



420
April 24, 2009

ConocoPhillips
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

RECEIVED
2009 APR 28 PM 1 47

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

Gentlemen:

Pursuant to Section 11(a) of the above referenced Unit Agreement, **CONOCOPHILLIPS, as Unit Operator**, has determined that the well listed below is capable of producing unitized substances in paying quantities from both the Dakota and Mesaverde formations. ConocoPhillips is seeking confirmation of the well determinations enclosed.

Well Name	Dedication	Lease No.	Compl Date	Determination
SJ 32-7 Unit #20-DK	NSP Sec. 18-32N-7W	NMSF-078998	6-14-08	Commercial
SJ 32-7 Unit #20-MV	NSP Sec. 18-32N-7W	NMSF-078998	6-14-08	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 4.2 & 4.3

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 32-7 UNIT 20

WELL INFORMATION

LEASE SAN JUAN 32-7 UNIT 20
 LOCATION 1831N7W
 COUNTY, STATE SAN JUAN, NEW MEXICO
 FORMATION MESAVERDE
 PROJECT TYPE NEWDRILL
 WELL TYPE GAS WELL
 OPERATOR CONOCOPHILLIPS CO
 SPUD DATE 4/22/2008
 COMP DATE 6/14/2008
 1ST DELIVERY 7/18/2008
 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

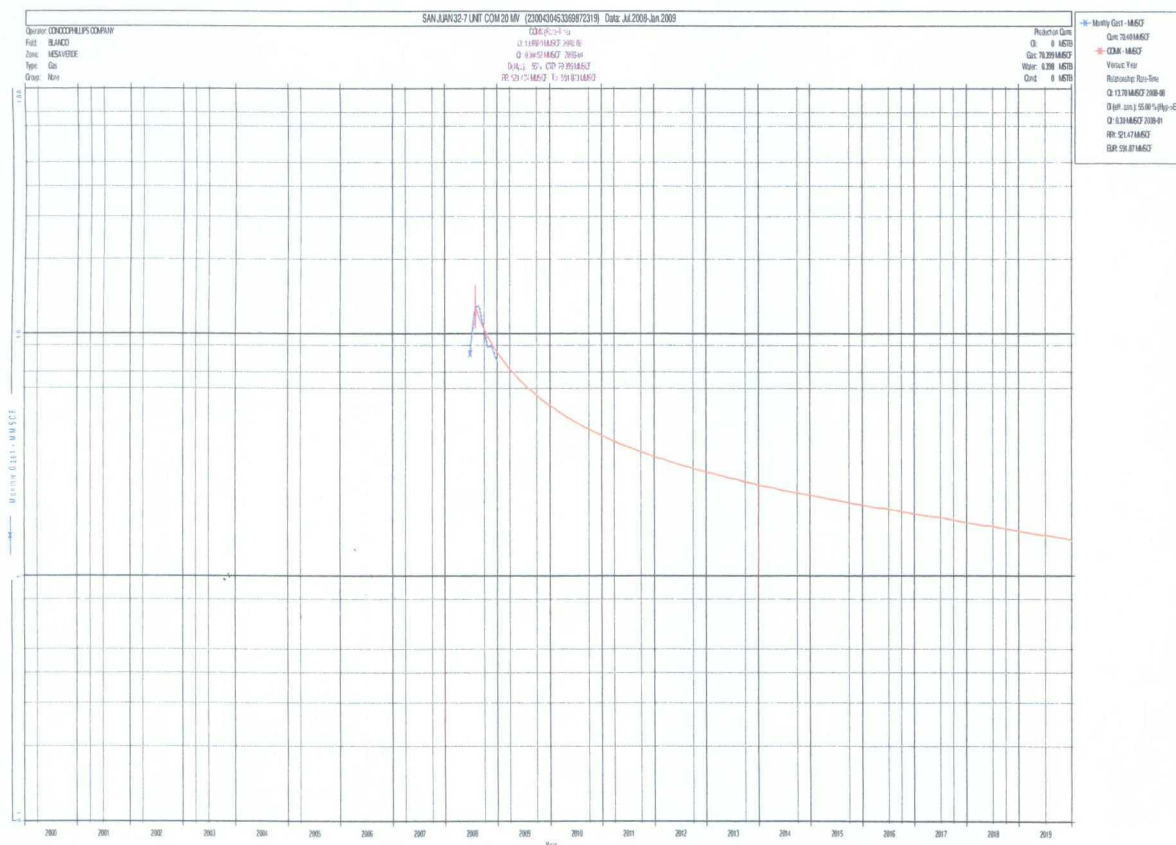
TOTAL %: 9.19

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

1,145.00 M\$ AVERAGE WELL COST
 583.53 MMCF ULT. GROSS GAS RESERVES
 354.67 MCFD INITIAL GAS RATE
 17.04 % RATE OF RETURN
 0.22 \$/\$ P/I, DISC. @ 10.00 %
 249.78 M\$ NET PRESENT VALUE, DISC. @ 10.00 %
 4.48 YRS PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-7 UNIT 20

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\$
2008(12)	354.7	54.3	37.97	0.00	4.43	4.86	4.86	35.51	22.66	272.3	27.43	6.69	238.17	1,145.00	-906.83
2009(12)	214.8	78.4	54.86	0.00	6.40	4.86	4.86	35.51	22.66	393.5	39.63	16.07	337.76	0.00	337.76
2010(12)	147.0	53.6	37.53	0.00	4.38	4.86	4.86	35.51	22.66	269.2	27.11	16.07	225.99	0.00	225.99
2011(12)	115.5	42.2	29.50	0.00	3.44	4.86	4.86	35.51	22.66	211.6	21.31	16.07	174.18	0.00	174.18
2012(12)	96.6	35.4	24.74	0.00	2.88	4.86	4.86	35.51	22.66	177.4	17.87	16.07	143.50	0.00	143.50
2013(12)	84.3	30.8	21.53	0.00	2.51	4.86	4.86	35.51	22.66	154.4	15.56	16.07	122.82	0.00	122.82
2014(12)	75.2	27.4	19.20	0.00	2.24	4.86	4.86	35.51	22.66	137.7	13.87	16.07	107.76	0.00	107.76
2015(12)	68.2	24.9	17.41	0.00	2.03	4.86	4.86	35.51	22.66	124.9	12.58	16.07	96.22	0.00	96.22
2016(12)	62.3	22.8	15.96	0.00	1.86	4.86	4.86	35.51	22.66	114.5	11.53	16.07	86.87	0.00	86.87
2017(12)	57.4	20.9	14.66	0.00	1.71	4.86	4.86	35.51	22.66	105.1	10.59	16.07	78.47	0.00	78.47
2018(12)	52.7	19.2	13.46	0.00	1.57	4.86	4.86	35.51	22.66	96.5	9.72	16.07	70.75	0.00	70.75
2019(12)	48.4	17.7	12.36	0.00	1.44	4.86	4.86	35.51	22.66	88.7	8.93	16.07	63.66	0.00	63.66
2020(12)	44.3	16.2	11.35	0.00	1.32	4.86	4.86	35.51	22.66	81.4	8.20	16.07	57.16	0.00	57.16
2021(12)	40.8	14.9	10.43	0.00	1.22	4.86	4.86	35.51	22.66	74.8	7.53	16.07	51.18	0.00	51.18
2022(12)	37.5	13.7	9.58	0.00	1.12	4.86	4.86	35.51	22.66	68.7	6.92	16.07	45.69	0.00	45.69
2023(12)	34.4	12.6	8.79	0.00	1.03	4.86	4.86	35.51	22.66	63.1	6.35	16.07	40.65	0.00	40.65
2024(12)	31.5	11.5	8.08	0.00	0.94	4.86	4.86	35.51	22.66	57.9	5.83	16.07	36.02	0.00	36.02
2025(12)	29.0	10.6	7.42	0.00	0.86	4.86	4.86	35.51	22.66	53.2	5.36	16.07	31.77	0.00	31.77
2026(12)	26.7	9.7	6.81	0.00	0.79	4.86	4.86	35.51	22.66	48.9	4.92	16.07	27.86	0.00	27.86
2027(12)	24.5	8.9	6.26	0.00	0.73	4.86	4.86	35.51	22.66	44.9	4.52	16.07	24.28	0.00	24.28
Sub.	---	525.8	367.89	0.00	42.90	---	---	---	---	2,638.5	265.77	311.99	2,060.75	1,145.00	915.75
Rem.	---	57.7	40.35	0.00	4.70	---	---	---	---	289.4	29.15	160.68	99.54	0.00	99.54
Total	---	583.5	408.24	0.00	47.60	---	---	---	---	2,927.9	294.91	472.67	2,160.29	1,145.00	1,015.29

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 32-7 UNIT 20

WELL INFORMATION

LEASE	SAN JUAN 32-7 UNIT 20
LOCATION	18031N007W
COUNTY, STATE	SAN JUAN, NEW MEXICO
FORMATION	DAKOTA
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS CO
SPUD DATE	4/22/2009
COMP DATE	6/14/2008
1ST DELIVERY	7/18/2008
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

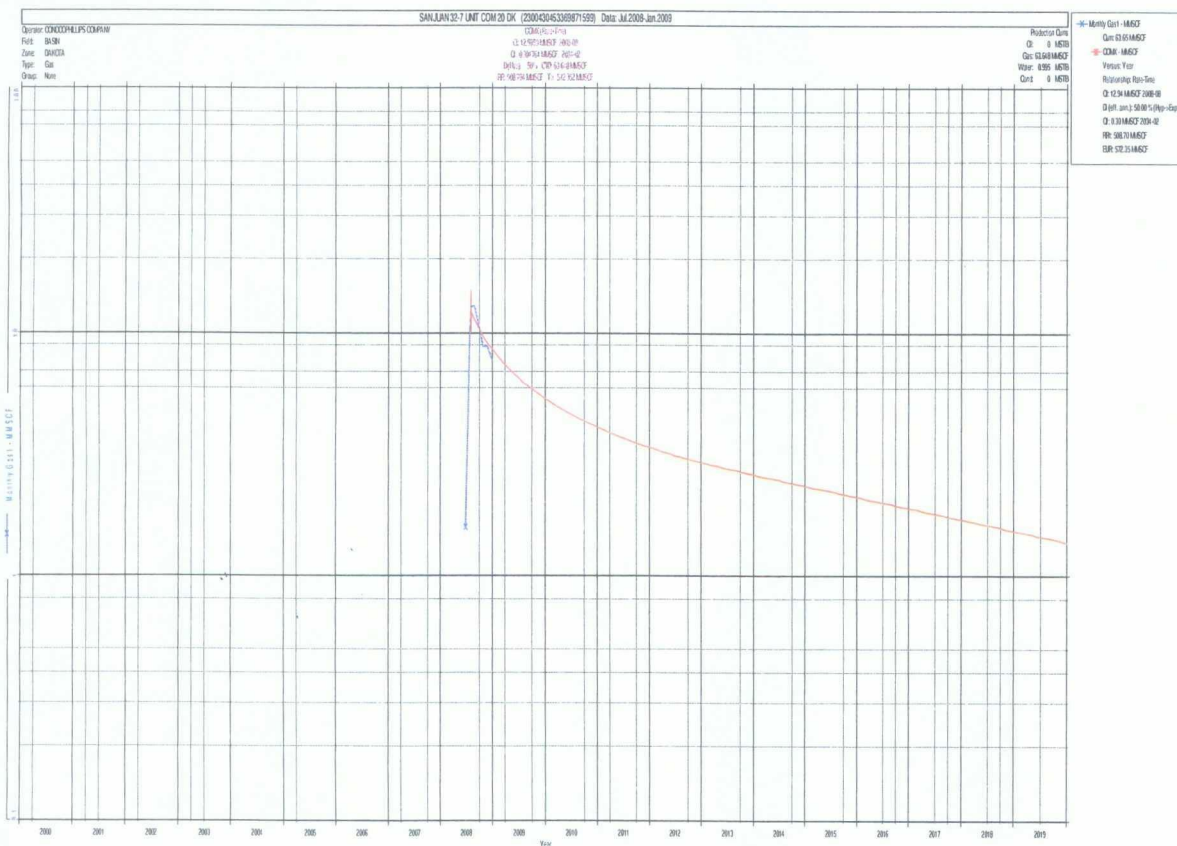
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.26
TOTAL %:	9.19

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

1,032.00	M\$	AVERAGE WELL COST
570.76	MMCF	ULT. GROSS GAS RESERVES
354.67	MCFD	INITIAL GAS RATE
22.41	%	RATE OF RETURN
0.36	\$/	P/I, DISC. @ 10.00 %
367.67	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
3.60	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-7 UNIT 20

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\$
2008(12)	354.7	54.3	38.78	0.00	3.77	4.86	4.86	35.51	22.66	263.2	26.61	6.60	230.00	1,032.00	-802.00
2009(12)	223.4	81.6	58.28	0.00	5.67	4.86	4.86	35.51	22.66	395.6	40.00	15.84	339.76	0.00	339.76
2010(12)	157.1	57.4	40.99	0.00	3.99	4.86	4.86	35.51	22.66	278.2	28.13	15.84	234.25	0.00	234.25
2011(12)	124.7	45.5	32.53	0.00	3.16	4.86	4.86	35.51	22.66	220.8	22.33	15.84	182.67	0.00	182.67
2012(12)	104.9	38.4	27.43	0.00	2.67	4.86	4.86	35.51	22.66	186.2	18.82	15.84	151.52	0.00	151.52
2013(12)	91.8	33.5	23.95	0.00	2.33	4.86	4.86	35.51	22.66	162.6	16.44	15.84	130.31	0.00	130.31
2014(12)	82.0	29.9	21.38	0.00	2.08	4.86	4.86	35.51	22.66	145.1	14.67	15.84	114.62	0.00	114.62
2015(12)	73.6	26.9	19.21	0.00	1.87	4.86	4.86	35.51	22.66	130.4	13.18	15.84	101.34	0.00	101.34
2016(12)	66.0	24.1	17.25	0.00	1.68	4.86	4.86	35.51	22.66	117.1	11.84	15.84	89.43	0.00	89.43
2017(12)	59.4	21.7	15.50	0.00	1.51	4.86	4.86	35.51	22.66	105.2	10.64	15.84	78.72	0.00	78.72
2018(12)	53.4	19.5	13.92	0.00	1.35	4.86	4.86	35.51	22.66	94.5	9.55	15.84	69.11	0.00	69.11
2019(12)	47.9	17.5	12.51	0.00	1.22	4.86	4.86	35.51	22.66	84.9	8.58	15.84	60.47	0.00	60.47
2020(12)	43.0	15.7	11.23	0.00	1.09	4.86	4.86	35.51	22.66	76.3	7.71	15.84	52.71	0.00	52.71
2021(12)	38.7	14.1	10.09	0.00	0.98	4.86	4.86	35.51	22.66	68.5	6.93	15.84	45.74	0.00	45.74
2022(12)	34.8	12.7	9.07	0.00	0.88	4.86	4.86	35.51	22.66	61.5	6.22	15.84	39.48	0.00	39.48
2023(12)	31.2	11.4	8.14	0.00	0.79	4.86	4.86	35.51	22.66	55.3	5.59	15.84	33.85	0.00	33.85
2024(12)	28.0	10.2	7.32	0.00	0.71	4.86	4.86	35.51	22.66	49.7	5.02	15.84	28.80	0.00	28.80
2025(12)	25.2	9.2	6.57	0.00	0.64	4.86	4.86	35.51	22.66	44.6	4.51	15.84	24.26	0.00	24.26
2026(12)	22.6	8.3	5.90	0.00	0.57	4.86	4.86	35.51	22.66	40.1	4.05	15.84	20.18	0.00	20.18
2027(12)	20.3	7.4	5.30	0.00	0.52	4.86	4.86	35.51	22.66	36.0	3.64	15.84	16.52	0.00	16.52
Sub.	---	539.3	385.36	0.00	37.47	---	---	---	---	2,615.8	264.46	307.56	2,043.74	1,032.00	1,011.74
Rem.	---	31.4	22.45	0.00	2.18	---	---	---	---	152.4	15.41	96.36	40.62	0.00	40.62
Total	---	570.7	407.81	0.00	39.65	---	---	---	---	2,768.1	279.87	403.92	2,084.36	1,032.00	1,052.36

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

CONOCOPHILLIPS COMPANY

ENERGEN RESOURCES CORPORATION

WILLIAMS PRODUCTION COMPANY