



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

January 27, 2012

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 32-8 Unit (14-08-001-446)
Commerciality Determination
Dakota Formation
San Juan County, New Mexico**

Gentlemen:

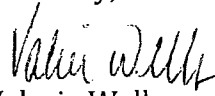
Pursuant to the provisions of Section 11(a) of the San Juan 32-8 Unit Agreement, #14-08-001-446, approved, October 21, 1952, ConocoPhillips Company as Unit Operator has determined that the well listed below is not capable of producing unitized substances in paying quantities from the Pictured Cliffs Formation. ConocoPhillips Company is seeking confirmation of the well determination enclosed.

Well Name	Dedication	Dedicated Lease	Compl. Date	Determination
SJ 32-8 21C	E/2 Sec. 15-T31N-R8W	NMNM-112620	08/12/2010	Non -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 Shara Graham at 505-326-9819, all other questions to the undersigned at 505-326-9801.

Sincerely,


Valerie Wells,
Sr. Land Analyst

SJ 32-8 4.3

SAN JUAN 32-8 UNIT
DAKOTA FORMATION
WORKING INTEREST OWNERS

CONOCOPHILLIPS COMPANY
FOUR STAR OIL & GAS COMPANY
WILLIAMS PRODUCTION COMPANY

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
 SAN JUAN 32-8 21C

WELL INFORMATION

LEASE	SAN JUAN 32-8 21C
LOCATION	15031W008WP
COUNTY, STATE	RIO ARRIBA, NM
FORMATION	DAKOTA
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS CO
SPUD DATE	4/29/2010
COMP DATE	8/12/2010
1ST DELIVERY	8/9/2010
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

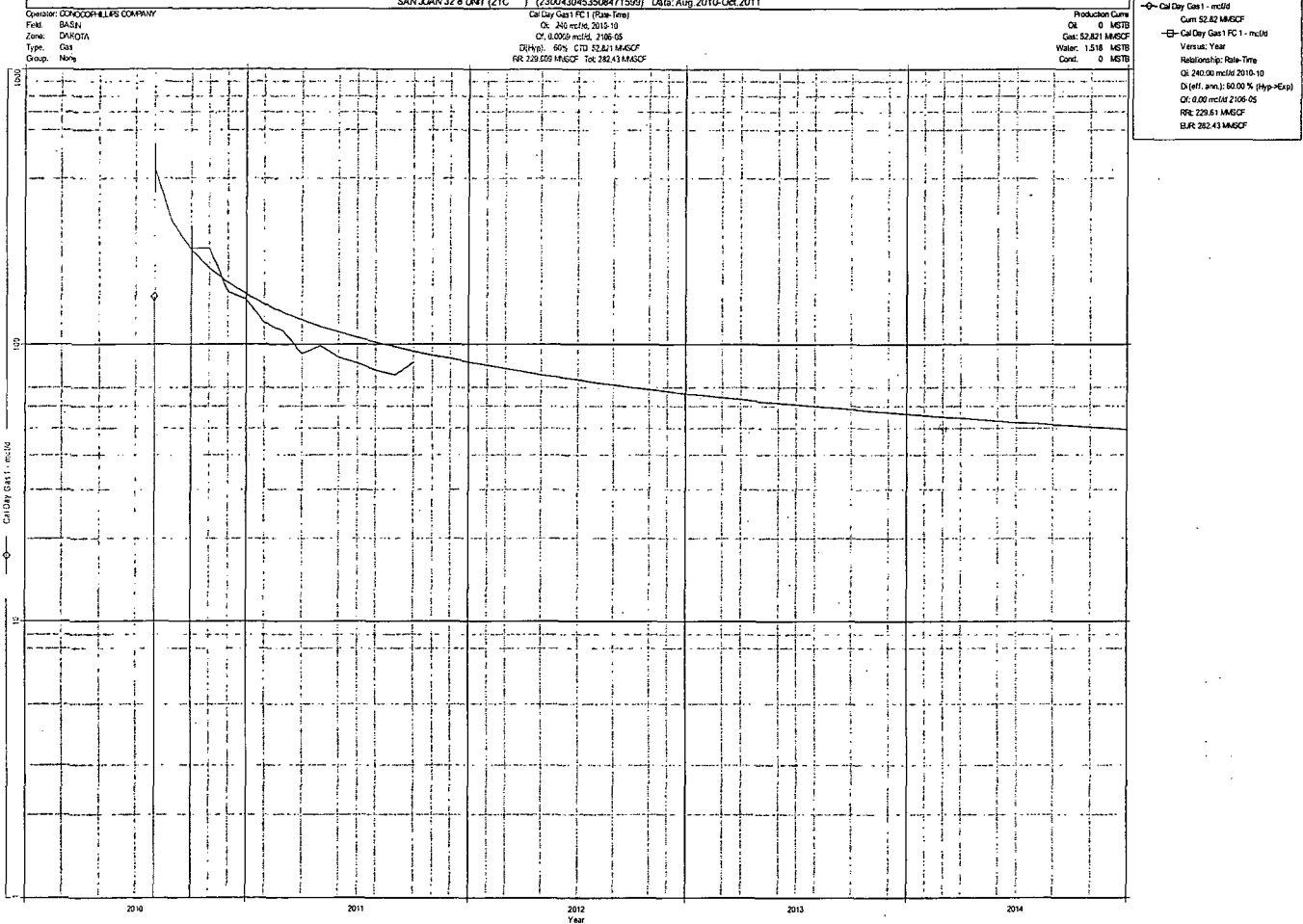
PRODUCTION TAXES

TAXES FOR:	RIO ARRIBA, NM
	2003 - 2004 Commerciality
	<u>GAS % OF REVENUE</u>
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.40
TOTAL %:	9.33

WELL COST AND ECONOMICS

1,478.00	M\$	AVERAGE WELL COST
263.03	MMCF	ULT. GROSS GAS RESERVES
220.87	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.60	\$/	P/I, DISC. @ 10.00 %
-881.40	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.00	YRS	PAYOUT

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 21C



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
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2010 10	220.9	6.8	4.89	0.00	0.48	4.86	4.86	35.51	22.66	33.2	3.39	1.07	28.75	1,478.00	-1,449.25
2010 11	222.7	6.7	4.78	0.00	0.46	4.86	4.86	35.51	22.66	32.4	3.31	1.07	28.03	0.00	28.03
2010 12	153.7	4.8	3.40	0.00	0.33	4.86	4.86	35.51	22.66	23.1	2.36	1.07	19.68	0.00	19.68

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 21C

CASH FLOW SUMMARY

Date	Gas1 Rate mcf/d	Gas1 Volume MMSCF	Net Gas Volume MMSCF	Net Cond Volume MSTB	Net Oth Volume MSTB	Gas1 Price \$/MMBTU	Gas Price \$/mcf	Cond Price \$/Bbl	Oth Price \$/Bbl	Net Revenue M\$	Prod Taxes M\$	Total Opcosts M\$	Total Oper Inc M\$	Total Capital M\$	Total BT Cash M\$
2011 01	144.7	4.5	3.21	0.00	0.31	4.86	4.86	35.51	22.66	21.8	2.22	1.07	18.47	0.00	18.47
2011 02	119.9	3.4	2.40	0.00	0.23	4.86	4.86	35.51	22.66	16.3	1.66	1.07	13.56	0.00	13.56
2011 03	111.3	3.5	2.47	0.00	0.24	4.86	4.86	35.51	22.66	16.7	1.71	1.07	13.96	0.00	13.96
2011 04	92.1	2.8	1.98	0.00	0.19	4.86	4.86	35.51	22.66	13.4	1.37	1.07	10.97	0.00	10.97
2011 05	98.5	3.1	2.18	0.00	0.21	4.86	4.86	35.51	22.66	14.8	1.51	1.07	12.23	0.00	12.23
2011 06	89.2	2.7	1.91	0.00	0.19	4.86	4.86	35.51	22.66	13.0	1.33	1.07	10.59	0.00	10.59
2011 07	85.5	2.7	1.90	0.00	0.18	4.86	4.86	35.51	22.66	12.9	1.31	1.07	10.48	0.00	10.48
2011 08	80.8	2.5	1.79	0.00	0.17	4.86	4.86	35.51	22.66	12.2	1.24	1.07	9.85	0.00	9.85
2011 09	77.6	2.3	1.66	0.00	0.16	4.86	4.86	35.51	22.66	11.3	1.15	1.07	9.08	0.00	9.08
2011 10	86.1	2.7	1.91	0.00	0.19	4.86	4.86	35.51	22.66	12.9	1.32	1.07	10.56	0.00	10.56
2011 11	92.7	2.8	1.99	0.00	0.19	4.86	4.86	35.51	22.66	13.5	1.38	1.07	11.04	0.00	11.04
2011 12	87.0	2.7	1.93	0.00	0.19	4.86	4.86	35.51	22.66	13.1	1.34	1.07	10.67	0.00	10.67
2012 01	84.5	2.6	1.87	0.00	0.18	4.86	4.86	35.51	22.66	12.7	1.30	1.07	10.34	0.00	10.34
2012 02	87.9	2.5	1.82	0.00	0.18	4.86	4.86	35.51	22.66	12.4	1.26	1.07	10.03	0.00	10.03
2012 03	80.1	2.5	1.77	0.00	0.17	4.86	4.86	35.51	22.66	12.0	1.23	1.07	9.75	0.00	9.75
2012 04	80.8	2.4	1.73	0.00	0.17	4.86	4.86	35.51	22.66	11.8	1.20	1.07	9.48	0.00	9.48
2012 05	76.3	2.4	1.69	0.00	0.16	4.86	4.86	35.51	22.66	11.5	1.17	1.07	9.24	0.00	9.24
Sub.	---	66.2	47.27	0.00	4.60	---	---	---	---	320.9	32.78	21.34	266.76	1,478.00	-1,211.24
Rem.	---	187.1	133.68	0.00	13.00	---	---	---	---	907.4	92.69	233.67	580.99	0.00	580.99
Total	---	253.2	180.95	0.00	17.59	---	---	---	---	1,228.2	125.47	255.01	847.75	1,478.00	-630.25

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PATRICK H. LYONS
COMMISSIONER

2010 FEB 12 PM 3:48 State of New Mexico

Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

February 10, 2010

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

Attention: Ms. Dawn Howell

Re: San Juan 32-8 Unit
Commerciality Determination
Mesaverde Formation
San Juan 32-8 Unit Well No. 18M, W/2 Sec. 11-31N-8W Commercial
San Juan County, New Mexico

Dear Ms. Howell:

We are in receipt of your letter of November 20, 2009 and a copy of the Bureau of Land Management's letter of December 7, 2009 regarding the above referenced commerciality determinations for the San Juan 32-8 Unit Well No. 18M.

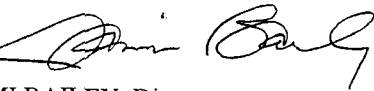
We concur with the Bureau of Land Management that the San Juan 32-8 Unit Well No. 18M is a commercial well in the Mesaverde formation and should be included in the Mesaverde participating area.

Please submit an application for the appropriate expansion of the Mesaverde 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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PATRICK H. LYONS
COMMISSIONER

2010 APR 15 P 2: 29

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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www.nmstatelands.org

April 8, 2010

ConocoPhillips Company
P.O. Box 4289
Farmington, New Mexico 87499-4289

Attn: Mr. Ben Malone

Re: 2010 Plans of Development
San Juan 32-8 Unit
San Juan County, New Mexico

Dear Mr. Malone:


The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by all other appropriate agencies. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist; therefore, we may contact you at a later date regarding these possibilities.

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

PL/JB/jm

xc: Reader File

OCD-Ed Martin

BLMF- Wayne Townsend

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Commissioner of Public Lands

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COMMISSIONER'S OFFICE
Phone: (505) 827-5760
Fax: (505) 827-5766
www.nmstatelands.org

November 8, 2010

ConocoPhillips
P. O. Box 4289
Farmington, New Mexico 87499-4289

Attention: Ms. Dawn Howell

Re: San Juan 32-8 Unit
Commerciality Determination
Dakota Formation
San Juan County, New Mexico

Dear Ms. Howell:

We received your letter of October 19, 2010, together with data that supports the Dakota non-commercial determination for the San Juan 32-8 Unit Well No. 41A located in the E/2 of Section 23, Township 32 North, Range 8 West.

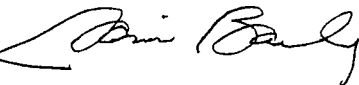
By their letter of October 26, 2010, the Bureau of Land Management advised this office that they have concurred with your determination for the above-mentioned well.

The Commissioner of Public Lands concurs with ConocoPhillips and the Bureau of Land Management's determination that the San Juan 32-8 Unit Well No. 41A is a non-commercial well in the Dakota formation and should be produced on a lease basis.

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
PL/JB/pm

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COMMISSIONER'S OFFICE
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Fax (505) 827-5766
www.nmstatelands.org

December 29, 2010

ConocoPhillips Company
P. O. Box 2197
Houston, Texas 77252-2197

Attention: Ms. Dawn Howell

Re: San Juan 32-8 Unit
San Juan County, NM
Dakota Participating Area
1st Expansion - Effective 12/1/2006
2nd Expansion - Effective 8/1/2007
3rd Expansion - Effective 10/1/2007
4th Expansion Effective 11/1/2007
5th Expansion Effective 9/1/2008

Dear Ms. Howell:

Thank you for your letter of November 15, 2010 and your application for approval of the First through Fifth expansions to the Dakota Participating area for the San Juan 32-8 Unit, San Juan County, New Mexico.

The Bureau of Land Management approved the above referenced expansions by their letter of December 15, 2010.

The Commissioner of Public Lands concurs with the Bureau of Land Management and has this date approved the above-referenced Dakota participating area expansions.

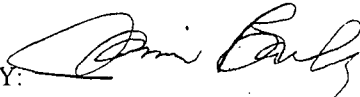
Our approval is subject to like approval by the Bureau of Land Management and the New Mexico Oil Conservation Division.

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

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