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December 5, 2008
2008 DEC 9 PM 1 41ConocoPhillips
San Juan Business Unit
P.O. Box 4289
Farmington, NM 87499-4289

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

New Mexico Oil Conservation Division
Energy Minerals & Natural Resources
Attn: Ms. Lori Wrotenbery
1220 S. Saint Francis Drive
Santa Fe, NM 87505-4000

RE: **SAN JUAN 32-8 UNIT, #14-08-001-446**
Commerciality Determinations
Mesaverde Participating Area
San Juan County, New Mexico

Gentlemen:

Pursuant to Section 11(a) of the above referenced Unit Agreement, approved October 21, 1952, **CONOCOPHILLIPS, as Unit Operator**, has determined that one of the wells listed below is capable of producing unitized substances in paying quantities from the Mesaverde Formation. ConocoPhillips is seeking confirmation of the well determinations enclosed.

Well Name	Dedication	Lease No.	Completion	Determination
SJ 32-8 Unit #29M	E/2 Sec. 11-31N-8W	SF-080854	10-15-07	Commercial
SJ 32-8 Unit #18	W/2 Sec. 11-31N-8W	SF-079047	7-16-07	Non-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. The non-commercial well will continue to be reported under Communitization Agreement NMNM-119355.

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 505-326-9754 for any technical questions, all other questions to the undersigned at 505-599-4030.

Sincerely,

Dawn Howell
Staff Land Technician

SJ 32-8 Unit 4.2

SAN JUAN 32-8 UNIT 29M

WELL INFORMATION

LEASE	SAN JUAN 32-8 UNIT 29M
LOCATION	11031N008W
COUNTY, STATE	SAN JUAN, NEW MEXICO
FORMATION	MESAVERDE
PROJECT TYPE	NEWDRIILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS CO
SPUD DATE	7/5/2007
COMP DATE	10/15/2007
1ST DELIVERY	12/20/2007
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

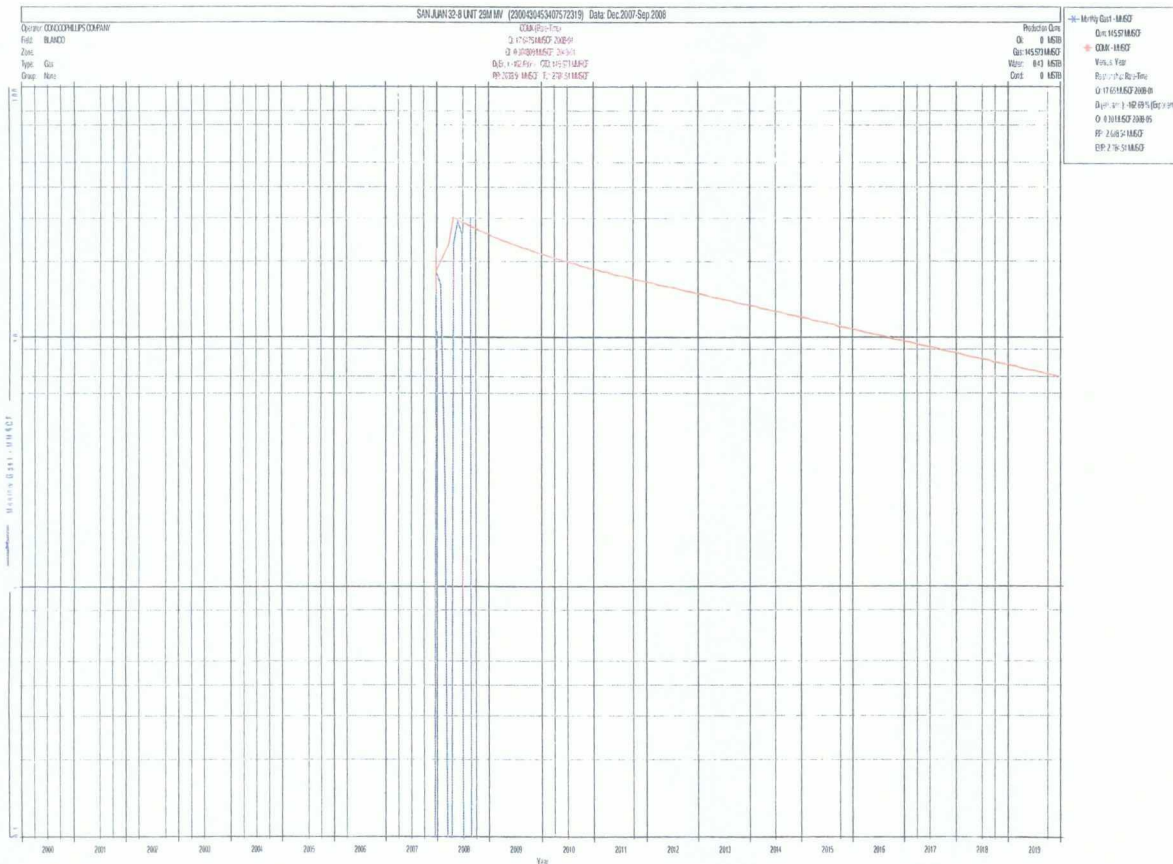
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.26
TOTAL %:	9.19

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

1,145.00	M\$	AVERAGE WELL COST
2,784.51	MMCF	ULT. GROSS GAS RESERVES
616.88	MCFD	INITIAL GAS RATE
156.23	%	RATE OF RETURN
4.74	\$\$	P/I, DISC. @ 10.00 %
5,422.92	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
1.10	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 UNIT 29M

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	T BT C
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	
2008(12)	616.9	225.8	157.96	0.00	18.42	4.86	4.86	35.51	22.66	1,132.9	114.11	20.89	997.90	1,145.00	-147
2009(12)	778.9	284.3	198.90	0.00	23.19	4.86	4.86	35.51	22.66	1,426.5	143.69	20.89	1,261.94	0.00	1,261
2010(12)	662.7	241.9	169.24	0.00	19.73	4.86	4.86	35.51	22.66	1,213.8	122.26	20.89	1,070.64	0.00	1,070
2011(12)	582.1	212.5	148.65	0.00	17.33	4.86	4.86	35.51	22.66	1,066.1	107.38	20.89	937.83	0.00	937
2012(12)	519.4	190.1	133.00	0.00	15.51	4.86	4.86	35.51	22.66	953.8	96.08	20.89	836.87	0.00	836
2013(12)	467.4	170.6	119.36	0.00	13.92	4.86	4.86	35.51	22.66	856.0	86.23	20.89	748.92	0.00	748
2014(12)	419.5	153.1	107.12	0.00	12.49	4.86	4.86	35.51	22.66	768.3	77.38	20.89	669.98	0.00	669
2015(12)	376.5	137.4	96.14	0.00	11.21	4.86	4.86	35.51	22.66	689.5	69.45	20.89	599.14	0.00	599
2016(12)	336.9	123.3	86.28	0.00	10.06	4.86	4.86	35.51	22.66	618.8	62.33	20.89	535.57	0.00	535
2017(12)	303.2	110.7	77.43	0.00	9.03	4.86	4.86	35.51	22.66	555.3	55.94	20.89	478.51	0.00	478
2018(12)	272.1	99.3	69.49	0.00	8.10	4.86	4.86	35.51	22.66	498.4	50.20	20.89	427.30	0.00	427
2019(12)	244.2	89.1	62.37	0.00	7.27	4.86	4.86	35.51	22.66	447.3	45.05	20.89	381.34	0.00	381
2020(12)	218.6	80.0	55.97	0.00	6.53	4.86	4.86	35.51	22.66	401.4	40.43	20.89	340.10	0.00	340
2021(12)	196.7	71.8	50.23	0.00	5.86	4.86	4.86	35.51	22.66	360.3	36.29	20.89	303.08	0.00	303
2022(12)	176.5	64.4	45.08	0.00	5.26	4.86	4.86	35.51	22.66	323.3	32.57	20.89	269.66	0.00	269
2023(12)	158.4	57.8	40.46	0.00	4.72	4.86	4.86	35.51	22.66	290.2	29.23	20.89	240.05	0.00	240
2024(12)	141.8	51.9	36.31	0.00	4.23	4.86	4.86	35.51	22.66	260.4	26.23	20.89	213.29	0.00	213
2025(12)	127.6	46.6	32.59	0.00	3.80	4.86	4.86	35.51	22.66	233.7	23.54	20.89	189.28	0.00	189
2026(12)	114.5	41.8	29.25	0.00	3.41	4.86	4.86	35.51	22.66	209.7	21.13	20.89	167.73	0.00	167
2027(12)	102.8	37.5	26.25	0.00	3.06	4.86	4.86	35.51	22.66	188.2	18.96	20.89	148.39	0.00	148
Sub.	---	2,489.9	1,742.08	0.00	203.13	---	---	---	---	12,494.0	1,258.48	417.84	10,817.73	1,145.00	9,672.7
Rem.	---	286.3	200.31	0.00	23.36	---	---	---	---	1,436.6	144.71	396.95	894.98	0.00	894.9
Total	---	2,776.2	1,942.39	0.00	226.49	---	---	---	---	13,930.7	1,403.18	814.79	11,712.71	1,145.00	10,567.7

SAN JUAN 32-8 UNIT 18

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 UNIT 18

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	To BT Ca
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M
2008(12)	132.3	48.4	33.88	0.00	3.95	4.86	4.86	35.51	22.66	243.0	24.48	20.89	197.65	1,145.00	-947.3
2009(12)	129.6	47.3	33.10	0.00	3.86	4.86	4.86	35.51	22.66	237.4	23.91	20.89	192.58	0.00	192.1
2010(12)	109.3	39.9	27.92	0.00	3.26	4.86	4.86	35.51	22.66	200.2	20.17	20.89	159.17	0.00	159.1
2011(12)	95.5	34.9	24.39	0.00	2.84	4.86	4.86	35.51	22.66	174.9	17.62	20.89	136.39	0.00	136.3
2012(12)	84.8	31.0	21.70	0.00	2.53	4.86	4.86	35.51	22.66	155.7	15.68	20.89	119.09	0.00	119.0
2013(12)	75.8	27.7	19.36	0.00	2.26	4.86	4.86	35.51	22.66	138.9	13.99	20.89	103.99	0.00	103.9
2014(12)	67.6	24.7	17.27	0.00	2.01	4.86	4.86	35.51	22.66	123.9	12.48	20.89	90.52	0.00	90.5
2015(12)	60.3	22.0	15.41	0.00	1.80	4.86	4.86	35.51	22.66	110.5	11.13	20.89	78.50	0.00	78.5
2016(12)	53.7	19.7	13.75	0.00	1.60	4.86	4.86	35.51	22.66	98.6	9.93	20.89	67.78	0.00	67.7
2017(12)	48.0	17.5	12.27	0.00	1.43	4.86	4.86	35.51	22.66	88.0	8.86	20.89	58.21	0.00	58.2
2018(12)	42.8	15.6	10.94	0.00	1.28	4.86	4.86	35.51	22.66	78.5	7.90	20.89	49.68	0.00	49.6
2019(12)	38.2	14.0	9.76	0.00	1.14	4.86	4.86	35.51	22.66	70.0	7.05	20.89	42.07	0.00	42.0
2020(12)	34.0	12.4	8.71	0.00	1.02	4.86	4.86	35.51	22.66	62.5	6.29	20.89	35.28	0.00	35.2
2021(12)	30.4	11.1	7.77	0.00	0.91	4.86	4.86	35.51	22.66	55.7	5.61	20.89	29.22	0.00	29.2
2022(12)	27.1	9.9	6.93	0.00	0.81	4.86	4.86	35.51	22.66	49.7	5.01	20.89	23.81	0.00	23.8
2023(12)	24.2	8.8	6.18	0.00	0.72	4.86	4.86	35.51	22.66	44.3	4.47	20.89	18.99	0.00	18.9
2024(12)	21.5	7.9	5.52	0.00	0.64	4.86	4.86	35.51	22.66	39.6	3.99	20.89	14.69	0.00	14.6
2025(12)	19.3	7.0	4.92	0.00	0.57	4.86	4.86	35.51	22.66	35.3	3.56	20.89	10.85	0.00	10.8
2026(12)	17.2	6.3	4.39	0.00	0.51	4.86	4.86	35.51	22.66	31.5	3.17	20.89	7.43	0.00	7.4
2027(12)	15.3	5.6	3.92	0.00	0.46	4.86	4.86	35.51	22.66	28.1	2.83	20.89	4.37	0.00	4.3
Sub.	---	411.8	288.10	0.00	33.59	---	---	---	---	2,066.2	208.12	417.84	1,440.27	1,145.00	295.27
Rem.	---	6.2	4.31	0.00	0.50	---	---	---	---	30.9	3.11	26.12	1.67	0.00	1.67
Total	---	417.9	292.41	0.00	34.10	---	---	---	---	2,097.1	211.24	443.96	1,441.93	1,145.00	296.93

SAN JUAN 32-8 UNIT
WORKING INTEREST OWNERS
MESAVERDE FORMATION

ANDREW B KELLY, JR

BURLINGTON RESOURCES OIL & GAS

BP AMERICA PRODUCTION COMPANY

CHARLES E KELLY

CONOCOPHILLIPS COMPANY

FOUR STAR OIL & GAS COMPANY

SUSANNA P KELLY

SUSANNA P KELLY, JR

WILLIAMS PRODUCTION COMPANY

WINTERGREEN ENERGY CORP