

BURLINGTON RESOURCES

San Juan Division

2006 April 28, 2006
MAY 1 PM 1 26

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

State of New Mexico
Oil Conservation Division
Attn: Ms. Lori Wrotenbery
1220 S. Saint Francis Drive
Santa Fe, NM 87505-4000

RE: San Juan 32-9 Unit (#14-08-001-569)
Commercial Determination
Fruitland Coal Formation
San Juan County, New Mexico

Gentlemen:

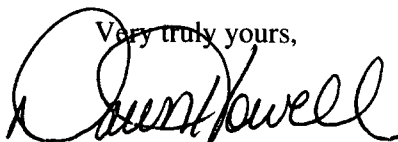
Pursuant to the provisions of Section 11(a) of the San Juan 32-9 Unit Agreement, #14-08-001-569, approved, June 26, 1953, Burlington Resources Oil & Gas Company LP, as Operator, had previously determined that the San Juan 32-9 Unit #217 well was non-commercial as of January 1, 1999. Since that determination, the well has been worked over and a six-month review of increased production was done as of September 13, 2005. Burlington Resources has determined that this well is now capable of producing unitized substances in paying quantities from the Fruitland Coal Formation. Burlington is seeking confirmation of the paying well determination enclosed.

<u>BROG's</u> <u>AIN No.</u>	<u>Well Name</u> <u>& Number</u>	<u>Well</u> <u>Dedication</u>	<u>Dedicated</u> <u>Lease</u>	<u>Review</u> <u>Date</u>	<u>Commerciality</u> <u>Determination</u>
673501	San Juan 32-9 Unit #217	E/2 Sec. 16-32N-9W	E-5382	9/13/2005	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 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.

Very truly yours,



Dawn Howell
Sr. Land Technician

DH
SJ 32-9 Unit, 4.5
cc: Steve Smith
Bill Rainbolt

WORKING INTEREST OWNERS SAN JUAN 32-9 UNIT

J & M RAYMOND LTD

BP AMERICA PRODUCTION COMPANY

ROBERT UMBACH CANCER FOUNDATION

PRODUCTION GATHERING CO LP

DEVON ENERGY PRODUCTION CO LP

PHILLIPS-SAN JUAN PARTNERS

XTO ENERGY INC

T H MCELVAIN OIL & GAS LTD

WILLIAMS PRODUCTION COMPANY

JOHN S BROWN JR

ENERGEN RESOURCES CORP

BOLACK MINERALS COMPANY

CONOCOPHILLIPS COMPANY

FOUR STAR OIL & GAS COMPANY

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-9 UNIT 217

WELL INFORMATION

LEASE	SAN JUAN 32-9 UNIT 217
LOCATION	16032N009WG
COUNTY, STATE	SAN JUAN, NEW MEXICO
FORMATION	FRUITLAND COAL
PROJECT TYPE	RCAV96
WELL TYPE	GAS WELL
OPERATOR	BURLINGTON RESOURCES O&G CO LP
SPUD DATE	7/6/1991
COMP DATE	9/27/1991
1ST DELIVERY	
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES

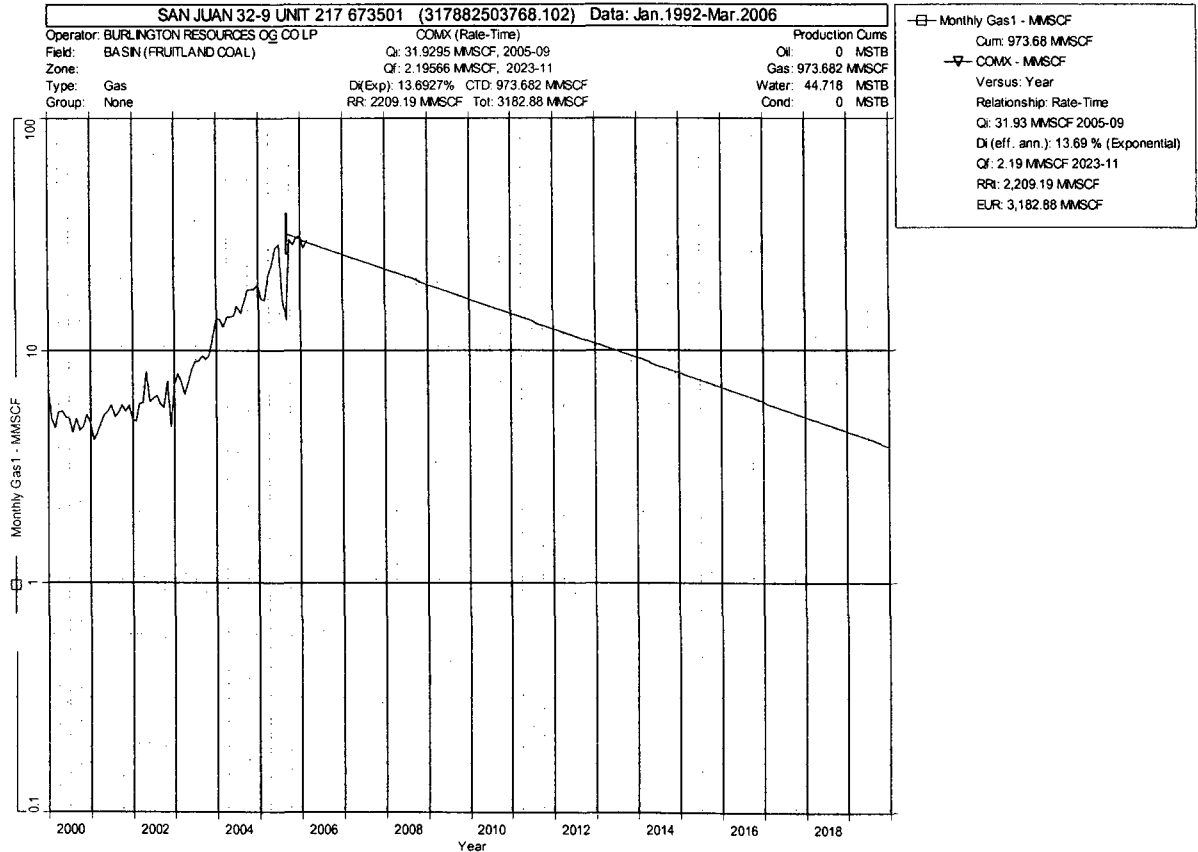
TAXES FOR:	SAN JUAN, NEW MEXICO
	2003 - 2004 Commerciality
	<u>GAS % OF REVENUE</u>
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.26
TOTAL %:	9.19

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

242.46	M\$	AVERAGE WELL COST
2,387.48	MMCF	ULT. GROSS GAS RESERVES
964.45	MCFD	INITIAL GAS RATE
>800.00	%	RATE OF RETURN
15.43	\$/	P/I, DISC. @ 10.00 %
3,830.76	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.23	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-9 UNIT 217

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 Op costs	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2005 10	964.5	29.9	20.88	0.00	0.00	4.63	4.63	35.51	22.66	96.7	10.04	8.97	77.67	248.24	-170.57
2005 11	959.1	28.8	20.10	0.00	0.00	4.63	4.63	35.51	22.66	93.0	9.67	8.63	74.75	0.00	74.75
2005 12	995.3	30.9	21.55	0.00	0.00	4.63	4.63	35.51	22.66	99.8	10.37	9.26	80.15	0.00	80.15
2006 01	1,006.0	31.2	21.78	0.00	0.00	4.63	4.63	35.51	22.66	100.8	10.48	9.36	81.01	0.00	81.01
2006 02	991.2	27.8	19.38	0.00	0.00	4.63	4.63	35.51	22.66	89.7	9.32	8.33	72.10	0.00	72.10
2006 03	961.8	29.8	20.83	0.00	0.00	4.63	4.63	35.51	22.66	96.4	10.02	8.95	77.46	0.00	77.46
2006 04	970.7	29.1	20.34	0.00	0.00	4.63	4.63	35.51	22.66	94.2	9.78	8.74	75.65	0.00	75.65
2006 05	928.0	28.8	20.09	0.00	0.00	4.63	4.63	35.51	22.66	93.0	9.66	8.63	74.73	0.00	74.73
2006 06	947.2	28.4	19.85	0.00	0.00	4.63	4.63	35.51	22.66	91.9	9.55	8.52	73.82	0.00	73.82
2006 07	905.5	28.1	19.60	0.00	0.00	4.63	4.63	35.51	22.66	90.8	9.43	8.42	72.92	0.00	72.92
2006 08	894.4	27.7	19.37	0.00	0.00	4.63	4.63	35.51	22.66	89.7	9.31	8.32	72.03	0.00	72.03
2006 09	913.0	27.4	19.13	0.00	0.00	4.63	4.63	35.51	22.66	88.6	9.20	8.22	71.15	0.00	71.15
2006 10	872.7	27.1	18.90	0.00	0.00	4.63	4.63	35.51	22.66	87.5	9.09	8.12	70.28	0.00	70.28
2006 11	890.8	26.7	18.67	0.00	0.00	4.63	4.63	35.51	22.66	86.4	8.98	8.02	69.43	0.00	69.43
2006 12	851.6	26.4	18.44	0.00	0.00	4.63	4.63	35.51	22.66	85.4	8.87	7.92	68.58	0.00	68.58
2007 01	841.2	26.1	18.21	0.00	0.00	4.63	4.63	35.51	22.66	84.3	8.76	7.82	67.74	0.00	67.74
2007 02	920.0	25.8	17.99	0.00	0.00	4.63	4.63	35.51	22.66	83.3	8.65	7.73	66.92	0.00	66.92
2007 03	820.8	25.4	17.77	0.00	0.00	4.63	4.63	35.51	22.66	82.3	8.55	7.63	66.10	0.00	66.10
2007 04	837.8	25.1	17.55	0.00	0.00	4.63	4.63	35.51	22.66	81.3	8.44	7.54	65.29	0.00	65.29
2007 05	800.9	24.8	17.34	0.00	0.00	4.63	4.63	35.51	22.66	80.3	8.34	7.45	64.50	0.00	64.50
Sub.	---	555.2	387.76	0.00	0.00	---	---	---	---	1,795.3	186.51	166.56	1,442.28	248.24	1,194.03
Rem.	---	1,832.3	1,279.72	0.00	0.00	---	---	---	---	5,925.1	615.54	549.68	4,759.87	-32.40	4,792.27
Total	---	2,387.5	1,667.48	0.00	0.00	---	---	---	---	7,720.4	802.05	716.24	6,202.14	215.84	5,986.30