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ConocoPhillips Company
PO Box 4289
Farmington NM 87499-4289
505-326-9700

February 25, 2008

Bureau of Land Management
Farmington Resource Area
Attn: Mr. Wayne Townsend
1235 La Plata Highway
Farmington, NM 87401

RE: **SAN JUAN 32-7 UNIT, #14-08-001-441**
Commerciality Determinations
Fruitland Coal Participating Area
San Juan County, New Mexico
Contract 40463

Gentlemen:

Pursuant to Section 11(a) of the above referenced Unit Agreement, **CONOCOPHILLIPS, as Unit Operator**, has determined that the wells listed below are capable of producing unitized substances in paying quantities from the Fruitland Coal formation. ConocoPhillips is seeking confirmation of the well determinations enclosed.

Well Name	Dedication	Lease No.	Completion Date	Determination
SJ 32-7 Unit #202R	W/2 Sec. 18-32N-7W	NMSF-078460	9-7-06	Commercial
SJ 32-7 Unit #247	NSP Sec. 7-32N-8W	NMSF-078460	12-12-05	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. Please contact Karen Stevens at 326-9754 for any technical questions, all other questions to the undersigned at 599-4030.

Sincerely,

Dawn Howell
Staff Land Technician

SJ 32-7 Unit 4.5

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

State of New Mexico
Commissioner of Public Lands
Attn: Mr. Pete Martinez
P.O. Box 1148
Santa Fe, NM 87504-1148

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-7 UNIT 202R

WELL INFORMATION

LEASE	SAN JUAN 32-7 UNIT 202R
LOCATION	18032N007W
COUNTY, STATE	SAN JUAN, New Mexico
FORMATION	FRUITLAND COAL
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS COMPANY
SPUD DATE	6/17/2006
COMP DATE	9/7/2006
1ST DELIVERY	10/22/2006
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES

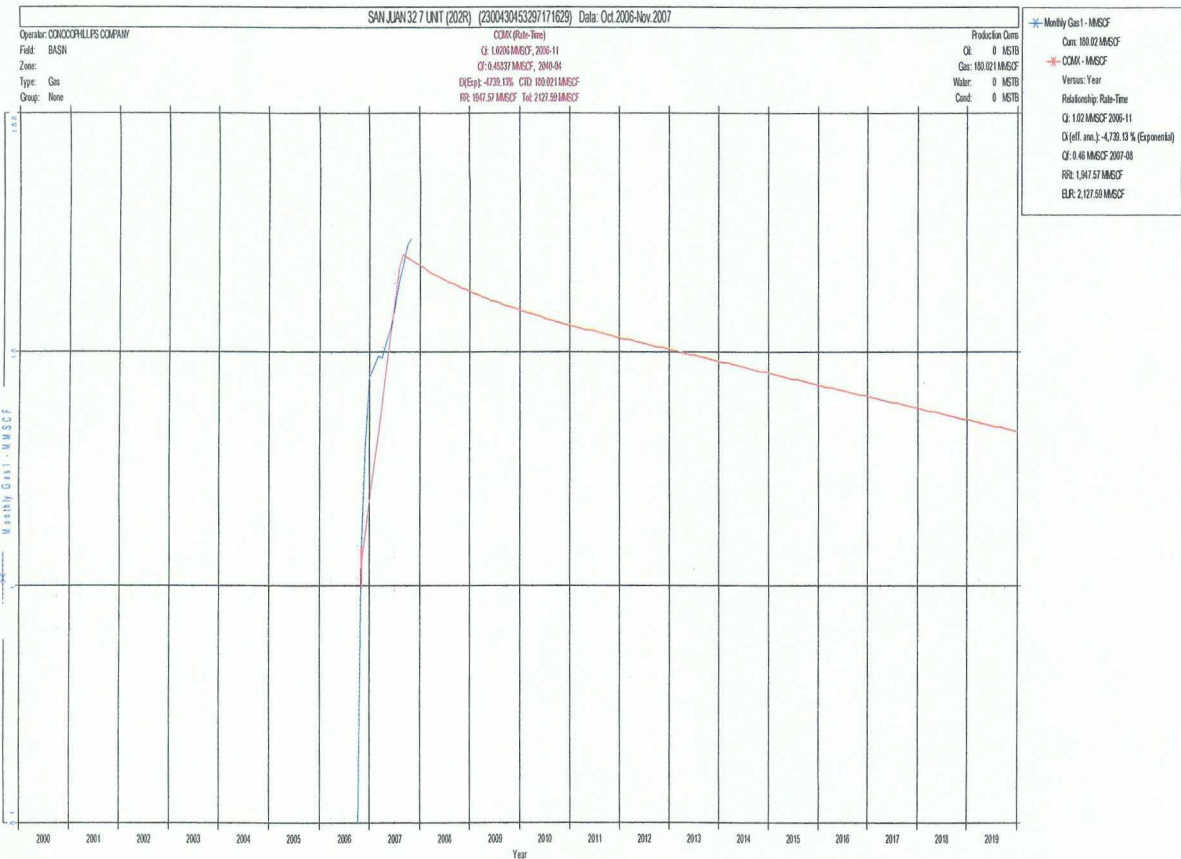
TAXES FOR:	SAN JUAN, New Mexico
	2003 - 2004 Commerciality
	GAS % OF REVENUE
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.26
TOTAL %:	9.19

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

450.00	M\$	AVERAGE WELL COST
2,127.54	MMCF	ULT. GROSS GAS RESERVES
90.25	MCFD	INITIAL GAS RATE
340.10	%	RATE OF RETURN
9.99	\$/	P/I, DISC. @ 10.00 %
4,497.32	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.86	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-7 UNIT 202R

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 Opcostrs	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2006(12)	90.2	5.5	3.93	0.00	0.38	4.63	4.63	35.51	22.66	25.8	2.61	1.00	22.19	450.00	-427.81
2007(12)	542.3	197.9	141.44	0.00	13.75	4.63	4.63	35.51	22.66	927.6	93.69	6.00	827.86	0.00	827.86
2008(12)	666.6	244.0	174.34	0.00	16.95	4.63	4.63	35.51	22.66	1,143.3	115.48	6.00	1,021.80	0.00	1,021.80
2009(12)	539.6	197.0	140.75	0.00	13.68	4.63	4.63	35.51	22.66	923.0	93.23	6.00	823.77	0.00	823.77
2010(12)	459.2	167.6	119.78	0.00	11.65	4.63	4.63	35.51	22.66	785.5	79.34	6.00	700.15	0.00	700.15
2011(12)	403.3	147.2	105.20	0.00	10.23	4.63	4.63	35.51	22.66	689.9	69.68	6.00	614.22	0.00	614.22
2012(12)	358.5	131.2	93.76	0.00	9.12	4.63	4.63	35.51	22.66	614.9	62.10	6.00	546.77	0.00	546.77
2013(12)	320.7	117.1	83.65	0.00	8.13	4.63	4.63	35.51	22.66	548.5	55.41	6.00	487.14	0.00	487.14
2014(12)	286.1	104.4	74.62	0.00	7.26	4.63	4.63	35.51	22.66	489.4	49.43	6.00	433.94	0.00	433.94
2015(12)	255.2	93.2	66.58	0.00	6.47	4.63	4.63	35.51	22.66	436.6	44.10	6.00	386.49	0.00	386.49
2016(12)	227.1	83.1	59.39	0.00	5.77	4.63	4.63	35.51	22.66	389.5	39.34	6.00	344.15	0.00	344.15
2017(12)	203.1	74.1	52.99	0.00	5.15	4.63	4.63	35.51	22.66	347.5	35.10	6.00	306.38	0.00	306.38
2018(12)	181.2	66.1	47.27	0.00	4.60	4.63	4.63	35.51	22.66	310.0	31.31	6.00	272.68	0.00	272.68
2019(12)	161.7	59.0	42.17	0.00	4.10	4.63	4.63	35.51	22.66	276.6	27.93	6.00	242.62	0.00	242.62
2020(12)	143.8	52.6	37.62	0.00	3.66	4.63	4.63	35.51	22.66	246.7	24.92	6.00	215.80	0.00	215.80
2021(12)	128.7	47.0	33.56	0.00	3.26	4.63	4.63	35.51	22.66	220.1	22.23	6.00	191.88	0.00	191.88
2022(12)	114.8	41.9	29.94	0.00	2.91	4.63	4.63	35.51	22.66	196.4	19.83	6.00	170.53	0.00	170.53
2023(12)	102.4	37.4	26.71	0.00	2.60	4.63	4.63	35.51	22.66	175.2	17.69	6.00	151.49	0.00	151.49
2024(12)	91.1	33.4	23.83	0.00	2.32	4.63	4.63	35.51	22.66	156.3	15.79	6.00	134.50	0.00	134.50
2025(12)	81.5	29.8	21.26	0.00	2.07	4.63	4.63	35.51	22.66	139.4	14.08	6.00	119.35	0.00	119.35
Sub.	---	1,929.5	1,378.82	0.00	134.06	---	---	---	---	9,042.0	913.28	115.00	8,013.72	450.00	7,563.72
Rem.	---	198.1	141.54	0.00	13.76	---	---	---	---	928.2	93.75	86.00	748.46	0.00	748.46
Total	---	2,127.5	1,520.36	0.00	147.82	---	---	---	---	9,970.2	1,007.04	201.00	8,762.18	450.00	8,312.18

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 32-7 UNIT 247

WELL INFORMATION

LEASE	SAN JUAN 32-7 UNIT 247
LOCATION	07032N007W
COUNTY, STATE	SAN JUAN, New Mexico
FORMATION	FRUITLAND COAL
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS COMPANY
SPUD DATE	10/7/2005
COMP DATE	12/12/2005
1ST DELIVERY	12/12/2005
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES

TAXES FOR:	SAN JUAN, New Mexico
	2003 - 2004 Commerciality

GAS % OF REVENUE

SEVERANCE:	
Severance, School, Conservation	7.93

AD VALOREM:	
Production, Equipment	1.26

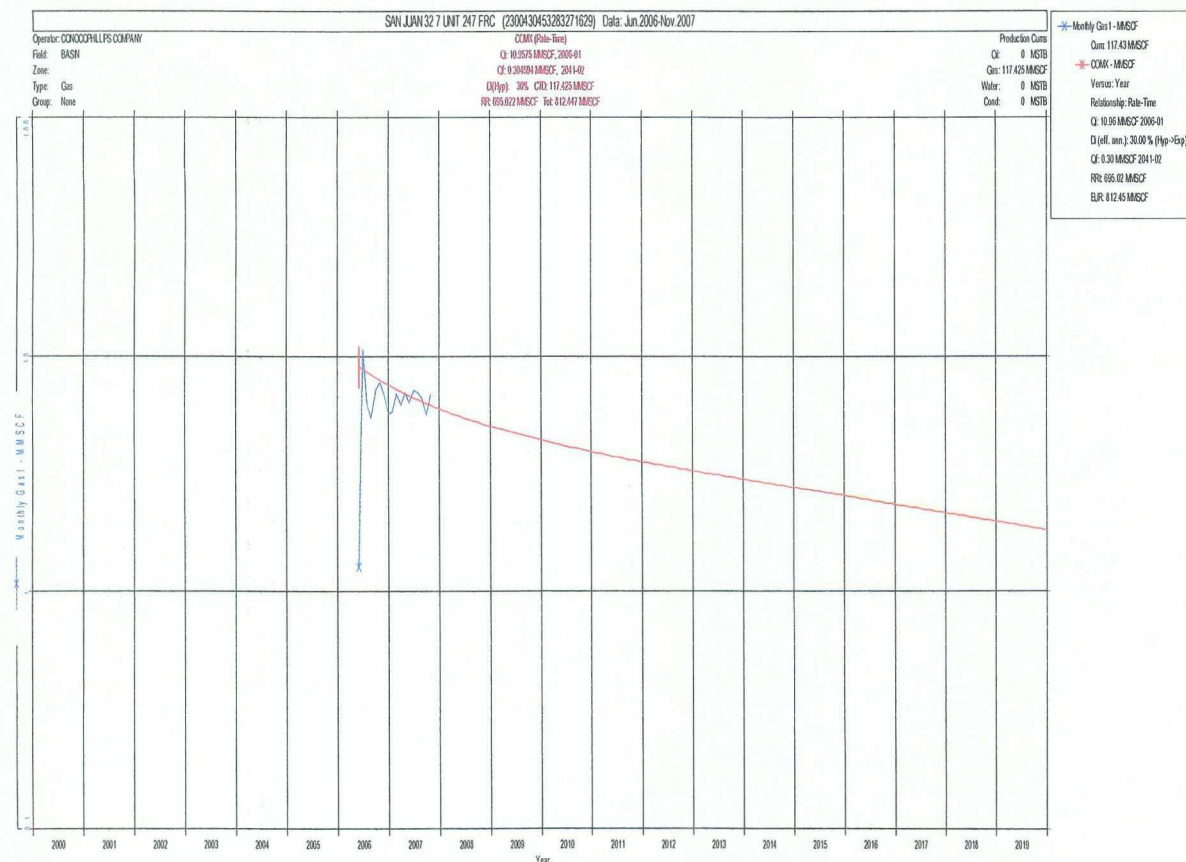
TOTAL %:	9.19
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AVERAGE HEAT CONTENT

1,000	MMBtu / Mcf
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WELL COST AND ECONOMICS

450.00	M\$	AVERAGE WELL COST
812.45	MMCF	ULT. GROSS GAS RESERVES
125.11	MCFD	INITIAL GAS RATE
68.53	%	RATE OF RETURN
2.67	\$/	P/I, DISC. @ 10.00 %
1,203.17	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
1.79	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-7 UNIT 247

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\$
2006(12)	125.1	45.7	32.63	0.00	3.17	4.63	4.63	35.51	22.66	214.0	21.62	6.00	186.39	450.00	-263.61
2007(12)	213.4	77.9	55.67	0.00	5.41	4.63	4.63	35.51	22.66	365.0	36.87	6.00	322.17	0.00	322.17
2008(12)	182.8	66.9	47.80	0.00	4.65	4.63	4.63	35.51	22.66	313.5	31.66	6.00	275.81	0.00	275.81
2009(12)	157.3	57.4	41.03	0.00	3.99	4.63	4.63	35.51	22.66	269.0	27.17	6.00	235.87	0.00	235.87
2010(12)	138.9	50.7	36.24	0.00	3.52	4.63	4.63	35.51	22.66	237.6	24.00	6.00	207.64	0.00	207.64
2011(12)	125.1	45.7	32.64	0.00	3.17	4.63	4.63	35.51	22.66	214.1	21.62	6.00	186.44	0.00	186.44
2012(12)	114.0	41.7	29.81	0.00	2.90	4.63	4.63	35.51	22.66	195.5	19.75	6.00	169.77	0.00	169.77
2013(12)	105.0	38.3	27.38	0.00	2.66	4.63	4.63	35.51	22.66	179.5	18.13	6.00	155.40	0.00	155.40
2014(12)	96.4	35.2	25.14	0.00	2.44	4.63	4.63	35.51	22.66	164.9	16.65	6.00	142.22	0.00	142.22
2015(12)	88.5	32.3	23.09	0.00	2.25	4.63	4.63	35.51	22.66	151.4	15.29	6.00	130.13	0.00	130.13
2016(12)	81.1	29.7	21.21	0.00	2.06	4.63	4.63	35.51	22.66	139.1	14.05	6.00	119.02	0.00	119.02
2017(12)	74.7	27.3	19.47	0.00	1.89	4.63	4.63	35.51	22.66	127.7	12.90	6.00	108.81	0.00	108.81
2018(12)	68.6	25.0	17.89	0.00	1.74	4.63	4.63	35.51	22.66	117.3	11.85	6.00	99.44	0.00	99.44
2019(12)	63.0	23.0	16.43	0.00	1.60	4.63	4.63	35.51	22.66	107.7	10.88	6.00	90.83	0.00	90.83
2020(12)	57.7	21.1	15.08	0.00	1.47	4.63	4.63	35.51	22.66	98.9	9.99	6.00	82.93	0.00	82.93
2021(12)	53.1	19.4	13.85	0.00	1.35	4.63	4.63	35.51	22.66	90.8	9.18	6.00	75.67	0.00	75.67
2022(12)	48.8	17.8	12.72	0.00	1.24	4.63	4.63	35.51	22.66	83.4	8.43	6.00	69.01	0.00	69.01
2023(12)	44.8	16.4	11.68	0.00	1.14	4.63	4.63	35.51	22.66	76.6	7.74	6.00	62.88	0.00	62.88
2024(12)	41.0	15.0	10.73	0.00	1.04	4.63	4.63	35.51	22.66	70.4	7.11	6.00	57.26	0.00	57.26
2025(12)	37.8	13.8	9.85	0.00	0.96	4.63	4.63	35.51	22.66	64.6	6.53	6.00	52.10	0.00	52.10
Sub.	---	700.2	500.35	0.00	48.65	---	---	---	---	3,281.2	331.42	120.00	2,829.80	450.00	2,379.80
Rem.	---	112.2	80.19	0.00	7.80	---	---	---	---	525.8	53.11	90.50	382.23	0.00	382.23
Total	---	812.4	580.54	0.00	56.44	---	---	---	---	3,807.1	384.53	210.50	3,212.03	450.00	2,762.03

**SAN JUAN 32-7 UNIT
WORKING INTEREST OWNERS**

BP AMERICA PRODUCTION COMPANY
BURLINGTON RESOURCES OIL & GAS
CONOCOPHILLIPS COMPANY
ENERGEN RESOURCES CORP
J GLENN TURNER
PHILLIPS-NEW MEXICO PARTNERS LP
PHILLIPS-SAN JUAN PARTNERS LP
SAN JUAN BASIN PARTNERSHIP
WILLIAMS PRODUCTION COMPANY