



445
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FEB 28 2007

San Juan Business Unit
PO Box 4289
Farmington NM 87499-4289
(505) 326-9700

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

February 27, 2007

Bureau of Land Management (3)
Attn: Ms. Margie DuPree
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 Dept.
Attn: Ms. Lori Wrotenbery
1220 S. Saint Francis Dr.
Santa Fe, NM 87505

RE: **SAN JUAN 28-7 UNIT, - UA -14-08-001-459**
Rio Arriba County, New Mexico
Chacra Participating Area
10th EXPANSION, Effective 6/1/2002

Dear Sir or Madam:

Pursuant to Section 11(a) of the above referenced Unit Agreement, approved November 18, 1952, **CONOCOPHILLIPS**, as **Unit Operator**, has determined that the following well is capable of producing unitized substances in paying quantities from the Chacra formation, thereby should be admitted to the Chacra Participating Area. Pursuant to BLM letter dated February 9, 2007, listed below is the well that has been deemed commercial.

TENTH EXPANSION - EFFECTIVE 6/1/02

| <u>Well Name</u> | <u>Tract/Acres</u> | <u>Tr. Description</u> | <u>Compl. Date</u> |
|-------------------------|---------------------------|-------------------------------|---------------------------|
| San Juan 28-7 Unit #244 | Tr.17 / 320.26 | W/2, 7-27N-7W | 5/23/02 |

The Schedule for the Tenth 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) 599-4030 if there are any questions regarding this matter. Copies of this letter and attachments are being furnished to the working interest owners on the attached list.

Sincerely,

Dawn Howell
Staff Land Technician

**CONOCOPHILLIPS COMPANY
RECAPITULATION**

**TENTH EXPANDED PARTICIPATING AREA
SAN JUAN 28-7 UNIT AREA
CHACRA FORMATION
EFFECTIVE JUNE 1, 2002
RIO ARriba COUNTY, NEW MEXICO**

DESCRIPTION OF COMMITTED LANDS IN PARTICIPATING AREA:

TOWNSHIP 27 NORTH, RANGE 7 WEST

SECTION 6: ALL
SECTION 7: ALL
SECTION 9: E/2
SECTION 15: W/2
SECTION 16: ALL
SECTION 17: E/2
SECTION 18: E/2
SECTION 19: ALL
SECTION 20: ALL
SECTION 21: ALL
SECTION 22: W/2
SECTION 27: NW/4
SECTION 28: N/2
SECTION 29: ALL
SECTION 30: ALL

TOWNSHIP 28 NORTH, RANGE 7 WEST

SECTION 31: E/2

TOTAL ACRES COMMITTED: 7,518.65

EFFECTIVE JUNE 1, 2002

CONOCOPHILLIPS COMPANY

891000459C
NMNM 078413D

TENTH EXPANDED PARTICIPATING AREA
SAN JUAN 28-7 UNIT AREA
CHACRA FORMATION
RIO ARRIIBA COUNTY, NEW MEXICO

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DRILLING BLOCK | PERCENTAGE | PERCENTAGE COMMITTED | PERCENT ACTUAL PARTICIPATION |
|-------------------|---|--------------------|--|-------------------|------------------------------------|-------------------------------------|------------------------------------|
| TRACT 001 | | | | | | | |
| NM-03521 | T27N R7W SEC 20 W/2 | 320.00 | ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY | | 0.000000 0.000000 100.000000 | 22.375000 12.500000 65.125000 | 4.256083% |
| TOTAL | | | | | 100.000000 | 100.000000 | |
| TRACT 002 | | | | | | | |
| NM-03560 | T27N R7W SEC 29 SW/4 SEC 30 LOTS 1-4, E/2W/2, E/2 | 801.44 | ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY | | 0.000000 0.000000 100.000000 | 24.375000 12.500000 63.125000 | 10.659360% |
| TOTAL | | | | | 100.000000 | 100.000000 | |
| TRACT 002A | | | | | | | |
| NM-03560 | T27N R7W SEC 29 N/2, SE/4 | 480.00 | ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY | | 0.000000 0.000000 100.000000 | 23.375000 12.500000 64.125000 | 6.384125% |
| TOTAL | | | | | 100.000000 | 100.000000 | |
| TRACT 010 | | | | | | | |
| SF-078500-A | T28N R7W SEC 31 LOTS 6-7, N/2SE/4, NE/4 | 315.00 | ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY | | 0.000000 0.000000 100.000000 | 3.000000 12.500000 84.500000 | 4.189582% |
| TOTAL | | | | | 100.000000 | 100.000000 | |

EFFECTIVE JUNE 1, 2002

CONOCOPHILLIPS COMPANY

891000459C
NMNM 078413D

TENTH EXPANDED PARTICIPATING AREA
SAN JUAN 28-7 UNIT AREA
CHACRA FORMATION
RIO ARriba COUNTY, NEW MEXICO

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DRILLING BLOCK | PERCENTAGE | PERCENTAGE COMMITTED | PERCENT ACTUAL PARTICIPATION |
|------------------|-------------------------|--------------------|--------------------------------------|-------------------|------------|-------------------------|---------------------------------|
| SF-078640 | T27N R7W | 2400.00 | | TRACT 015 | | | 31.920624% |
| SEC 15 | W/2 | | ORRI: | | 0.000000 | 5.000000 | |
| SEC 17 | E/2 | | ROYALTY: | | 0.000000 | 12.500000 | |
| SEC 20 | E/2 | | WORKING INTEREST: | | | | |
| SEC 21 | ALL | | BURLINGTON RESOURCES OIL & GAS CO LP | | 100.000000 | 82.500000 | |
| SEC 22 | W/2 | | | | | | |
| SEC 27 | NW/4 | | | | | | |
| SEC 28 | N/2 | | TOTAL | | 100.000000 | 100.000000 | |
| SF-078835 | T27N R7W | 640.20 | | TRACT 016 | | | 8.514826% |
| SEC 6 | LOTS 3-4, S/2NW/4, SW/4 | | ORRI: | | 0.000000 | 3.500000 | |
| SEC 7 | E/2 | | ROYALTY: | | 0.000000 | 12.500000 | |
| | | | WORKING INTEREST: | | | | |
| | | | BURLINGTON RESOURCES OIL & GAS CO LP | | 100.000000 | 84.000000 | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| SF-078835-A | T27N R7W | 640.86 | | TRACT 017 | | | 8.523605% |
| SEC 6 | LOTS 1-2, S/2NE/4, SE/4 | | ORRI: | | 0.000000 | 20.000000 | |
| SEC 7 | W/2 | | ROYALTY: | | 0.000000 | 12.500000 | |
| | | | WORKING INTEREST: | | | | |
| | | | CONOCOPHILLIPS COMPANY | | 100.000000 | 67.500000 | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| SF-078840 | T27N R7W | 961.15 | | TRACT 018 | | | 12.783545% |
| SEC 18 | E/2 | | ORRI: | | 0.000000 | 20.000000 | |
| SEC 19 | LOTS 1-4, E/2W/2, E/2 | | ROYALTY: | | 0.000000 | 12.500000 | |
| | | | WORKING INTEREST: | | | | |
| | | | CONOCOPHILLIPS COMPANY | | 100.000000 | 67.500000 | |
| | | | TOTAL | | 100.000000 | 100.000000 | |

TENTH EXPANDED PARTICIPATING AREA
SAN JUAN 28-7 UNIT AREA
CHACRA FORMATION
RIO ARriba COUNTY, NEW MEXICO

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DRILLING BLOCK | PERCENTAGE | PERCENTAGE COMMITTED | PERCENT ACTUAL PARTICIPATION |
|------------------|-----------------|--------------------|--------------------------------------|-------------------|------------|-------------------------|------------------------------------|
| SF-078972-A | | | | | | | |
| | T27N R7W | 320.00 | | TRACT 020 | | | 4.256083% |
| | SEC 9 E/2 | | | | | | |
| | | | ORRI: | | 0.000000 | 7.500000 | |
| | | | ROYALTY: | | 0.000000 | 12.500000 | |
| | | | WORKING INTEREST: | | | | |
| | | | W G PEAVY OIL COMPANY | | 8.333335 | 6.666667 | |
| | | | DUGAN PRODUCTION CORP | | 8.333335 | 6.666667 | |
| | | | BURLINGTON RESOURCES OIL & GAS CO LP | | 83.333330 | 66.666666 | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| E-4425-57 | | | | TRACT 032 | | | 0.532010% |
| | T27N R7W | 40.00 | | | | | |
| | SEC 16 NW/4NW/4 | | | | | | |
| | | | ORRI: | | 0.000000 | 4.000000 | |
| | | | ROYALTY: | | 0.000000 | 12.500000 | |
| | | | WORKING INTEREST: | | | | |
| | | | BURLINGTON RESOURCES OIL & GAS CO LP | | 100.000000 | 83.500000 | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| E-4425-56 | | | | TRACT 033 | | | 0.532010% |
| | T27N R7W | 40.00 | | | | | |
| | SEC 16 NE/4NW/4 | | | | | | |
| | | | ORRI: | | 0.000000 | 5.000000 | |
| | | | ROYALTY: | | 0.000000 | 12.500000 | |
| | | | WORKING INTEREST: | | | | |
| | | | BURLINGTON RESOURCES OIL & GAS CO LP | | 100.000000 | 82.500000 | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| E-4425-46 | | | | TRACT 034 | | | 0.532010% |
| | T27N R7W | 40.00 | | | | | |
| | SEC 16 SW/4NW/4 | | | | | | |
| | | | ORRI: | | 0.000000 | 3.000000 | |
| | | | ROYALTY: | | 0.000000 | 12.500000 | |
| | | | WORKING INTEREST: | | | | |
| | | | CONOCOPHILLIPS COMPANY | | 40.000000 | 33.800000 | |
| | | | BURLINGTON RESOURCES OIL & GAS CO LP | | 60.000000 | 50.700000 | |
| | | | TOTAL | | 100.000000 | 100.000000 | |

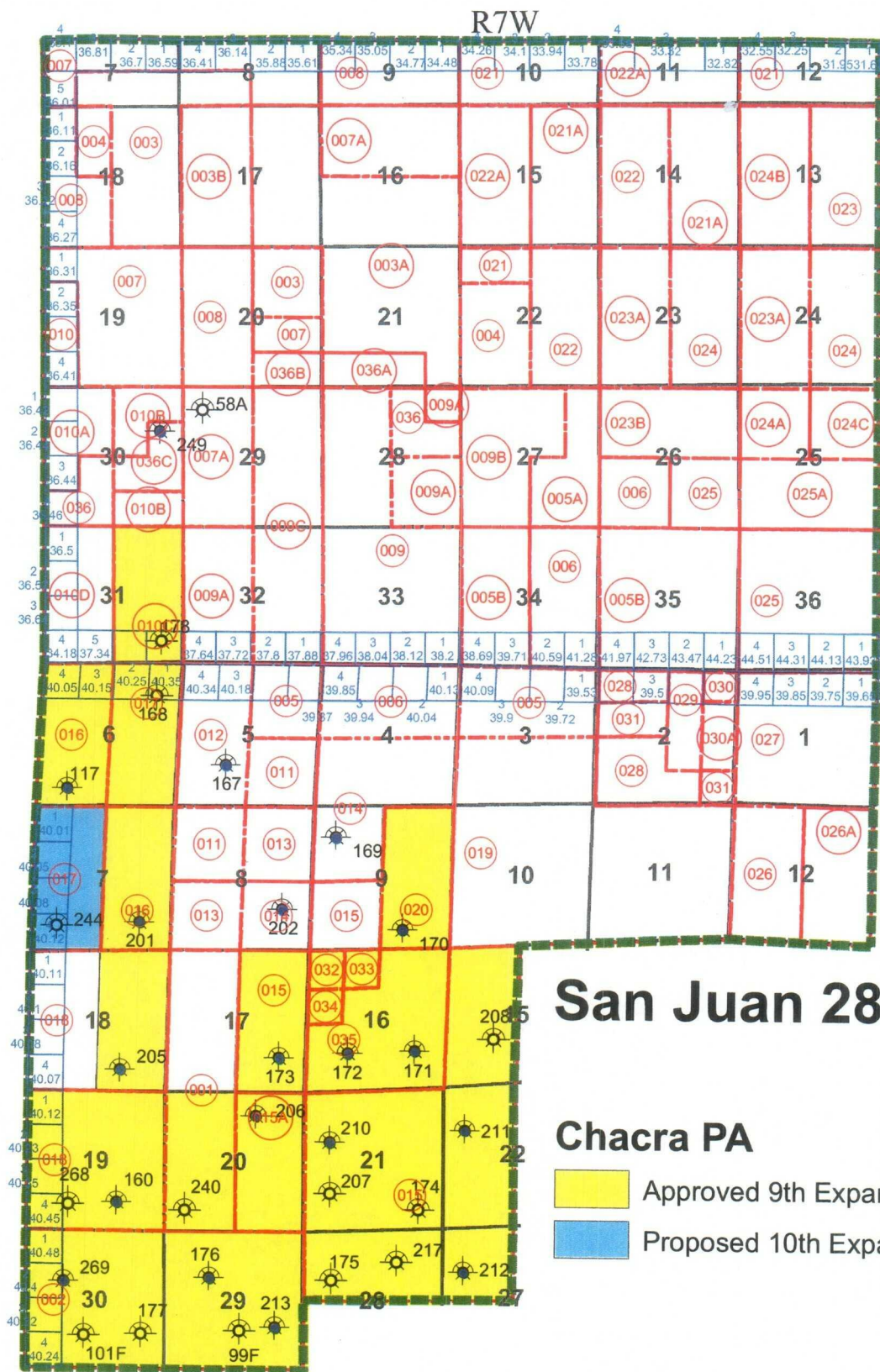
EFFECTIVE JUNE 1, 2002

CONOCOPHILLIPS COMPANY

891000459C
NMNM 078413D

TENTH EXPANDED PARTICIPATING AREA
SAN JUAN 28-7 UNIT AREA
CHACRA FORMATION
RIO ARRIBA COUNTY, NEW MEXICO

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DRILLING BLOCK | PERCENTAGE | PERCENTAGE COMMITTED | PERCENT ACTUAL PARTICIPATION |
|--------------------------------------|--|--------------------|-----------|-------------------|------------|-------------------------|------------------------------------|
| E-2825-6 | T27N R7W SEC 16 SW/4, SE/4NW/4, E/2 | 520.00 | | TRACT 035 | | | 6.916135% |
| ORRI: | | | | | 0.000000 | 5.000000 | |
| ROYALTY: | | | | | 0.000000 | 12.500000 | |
| WORKING INTEREST: | | | | | | | |
| CONOCOPHILLIPS COMPANY | | | | | 40.000000 | 33.000000 | |
| BURLINGTON RESOURCES OIL & GAS CO LP | | | | | 60.000000 | 49.500000 | |
| TOTAL | | | | | 100.000000 | 100.000000 | |



Well Status



ACTIVE



INACTIVE


ConocoPhillips

San Juan Business Unit
Farmington, New Mexico
02/07



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

San Juan 28-7 Unit Chacra PA
3162.7 (21110)

February 9, 2007

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

RE: San Juan 28-7 Unit
Commerciality Determination
Chacra Formation
Rio Arriba County, NM

Dear Ms. Howell:

In response to your letter dated February 5, 2007, the Farmington Field Office has reviewed the data you submitted for a commerciality determination for the following well completed in the Chacra formation.

| Well Name & Number | Dedication | Lease | Completion Date | Determination |
|-------------------------|-----------------------|-------------|-----------------|---------------|
| San Juan 28-7 Unit #244 | W/2 Sec. 7, T27N, R7W | NMSF078835A | 5/23/2002 | Commercial |

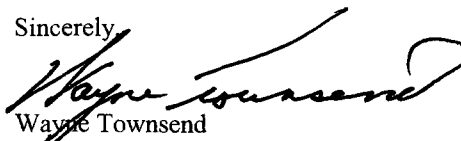
After completing our economic evaluation, we are in concurrence with the above determination.

The Chacra formation in this well is determined to be commercial and is to be included in the Chacra participating area. It is required that a revision be submitted to include this well in the San Juan 28-7 Unit Chacra 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 28-7 UNIT
CHACRA FORMATION
WORKING INTEREST OWNERS**

BURLINGTON RESOURCES INC

DUGAN PRODUCTION COMPANY

WG PEAVY OIL COMPANY