



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

October 10, 2011

Bureau of Land Management (3)
Attn: Mr. Jim Lovato
1235 La Plata Highway
Farmington, NM 87401

State of New Mexico (2)
Commissioner of Public Lands
Attn: Mr. Pete Martinez
P.O. Box 1148
Santa Fe, NM 87501-1148

State of New Mexico (2)
Oil Conservation Division
Energy & Minerals Department
Attn: Ms. Lori Wrotenbery
1220 S. Saint Francis Drive
Santa Fe, NM 87505-4000

RE: **SAN JUAN 32-8 UNIT, #14-08-001-446**
Mesaverde Participating Area
Twenty-Third Expansion: Effective 9/1/2009
San Juan County, New Mexico

Dear Sir or Madam:

Pursuant to Section 11(a) of the above referenced Unit Agreement, approved October 21, 1952, **CONOCOPHILLIPS, as Unit Operator**, has determined that the referenced well is capable of producing unitized substances in paying quantities from the Mesaverde formation, thereby should be admitted to the Mesaverde Participating Area. Pursuant to the attached BLM letter dated October 26, 2010, the well listed below has been deemed commercial.

TWENTY-THIRD EXPANSION - EFFECTIVE 9/1/2009

<u>Well Name</u>	<u>Tract/Acres</u>	<u>Tr. Description</u>	<u>Compl. Date</u>
San Juan 32-8 Unit #41A Section 23, T32N, R08W 320.00 acres	Tr. 15 / 320	E/2	8/20/09

The Expansion Schedule for the TWENTY-THIRD expansion is enclosed. The schedules describe the Participating Area and show the percentage of unitized substances allocated to the tracts according to the ownership within the tracts.

ConocoPhillips would appreciate consideration of these Expansions by written response. Please contact the undersigned at (505) 599-4030 if there are any questions regarding this matter. Copies of this letter and attachments are also being furnished to the working interest owners.

Sincerely,

Dawn Howell, CPLTA
Land Analyst

SJ 32-8 Unit 4.2

**SAN JUAN 32-8 UNIT
WORKING INTEREST OWNERS
MESAVERDE FORMATION**

ANDREW B KELLY, JR.

AMELIA E KELLY

CONOCOPHILLIPS

FOUR STAR OIL & GAS COMPANY

SUSANNA P KELLY

SUSANNA P KELLY, JR'

WILLIAMS PRODUCTION COMPANY

WINTERGREEN ENERGY CORP.

CONOCOPHILLIPS COMPANY- Operator
The 23rd Expanded Participating Area for MESAVERDE FORMATION
San Juan 32-8 Unit
San Juan County, NM
Effective 9/1/2009

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	PERCENTAGE	PERCENTAGE COMMITTED	PERCENT ACTUAL PARTICIPATION
Tract: 003							
NM-013364	T-031N R-008W	360.00					2.794577
	SEC.021	N/2 N/2, N/2 S/2, SE/4 SE/4	ORRI:				
			ROYALTY:		0.000000	0.000000	
			WORKING INTEREST: ANDREW B KELLY JR		0.000000	12.500000	
			AMELIA C KELLY		1.171885	1.025400	
			CONOCOPHILLIPS COMPANY		1.171885	1.025400	
			SUSANNA PHILLIPS KELLY, AS HER		20.424095	17.871083	
			SUSANNA P KELLY JR		1.785714	1.562450	
			WILLIAMS PRODUCTION COMPANY		0.781246	0.683590	
			WINTERGREEN ENERGY CORP		62.946430	55.078126	
					11.718745	10.253951	
			TOTAL		100.000000	100.000000	
Tract: 004							
SF-079004	T-031N R-008W	1,720.00					13.351881
	SEC.009	ALL	ORRI:		0.000000	5.000000	
	SEC.010	ALL	ROYALTY:		0.000000	12.500000	
	SEC.015	N/2, N/2 SE/4, SE/4 SE/4	WORKING INTEREST: FOUR STAR OIL & GAS COMPANY		82.000000	67.650000	
			WILLIAMS PRODUCTION COMPANY		18.000000	14.850000	
			TOTAL		100.000000	100.000000	
Tract: 005							
SF-079013	T-032N R-008W	960.00					7.452213
	SEC.017	W/2	ORRI:		0.000000	5.000000	
	SEC.020	W/2	ROYALTY:		0.000000	12.500000	
	SEC.029	W/2	WORKING INTEREST: CONOCOPHILLIPS COMPANY		82.000000	67.650000	
			WILLIAMS PRODUCTION COMPANY		18.000000	14.850000	
			TOTAL		100.000000	100.000000	

CONOCOPHILLIPS COMPANY- Operator
The 23rd Expanded Participating Area for MESAVERDE FORMATION
San Juan 32-8 Unit
San Juan County, NM
Effective 9/1/2009

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	PERCENTAGE COMMITTED	PERCENT ACTUAL PARTICIPATION
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SF-079013

Tract: 005A

0.931527

T-032N R-008W
 SEC.020 N/2 NE/4, SW/4 SE/4
 ORRI:
 ROYALTY:
 WORKING INTEREST: CONOCOPHILLIPS COMPANY
 TOTAL

0.000000	5.000000
0.000000	12.500000
100.000000	82.500000
100.000000	100.000000

NM-33056

Tract: 006

0.000000

T-032N R-008W
 SEC.020 S/2 NE/4, N/2 SE/4, SE/4 SE/4
 TOTAL

Tract Remarks:

NON-COMMITTED TRACT

SF-079029

Tract: 007

11.815483

T-031N R-008W
 SEC.003 LOT.1
 SEC.003 LOT.2
 SEC.003 LOT.3
 SEC.003 LOT.4
 SEC.003 S/2 N/2, S/2
 SEC.004 LOT.1
 SEC.004 LOT.2
 SEC.004 LOT.3
 SEC.004 LOT.4
 SEC.004 S/2 N/2, SE/4, E/2 SW/4, SW/4 SW/4
 SEC.021 S/2 N/2, S/2 SW/4, SW/4 SE/4
 ORRI:
 ROYALTY:
 WORKING INTEREST: CONOCOPHILLIPS COMPANY
 WILLIAMS PRODUCTION COMPANY
 TOTAL

0.000000	5.000000
0.000000	12.500000
82.000000	67.650000
18.000000	14.850000
100.000000	100.000000

CONOCOPHILLIPS COMPANY- Operator
The 23rd Expanded Participating Area for MESAVERDE FORMATION
San Juan 32-8 Unit
San Juan County, NM
Effective 9/1/2009

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	PERCENTAGE	PERCENTAGE COMMITTED	PERCENT ACTUAL PARTICIPATION
SF-079047		880.00		Tract: 008			6.831195
	T-031N R-008W						
	SEC.011	S/2NW/4, SW/4			0.000000	5.000000	
	SEC.014	W/2			0.000000	12.500000	
	SEC.023	W/2			82.000000	67.650000	
					18.000000	14.850000	
					100.000000	100.000000	
	ORRI:						
	ROYALTY:						
	WORKING INTEREST:		CONOCOPHILLIPS COMPANY				
			WILLIAMS PRODUCTION COMPANY				
	TOTAL						
SF-079341-A		360.00		Tract: 011			2.794580
	T-032N R-008W						
	SEC.019	SW/4 SE/4			0.000000	5.000000	
	SEC.030	E/2			0.000000	12.500000	
					82.000000	67.650000	
					18.000000	14.850000	
					100.000000	100.000000	
	ORRI:						
	ROYALTY:						
	WORKING INTEREST:		CONOCOPHILLIPS COMPANY				
			WILLIAMS PRODUCTION COMPANY				
	TOTAL						
SF-079351		400.00		Tract: 013			3.105089
	T-031N R-008W						
	SEC.024	E/2, E/2 NW/4			0.000000	2.500000	
					0.000000	12.500000	
					100.000000	85.000000	
					100.000000	100.000000	
	ORRI:						
	ROYALTY:						
	WORKING INTEREST:		CONOCOPHILLIPS COMPANY				
	TOTAL						
SF-079353		1,400.00		Tract: 014			10.867810
	T-032N R-008W						
	SEC.014	N/2			0.000000	5.000000	
	SEC.015	N/2, SW/4			0.000000	12.500000	
	SEC.019	NE/4, N/2 SE/4, SE/4 SE/4			82.000000	67.650000	
	SEC.033	W/2			18.000000	14.850000	
					100.000000	100.000000	
	ORRI:						
	ROYALTY:						
	WORKING INTEREST:		CONOCOPHILLIPS COMPANY				
			WILLIAMS PRODUCTION COMPANY				
	TOTAL						

891000446A

CONOCOPHILLIPS COMPANY- Operator
The 23rd Expanded Participating Area for MESAVERDE FORMATION
San Juan 32-8 Unit
San Juan County, NM
Effective 9/1/2009

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	PERCENTAGE	PERCENTAGE COMMITTED	PERCENT ACTUAL PARTICIPATION
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SF-079380		1120.00		Tract: 015			8.694248
	T-032N R-008W		ORRI:		0.000000	5.000000	
	SEC.014	S/2	ROYALTY:		0.000000	12.500000	
	SEC.015	SE/4	WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP		33.332500	27.499312	
	SEC.022	W/2	CONOCOPHILLIPS COMPANY		66.667500	55.000688	
	SEC.023	E/2	TOTAL		100.000000	100.000000	

Tract Remarks:
SJ 32-8 Unit #41A

SF-079381		960.00		Tract: 016			7.452213
	T-032N R-008W		ORRI:		0.000000	5.000000	
	SEC.033	E/2	ROYALTY:		0.000000	12.500000	
	SEC.034	W/2	WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP		33.332500	27.499312	
	SEC.035	E/2	CONOCOPHILLIPS COMPANY		66.667500	55.000688	
			TOTAL		100.000000	100.000000	

Tract Remarks:

SF-079717		120.00		Tract: 017			0.931527
	T-032N R-008W		ORRI:		0.000000	5.000000	
	SEC.027	W/2 SW/4, SE/4 SW/4	ROYALTY:		0.000000	12.500000	
			WORKING INTEREST: CONOCOPHILLIPS COMPANY		82.000000	67.650000	
			WILLIAMS PRODUCTION COMPANY		18.000000	14.850000	
			TOTAL		100.000000	100.000000	

CONOCOPHILLIPS COMPANY- Operator
The 23rd Expanded Participating Area for MESAVERDE FORMATION
San Juan 32-8 Unit
San Juan County, NM
Effective 9/1/2009

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	PERCENTAGE	PERCENTAGE COMMITTED	PERCENT ACTUAL PARTICIPATION
NM-84809		200.00		Tract: 018			1.552544
	T-032N R-008W						
	SEC.027	NW/4, NE/4 SW/4					
	ORRI:				0.000000	2.500000	
	ROYALTY:				0.000000	12.500000	
	WORKING INTEREST:	CONOCOPHILLIPS COMPANY			100.000000	85.000000	
	TOTAL				100.000000	100.000000	
SF-080854		960.00		Tract: 019			7.452213
	T-031N R-008W						
	SEC.011	E/2, N/2NW/4					
	SEC.014	E/2			0.000000	5.000000	
	SEC.024	W/2 NW/4, SW/4			0.000000	12.500000	
	ORRI:				82.000000	67.650000	
	ROYALTY:				18.000000	14.850000	
	WORKING INTEREST:	CONOCOPHILLIPS COMPANY			100.000000	100.000000	
	TOTAL				100.000000	100.000000	
	WORKING INTEREST:	WILLIAMS PRODUCTION COMPANY					
SF-081089		320.00		Tract: 020			2.484071
	T-031N R-008W						
	SEC.023	E/2					
	ORRI:				0.000000	5.000000	
	ROYALTY:				0.000000	12.500000	
	WORKING INTEREST:	CONOCOPHILLIPS COMPANY			82.000000	67.650000	
	TOTAL				18.000000	14.850000	
	WORKING INTEREST:	WILLIAMS PRODUCTION COMPANY			100.000000	100.000000	
NM-03402		840.00		Tract: 021			6.520686
	T-031N R-008W						
	SEC.015	SW/4, SW/4 SE/4					
	SEC.022	ALL			0.000000	5.000000	
	ORRI:				0.000000	12.500000	
	ROYALTY:				82.000000	67.650000	
	WORKING INTEREST:	CONOCOPHILLIPS COMPANY			18.000000	14.850000	
	TOTAL				100.000000	100.000000	
	WORKING INTEREST:	WILLIAMS PRODUCTION COMPANY					

CONOCOPHILLIPS COMPANY- Operator
The 23rd Expanded Participating Area for MESAVERDE FORMATION
San Juan 32-8 Unit
San Juan County, NM
Effective 9/1/2009

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	PERCENTAGE	PERCENTAGE COMMITTED	PERCENT ACTUAL PARTICIPATION
E-1204-3	T-031N R-008W SEC.016	40.00					3.105089
	NW/4 NE/4, SE/4 NE/4, NW/4, NE/4 SW/4, SW/4 SW/4, N/2 SE/4.		ORRI: ROYALTY: WORKING INTEREST: FOUR STAR OIL & GAS COMPANY WILLIAMS PRODUCTION COMPANY		0.000000 0.000000 82.000000 18.000000	5.000000 12.500000 67.650000 14.850000	
	TOTAL				100.000000	100.000000	
E-3704-4	T-031N R-008W SEC.016	40.00					0.310509
	SW/4 SE/4		ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY WILLIAMS PRODUCTION COMPANY		0.000000 0.000000 82.000000 18.000000	5.000000 12.500000 67.650000 14.850000	
	TOTAL				100.000000	100.000000	
E-3868-4	T-031N R-008W SEC.016	40.00					0.310509
	SW/4 NE/4		ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY WILLIAMS PRODUCTION COMPANY		0.000000 0.000000 82.000000 18.000000	5.000000 12.500000 67.650000 14.850000	
	TOTAL				100.000000	100.000000	
E-5113-6	T-031N R-008W SEC.016	40.00					0.310509
	NW/4 SW/4		ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY WILLIAMS PRODUCTION COMPANY		0.000000 0.000000 82.000000 18.000000	6.000000 12.500000 66.830000 14.670000	
	TOTAL				100.000000	100.000000	

CONOCOPHILLIPS COMPANY- Operator
The 23rd Expanded Participating Area for MESAVERDE FORMATION
San Juan 32-8 Unit
San Juan County, NM
Effective 9/1/2009

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	PERCENTAGE COMMITTED	PERCENT ACTUAL PARTICIPATION
E-5382	T-031N R-008W SEC.016 NE/4 NE/4	40.00	Tract: 034	ROYALTY: WORKING INTEREST: FOUR STAR OIL & GAS COMPANY	0.000000	12.500000
					100.000000	87.500000
					100.000000	100.000000
				TOTAL		0.310509
B-11240-85	T-031N R-008W SEC.016 SE/4 SW/4	40.00	Tract: 038	ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY WILLIAMS PRODUCTION COMPANY	0.000000	2.500000
					0.000000	12.500000
					82.000000	69.700000
					18.000000	15.300000
				TOTAL	100.000000	100.000000
B-11240-84	T-031N R-008W SEC.016 SE/4 SE/4	40.00	Tract: 038A	ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY WILLIAMS PRODUCTION COMPANY	0.000000	5.000000
					0.000000	12.500000
					82.000000	67.650000
					18.000000	14.850000
				TOTAL	100.000000	100.000000

Report Name: fuels_expansion_sch_recap
Universe: Fed One
Database: oratfp01

CONOCOPHILLIPS COMPANY - OPERATOR

RECAPITULATION

THE 023 EXPANDED PARTICIPATING AREA FOR MESAVERDE FORMATION
SAN JUAN 32-8 UNIT AREA

Page 1 of 3

Run Date: 10/10/2011

Run Time: 3:14:17 PM

User: howeldm

Description of Committed Lands in PA						Description of Non-Committed Lands in PA					
Township	Range	Section	Description	Lot	Acreage	Township	Range	Section	Description	Lot	Acreage
031N	008W	SEC.003	S/2 N/2, S/2		.00000	032N	008W	SEC.020	S/2 NE/4, N/2 SE/4, SE/4 SE/4		Total Acres Non-Committed: 200.00000
031N	008W	SEC.003		LOT.1	40.30000						
031N	008W	SEC.003		LOT.2	40.27000						
031N	008W	SEC.003		LOT.3	40.25000						
031N	008W	SEC.003		LOT.4	40.22000						
031N	008W	SEC.004	S/2 N/2, SE/4, E/2 SW/4, SW/4 SW/4		.00000						
031N	008W	SEC.004		LOT.1	40.22000						
031N	008W	SEC.004		LOT.2	40.25000						
031N	008W	SEC.004		LOT.3	40.27000						
031N	008W	SEC.004		LOT.4	40.30000						
031N	008W	SEC.009	ALL		.00000						
031N	008W	SEC.010	ALL		.00000						
031N	008W	SEC.011	E/2, N/2 NW/4		.00000						
031N	008W	SEC.011	S/2 NW/4		.00000						
031N	008W	SEC.011	SW/4		.00000						
031N	008W	SEC.014	E/2		.00000						
031N	008W	SEC.014	W/2		.00000						
031N	008W	SEC.015	N/2, N/2 SE/4, SE/4 SE/4		.00000						
031N	008W	SEC.015	SW/4, SW/4 SE/4		.00000						
031N	008W	SEC.016	NE/4 NE/4		.00000						
031N	008W	SEC.016	NW/4 NE/4, SE/4 NE/4, NW/4, NE/4 SW/4, SW/4 SW/4, N/2 SE/4		.00000						
031N	008W	SEC.016	NW/4 SW/4		.00000						
031N	008W	SEC.016	SE/4 SE/4		.00000						
031N	008W	SEC.016	SE/4 SW/4		.00000						
031N	008W	SEC.016	SW/4 NE/4		.00000						

Report Name: fuels_expansion_sch_recap
Universe: Fed One
Database: oratlp01

CONOCOPHILLIPS COMPANY - OPERATOR
RECAPITULATION

THE 023 EXPANDED PARTICIPATING AREA FOR MESAVERDE FORMATION
SAN JUAN 32-8 UNIT AREA

Page 2 of 3
Run Date: 10/10/2011
Run Time: 3:14:17 PM
User: howeldm

Description of Committed Lands in PA

Township	Range	Section	Description	Lot	Acreage
031N	008W	SEC.016	SW/4 SE/4		.00000
031N	008W	SEC.021	N/2 N/2, N/2 S/2, SE/4 SE/4		.00000
031N	008W	SEC.021	S/2 N/2, S/2 SW/4, SW/4 SE/4		.00000
031N	008W	SEC.022	ALL		.00000
031N	008W	SEC.023	E/2		.00000
031N	008W	SEC.023	W/2		.00000
031N	008W	SEC.024	E/2, E/2 NW/4		.00000
031N	008W	SEC.024	W/2 NW/4, SW/4		.00000
032N	008W	SEC.014	N/2		.00000
032N	008W	SEC.014	S/2		.00000
032N	008W	SEC.015	N/2, SW/4		.00000
032N	008W	SEC.015	SE/4		.00000
032N	008W	SEC.017	W/2		.00000
032N	008W	SEC.019	NE/4, N/2 SE/4, SE/4 SE/4		.00000
032N	008W	SEC.019	SW/4 SE/4		.00000
032N	008W	SEC.020	N/2 NE/4, SW/4 SE/4		.00000
032N	008W	SEC.020	W/2		.00000
032N	008W	SEC.022	W/2		.00000
032N	008W	SEC.023	E/2		.00000
032N	008W	SEC.027	NW/4, NE/4 SW/4		.00000
032N	008W	SEC.027	W/2 SW/4, SE/4 SW/4		.00000
032N	008W	SEC.029	W/2		.00000
032N	008W	SEC.030	E/2		.00000
032N	008W	SEC.033	E/2		.00000
032N	008W	SEC.033	W/2		.00000
032N	008W	SEC.034	W/2		.00000
032N	008W	SEC.035	E/2		.00000

Report Name: fuels_expansion_sch_recap

Universe: Fed One

Database: oratlp01

CONOCOPHILLIPS COMPANY - OPERATOR

RECAPITULATION

THE 023 EXPANDED PARTICIPATING AREA FOR MESAVERDE FORMATION

SAN JUAN 32-8 UNIT AREA

Page 3 of 3

Run Date: 10/10/2011

Run Time: 3:14:17 PM

User: howeldm

Description of Committed Lands in PA

Township	Range	Section	Description	Lot	Acreage
Total Acres Committed:					12882.08000



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway - Suite A
Farmington, New Mexico 87401
www.blm.gov/nm



IN REPLY REFER TO:
San Juan 32-8 Unit MV PA
3162.7 (F0111)

October 26, 2010

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

RE: San Juan 32-8 Unit
Commerciality Determination
Mesaverde Formation
San Juan County, NM

Dear Ms. Howell:

In response to your letter dated October 19, 2010, the Farmington Field Office has reviewed the data you submitted for a commerciality determination for the following well completed in the Mesaverde formation.

Well Name & Number	Dedication	Lease	Completion Date	Determination
San Juan 32-8 Unit #41A	E/2 Sec. 23, T32N, R8W	NMSF079380	8/20/2009	Commercial

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

The well was determined to be commercial in the Mesaverde formation and is to be included in the Mesaverde participating area. It is required that a revision be submitted to include this well in the San Juan 32-8 Unit Mesaverde Participating Area.

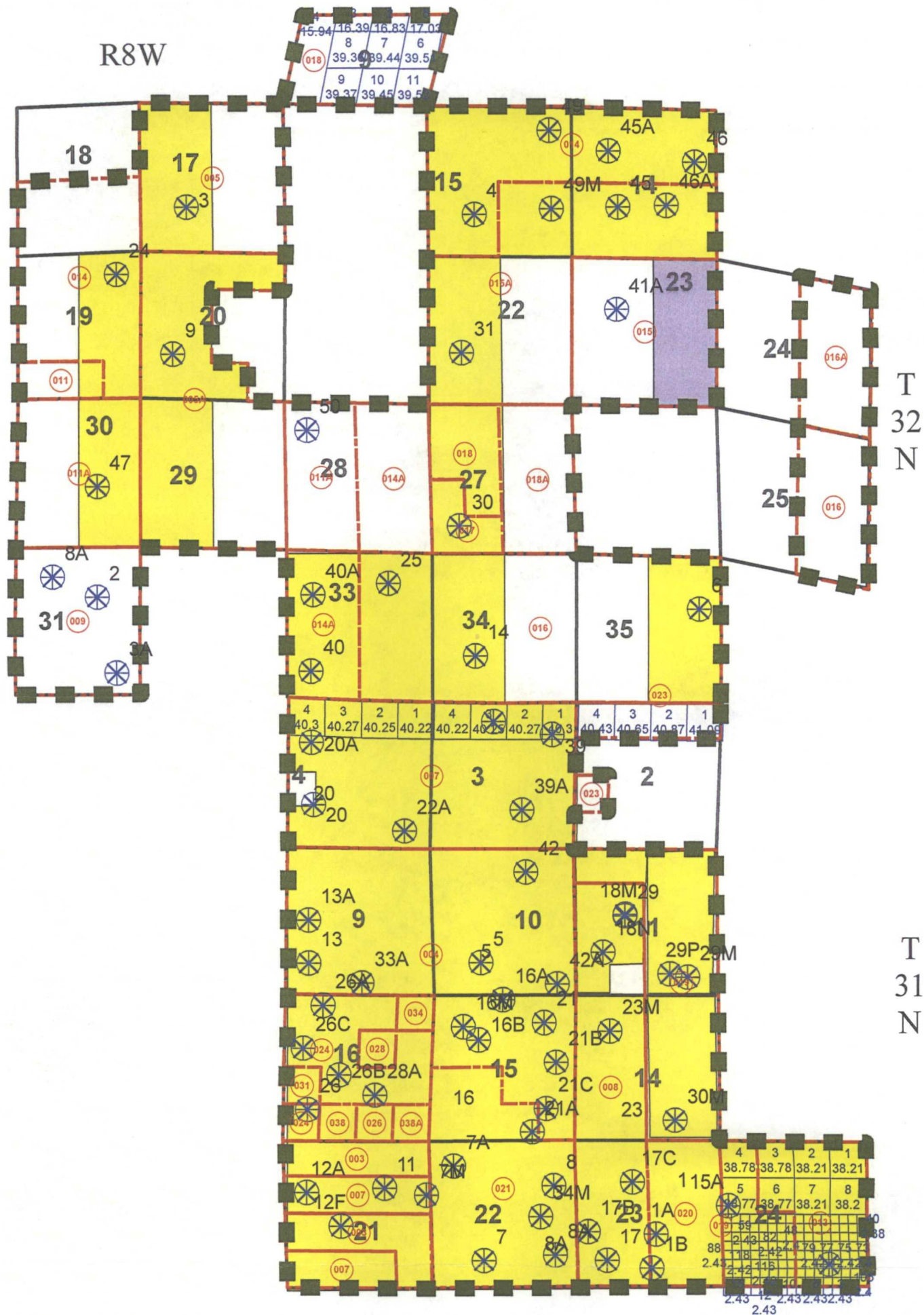
Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (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

SAN JUAN 32-8 UNIT MESAVERDE FORMATION



MESAVERDE PARTICIPATING AREA

★ MESAVERDE

Approved 22nd Expansion, Effective 12/1/2008

Proposed 23rd Expansion, Effective, 9/1/2009

ConocoPhillips

L48 Land Dept.
San Juan Business Unit
2011



October 10, 2011

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

Bureau of Land Management (3)
Attn: Mr. Jim Lovato
1235 La Plata Highway
Farmington, NM 87401

State of New Mexico (2)
Commissioner of Public Lands
Attn: Mr. Pete Martinez
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State of New Mexico (2)
Oil Conservation Division
Energy & Minerals Department
Attn: Ms. Lori Wrotenbery
1220 S. Saint Francis Drive
Santa Fe, NM 87505-4000

RE: **SAN JUAN 32-8 UNIT, #14-08-001-446**
Pictured Cliffs Participating Area
Second Expansion: Effective 09/01/2006
San Juan County, New Mexico

Dear Sir or Madam:

Pursuant to Section 11(a) of the above referenced Unit Agreement, approved October 21, 1952, **CONOCOPHILLIPS, as Unit Operator**, has determined that the referenced well is capable of producing unitized substances in paying quantities from the Pictured Cliffs formation, thereby should be admitted to the Pictured Cliffs Participating Area. Pursuant to the attached BLM letter dated September 19, 2011, the well listed below has been deemed commercial.

SECOND EXPANSION - EFFECTIVE 09/01/2006

<u>Well Name</u>	<u>Tract/Acres</u>	<u>Tr. Description</u>	<u>Compl. Date</u>
San Juan 32-8 Unit #267 Section 23-T32N-R08W	Tr. 15 / 320	E/2	08/23/06

The Expansion Schedule for the Second Expansion is enclosed. The schedule describes the Participating Area and shows the percentage of unitized substances allocated to the tracts according to the ownership within the tracts.

ConocoPhillips 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. Copies of this letter and attachments are also being furnished to the working interest owners.

Sincerely,

Valerie Wells
Sr. Land Technician

SJ 32-8 Unit 4.1

**SAN JUAN 32-8 UNIT
WORKING INTEREST OWNERS
PICTURED CLIFFS FORMATION**

CONOCOPHILLIPS

WILLIAMS PRODUCTION COMPANY

Report Name: fuels_expansion_sch_recap
Universe: Fed One
Database: oratip01

CONOCOPHILLIPS COMPANY - OPERATOR

RECAPITULATION

THE 002 EXPANDED PARTICIPATING AREA FOR PICTURED CLIFFS FORMATION
SAN JUAN 32-8 UNIT AREA

Page 1 of 1

Run Date: 10/10/2011

Run Time: 10:25:40 AM

User: wellsrv

Description of Committed Lands in PA					Description of Non-Committed Lands in PA						
Township	Range	Section	Description	Lot	Acreage	Township	Range	Section	Description	Lot	Acreage
032N	008W	SEC.014	N/2		.00000						
032N	008W	SEC.014	S/2		.00000						
032N	008W	SEC.015	NE/4		.00000						
032N	008W	SEC.015	SE/4		.00000						
032N	008W	SEC.023	E/2		.00000						
Total Acres Committed:					1280.00000	Total Acres Non-Committed:					0.000000

Run Date: 10/10/2011
Run Time: 10:31:35 AM
User: wellsv

CONOCOPHILLIPS COMPANY - Operator
The 002 Expanded Participating Area for Pictured Cliffs Formation
San Juan 32-8 Unit Area
San Juan, New Mexico
Effective 09/01/2006

Page 1 of 1
891000446C

Serial Num	Description	Number of Acres	Ownership	Drilling Block	GWI Percentage	NRI Percentage	Prodn Prtcprn Pct
SF-079353	T-032N R-008W						
	SEC.014 N/2	.00		Tract: 014			37.500000000
	SEC.015 NE/4	.00					
	ORRI:				.000000000	5.000000000	
	ROYALTY:				.000000000	12.500000000	
	WORKING INTEREST:		CONOCOPHILLIPS COMPANY		82.000000000	67.650000000	
			WILLIAMS PRODUCTION COMPANY		18.000000000	14.850000000	
	TOTAL				100.000000000	100.000000000	

Serial Num	Description	Number of Acres	Ownership	Drilling Block	GWI Percentage	NRI Percentage	Prodn Prtcprn Pct
SF-079380	T-032N R-008W						
	SEC.014 S/2	.00		Tract: 015			62.500000000
	SEC.015 SE/4	.00					
	SEC.023 E/2	.00					
	ORRI:				.000000000	5.000000000	
	ROYALTY:				.000000000	12.500000000	
	WORKING INTEREST:		BURLINGTON RESOURCES O&G CO LP		33.332500000	27.49931300	
			CONOCOPHILLIPS COMPANY		66.667500000	55.00068700	
	TOTAL				100.000000000	100.000000000	

Tract Remarks:



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway - Suite A
Farmington, New Mexico 87401
www.blm.gov/nm

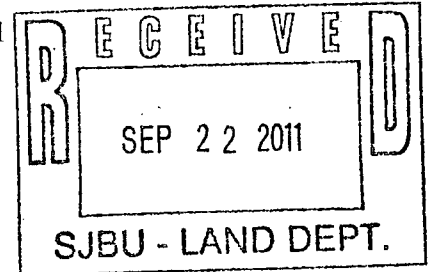


IN REPLY REFER TO:

San Juan 32-8 Unit PC PA
3162.7 (F0111)

September 19, 2011

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



RE: San Juan 32-8 Unit
Commerciality Determination
Pictured Cliffs Formation
San Juan County, NM

Dear Ms. Wells:

In response to your letter dated July 6, 2011 and the additional information submitted September 14, 2011, the Farmington Field Office has reviewed the data you submitted for a commerciality determination for the following well completed in the Pictured Cliffs formation.

Well Name & Number	Dedication	Lease	Completion Date	Determination
San Juan 32-8 Unit #267	E/2 Sec. 23, T32N, R8W	NMSF079380	8/23/2006	Commercial

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

The well was determined to be commercial in the Pictured Cliffs formation and is to be included in the Pictured Cliffs participating area. It is required that a revision be submitted to include this well in the San Juan 32-8 Unit Pictured Cliffs Participating Area.

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

L48 Land Dept.
San Juan Business Unit
2011

Approved 1st Expan., Effective 1/1/1983

Proposed 2nd Expan., Effective 9/1/2006