



San Juan Business Unit
P.O. Box 4289
Farmington, NM 87402-4289
(505) 326-9700

February 5, 2007

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 28-7 Unit (14-06-001-459)
Commerciality Determination
Chacra Formation
Rio Arriba County, New Mexico

Ladies and Gentlemen:

Pursuant to the provisions of Section 11(a) of the San Juan 28-7 Unit Agreement, #14-06-001-459, approved January 29, 1953, ConocoPhillips Company, as Operator, has determined that the well listed below is capable of producing unitized substances in paying quantities from the Chacra Formation. ConocoPhillips is seeking confirmation of the well determination enclosed.

Well Name	Dedication	Lease No.	Completion Date	Determination
SJ 28-7 Unit #244	W/2 Sec.7-27N-7W	SF-078835-A	5-23-2002	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 Karen Stevens at 326-9754, all other questions to the undersigned at 599-4030.

Sincerely,

Dawn Howell
Sr. Land Technician

DH
SJ 28-7 Unit, 4.5

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 28-7 UNIT 244

WELL INFORMATION

LEASE SAN JUAN 28-7 UNIT 244
 LOCATION 007027N007W
 COUNTY, STATE RIO ARriba, NEW MEXICO
 FORMATION CHACRA
 PROJECT TYPE
 WELL TYPE GAS WELL
 OPERATOR CONOCOPHILLIPS CO
 SPUD DATE
 COMP DATE 6/1/2002
 1ST DELIVERY 6/1/2002
 COMM GWI % 100.00
 COMM NRI % 87.50
 BOARD RATE % 10.00

PRODUCTION TAXES

TAXES FOR: RIO ARriba, NEW MEXICO
 2001- 2002 Commerciality

GAS % OF REVENUE

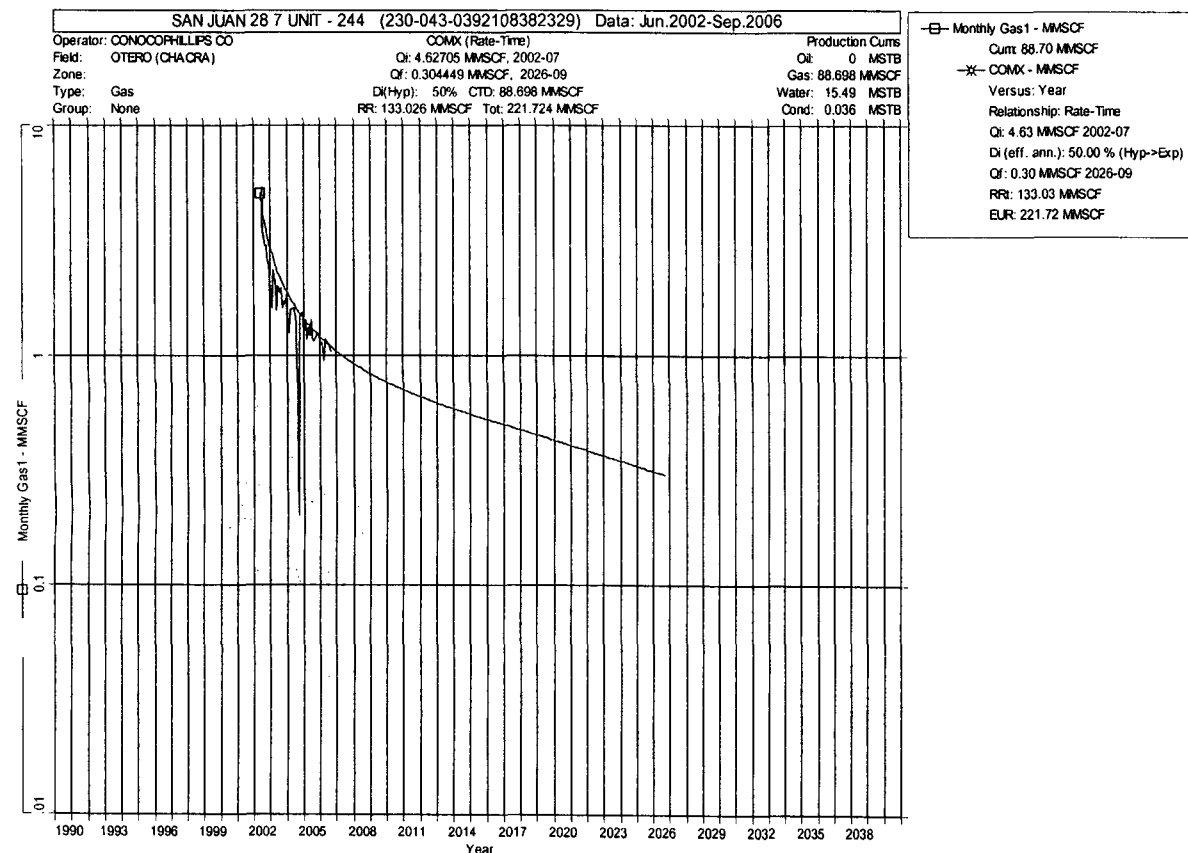
SEVERANCE:
 Severance, School, Conservation 7.93
 AD VALOREM:
 Production, Equipment 1.40
 TOTAL %: 9.33

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

300.00 M\$ AVERAGE WELL COST
 216.65 MMCF ULT. GROSS GAS RESERVES
 104.36 MCDF INITIAL GAS RATE
 33.69 % RATE OF RETURN
 0.81 \$/\$ P/I, DISC. @ 10.00 %
 241.91 M\$ NET PRESENT VALUE, DISC. @ 10.00 %
 2.89 YRS PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 28-7 UNIT 244

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\$
2002(12)	104.4	19.2	12.90	0.01	1.96	4.86	4.86	35.51	22.66	101.7	10.28	1.95	89.51	300.00	-210.49
2003(12)	62.7	22.9	15.38	0.01	2.34	4.86	4.86	35.51	22.66	121.3	12.25	3.90	105.11	0.00	105.11
2004(12)	44.0	16.1	10.82	0.00	1.64	4.86	4.86	35.51	22.66	85.2	8.61	3.90	72.67	0.00	72.67
2005(12)	42.1	15.4	10.33	0.01	1.57	4.86	4.86	35.51	22.66	81.6	8.24	3.90	69.42	0.00	69.42
2006(12)	36.3	13.3	8.90	0.03	1.35	4.86	4.86	35.51	22.66	70.9	7.15	3.90	59.80	0.00	59.80
2007(12)	32.5	11.9	7.97	0.04	1.21	4.86	4.86	35.51	22.66	63.9	6.45	3.90	53.54	0.00	53.54
2008(12)	29.0	10.6	7.13	0.04	1.08	4.86	4.86	35.51	22.66	57.3	5.78	3.90	47.59	0.00	47.59
2009(12)	26.5	9.7	6.49	0.03	0.99	4.86	4.86	35.51	22.66	52.1	5.26	3.90	42.98	0.00	42.98
2010(12)	24.4	8.9	5.97	0.03	0.91	4.86	4.86	35.51	22.66	48.0	4.85	3.90	39.29	0.00	39.29
2011(12)	22.6	8.3	5.54	0.03	0.84	4.86	4.86	35.51	22.66	44.7	4.51	3.90	36.25	0.00	36.25
2012(12)	21.1	7.7	5.19	0.03	0.79	4.86	4.86	35.51	22.66	41.8	4.22	3.90	33.70	0.00	33.70
2013(12)	19.9	7.3	4.88	0.03	0.74	4.86	4.86	35.51	22.66	39.4	3.97	3.90	31.52	0.00	31.52
2014(12)	18.8	6.9	4.62	0.01	0.70	4.86	4.86	35.51	22.66	36.7	3.70	3.90	29.06	0.00	29.06
2015(12)	17.9	6.5	4.38	0.00	0.67	4.86	4.86	35.51	22.66	34.5	3.49	3.90	27.13	0.00	27.13
2016(12)	16.9	6.2	4.16	0.00	0.63	4.86	4.86	35.51	22.66	32.8	3.31	3.90	25.56	0.00	25.56
2017(12)	16.1	5.9	3.95	0.00	0.60	4.86	4.86	35.51	22.66	31.1	3.14	3.90	24.07	0.00	24.07
2018(12)	15.3	5.6	3.75	0.00	0.57	4.86	4.86	35.51	22.66	29.5	2.98	3.90	22.65	0.00	22.65
2019(12)	14.5	5.3	3.56	0.00	0.54	4.86	4.86	35.51	22.66	28.0	2.83	3.90	21.31	0.00	21.31
2020(12)	13.8	5.0	3.38	0.00	0.51	4.86	4.86	35.51	22.66	26.6	2.69	3.90	20.03	0.00	20.03
2021(12)	13.1	4.8	3.21	0.00	0.49	4.86	4.86	35.51	22.66	25.3	2.55	3.90	18.82	0.00	18.82
Sub.	---	197.3	132.53	0.29	20.13	---	---	---	---	1,052.4	106.27	76.05	870.04	300.00	570.04
Rem.	---	19.3	12.96	0.00	1.97	---	---	---	---	102.0	10.31	18.20	73.53	0.00	73.53
Total	---	216.6	145.49	0.29	22.10	---	---	---	---	1,154.4	116.58	94.25	943.56	300.00	643.56

**WORKING INTEREST OWNERS
SAN JUAN 28-7 UNIT
CHACRA FORMATION**

BURLINGTON RESOURCES OIL & GAS CO LP

CONOCOPHILLIPS COMPANY

DUGAN PRODUCTION CORP.

WG PEAVY OIL COMPANY