursuant to the attached letter dated September 26, 2013, the BLM has concurred with the commercial determination.

INITIAL EXPANSION - EFFECTIVE NOVEMBER 3, 2010

| <u>Well Name</u> | <u>Tract/Acres</u> | <u>Tract Description</u> | <u>Completion Date</u> |
|------------------------|----------------------|--------------------------|------------------------|
| San Juan 32-7 Unit 17B | Tract 11 / 320 acres | E/2, Sec. 17-T31N-R7W | November 3, 2010 |

Enclosed please find the initial expansion schedule which describes the Participating Area and shows the percentage of unitized substances allocated to the tracts according to ownership within the tract. Copies of this letter and attachments are being furnished to the working interest owners on the attached list.

ConocoPhillips Company would appreciate consideration of this Expansion by written response. Please contact the undersigned at 505-326-9801 if there are any questions regarding this matter.

Sincerely,

Valerie Wells,
Land Analyst

enclosures
File: San Juan 32-7 Unit, 4.6

SAN JUAN 32-7 UNIT
INITIAL EXPANSION- MANCOS

SAN JUAN 32-7 UNIT
WORKING INTEREST OWNERS

BURLINGTON RESOURCES O&G CO LP

CONOCOPHILLIPS COMPANY

ELIZABETH TURNER CALLOWAY

ENERGEN RESOURCES CORPORATION

FRED E. TURNER

J GLENN TURNER JR

JOHN L TURNER

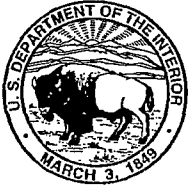
MARY FRANCES TURNER TR #6743

PHILLIPS NEW MEXICO PARTNERS LP

PHILLIPS SAN JUAN LTD PARTNERSHIP

SAN JUAN BASIN PARTNERSHIP

WPX ENERGY INC



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
6251 College Boulevard - Suite A
Farmington, New Mexico 87402
www.blm.gov/nm



IN REPLY REFER TO:
San Juan 32-7 Unit Mancos
3162.7 (F0111)

September 26, 2013

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

RE: San Juan 32-7 Unit
Commerciality Determination
Mancos Formation
San Juan County, NM

Dear Ms. Wells:

In response to your letter dated August 27, 2013 and your revised determination letter dated September 24, 2013, the Farmington Field Office has reviewed the data you submitted for a commerciality determination for the following well completed in the Mancos formation.

| Well Name & Number | Dedication | Lease | Completion Date | Determination |
|-------------------------|------------------------|------------|-----------------|---------------|
| San Juan 32-7 Unit #17B | E/2 Sec. 17, T31N, R7W | NMSF078998 | 11/3/2010 | Commercial |

After completing our economic evaluation, we are in concurrence with the above determination.

The well was determined to be commercial in the Mancos formation and it is to be included in a Mancos participating area. It is required that the initial participating area be submitted for the Mancos formation in the San Juan 32-7 Unit.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-92000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions concerning this matter, please contact Wayne Townsend at the above address or telephone (505) 599-6359.

Sincerely,

Wayne Townsend
Petroleum Engineer
Branch of Petroleum Management

CONOCOPHILLIPS COMPANY - OPERATOR
000 EXPANDED PARTICIPATING AREA FOR MANCOS FORMATION
SAN JUAN 32-7 UNIT
SAN JUAN COUNTY, NEW MEXICO
EFFECTIVE 01/12/2011

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DRILLING BLOCK | GW PERCENTAGE | NRI PERCENTAGE | PARTICIPATION FACTOR |
|------------------|------------------------|--------------------|------------------------|-------------------|------------------|-------------------|-------------------------|
| SF-078998 | T-031N R-007W | 320.00 | | TRACT 11 | | | 100.000000% |
| | ----- | | ORRI: | | 0.000000 | 5.000000 | |
| | Sec. 17 E/2 | | ROYALTY: | | 0.000000 | 12.500000 | |
| | | | WORKING INTEREST: | | | | |
| | Tract Remarks: | | CONOCOPHILLIPS COMPANY | | 100.000000 | 82.500000 | |
| | San Juan 32-7 Unit 17B | | | | ----- | ----- | |
| | | | TOTAL | | 100.000000 | 100.000000 | |

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32
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SAN JUAN 32-7 UNIT
MANCOS

**PROPOSED INITIAL EXPANSION EFFECTIVE 01/12/2011**

Land Department

San Juan Business Unit

Farmington, New Mexico