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RECEIVED
ConocoPhillips
San Juan Business Unit
P.O. Box 4289
Farmington, NM 87499-4289
2008 DEC 10 PM 1 22

December 9, 2008

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
Dakota 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 the well listed below is capable of producing unitized substances in paying quantities from the Dakota Formation. ConocoPhillips is seeking confirmation of the well determination enclosed.

Well Name	Dedication	Lease No.	Completion	Determination
SJ 32-8 Unit #7M	W/2 Sec. 22-31N-8W	NM-03402	9/26/07	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 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 4.3

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 32-8 UNIT 7M

WELL INFORMATION

LEASE SAN JUAN 32-8 UNIT 7M
 LOCATION 22031N008W
 COUNTY, STATE SAN JUAN, NEW MEXICO
 FORMATION DAKOTA
 PROJECT TYPE NEWDRILL
 WELL TYPE GAS WELL
 OPERATOR CONOCOPHILLIPS CO
 SPUD DATE 10/25/2006
 COMP DATE 9/26/2007
 1ST DELIVERY 10/28/2007
 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 1.40

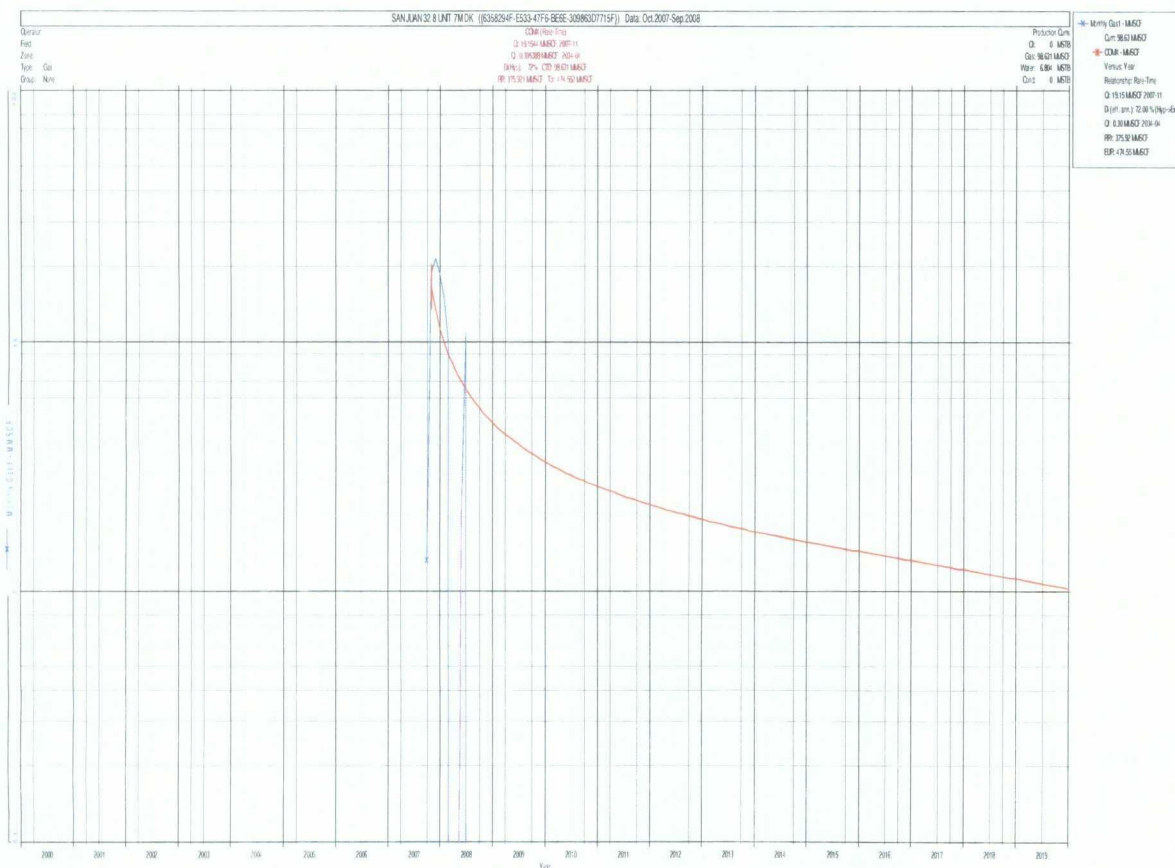
TOTAL %: 9.33

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

1,032.00	M\$	AVERAGE WELL COST
473.22	MMCF	ULT. GROSS GAS RESERVES
662.05	MCFD	INITIAL GAS RATE
13.61	%	RATE OF RETURN
0.10	\$/	P/I, DISC. @ 10.00 %
101.40	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
5.19	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 UNIT 7M

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 Opccosts	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2007(12)	662.0	40.4	28.86	0.00	2.81	4.86	4.86	35.51	22.66	195.9	20.01	2.64	173.24	1,032.00	-858.76
2008(12)	198.5	72.7	51.93	0.00	5.05	4.86	4.86	35.51	22.66	352.5	36.01	15.84	300.62	0.00	300.62
2009(12)	132.5	48.4	34.56	0.00	3.36	4.86	4.86	35.51	22.66	234.6	23.97	15.84	194.79	0.00	194.79
2010(12)	98.4	35.9	25.67	0.00	2.50	4.86	4.86	35.51	22.66	174.2	17.80	15.84	140.58	0.00	140.58
2011(12)	80.3	29.3	20.94	0.00	2.04	4.86	4.86	35.51	22.66	142.1	14.52	15.84	111.75	0.00	111.75
2012(12)	68.5	25.1	17.92	0.00	1.74	4.86	4.86	35.51	22.66	121.6	12.43	15.84	93.38	0.00	93.38
2013(12)	60.6	22.1	15.80	0.00	1.54	4.86	4.86	35.51	22.66	107.3	10.96	15.84	80.47	0.00	80.47
2014(12)	54.5	19.9	14.22	0.00	1.38	4.86	4.86	35.51	22.66	96.5	9.86	15.84	70.80	0.00	70.80
2015(12)	49.7	18.2	12.97	0.00	1.26	4.86	4.86	35.51	22.66	88.1	9.00	15.84	63.23	0.00	63.23
2016(12)	45.5	16.7	11.91	0.00	1.16	4.86	4.86	35.51	22.66	80.9	8.26	15.84	56.76	0.00	56.76
2017(12)	41.9	15.3	10.94	0.00	1.06	4.86	4.86	35.51	22.66	74.3	7.59	15.84	50.84	0.00	50.84
2018(12)	38.5	14.1	10.05	0.00	0.98	4.86	4.86	35.51	22.66	68.2	6.97	15.84	45.40	0.00	45.40
2019(12)	35.4	12.9	9.23	0.00	0.90	4.86	4.86	35.51	22.66	62.6	6.40	15.84	40.40	0.00	40.40
2020(12)	32.4	11.9	8.47	0.00	0.82	4.86	4.86	35.51	22.66	57.5	5.88	15.84	35.81	0.00	35.81
2021(12)	29.8	10.9	7.78	0.00	0.76	4.86	4.86	35.51	22.66	52.8	5.40	15.84	31.59	0.00	31.59
2022(12)	27.4	10.0	7.15	0.00	0.69	4.86	4.86	35.51	22.66	48.5	4.96	15.84	27.72	0.00	27.72
2023(12)	25.2	9.2	6.56	0.00	0.64	4.86	4.86	35.51	22.66	44.6	4.55	15.84	24.16	0.00	24.16
2024(12)	23.0	8.4	6.03	0.00	0.59	4.86	4.86	35.51	22.66	40.9	4.18	15.84	20.90	0.00	20.90
2025(12)	21.2	7.7	5.54	0.00	0.54	4.86	4.86	35.51	22.66	37.6	3.84	15.84	17.90	0.00	17.90
2026(12)	19.5	7.1	5.08	0.00	0.49	4.86	4.86	35.51	22.66	34.5	3.53	15.84	15.15	0.00	15.15
Sub.	---	436.1	311.61	0.00	30.30	---	---	---	---	2,115.2	216.08	303.60	1,595.48	1,032.00	563.48
Rem.	---	36.9	26.35	0.00	2.56	---	---	---	---	178.9	18.27	114.84	45.75	0.00	45.75
Total	---	472.9	337.96	0.00	32.86	---	---	---	---	2,294.0	234.35	418.44	1,641.24	1,032.00	609.24

**SAN JUAN 32-8 UNIT
WORKING INTEREST OWNERS
DAKOTA FORMATION**

BURLINGTON RESOURCES OIL & GAS

BP AMERICA PRODUCTION COMPANY

CONOCOPHILLIPS COMPANY

FOUR STAR OIL & GAS COMPANY

WILLIAMS PRODUCTION COMPANY