



420

ConocoPhillips
San Juan Business Unit
P.O. Box 4289
Farmington, NM 87499-4289

November 20, 2009

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

RECEIVED OCD
2009 NOV 23 A 11:45

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

Gentlemen:

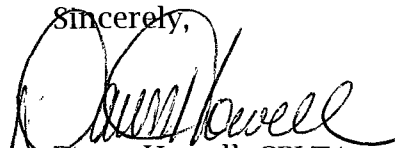
Pursuant to Section 11(a) of the above referenced Unit Agreement, **CONOCOPHILLIPS, as Unit Operator**, has determined that the well listed below is not capable of producing unitized substances in paying quantities from the Dakota formation. ConocoPhillips is seeking confirmation of the well determination enclosed.

Well Name	Dedication	Lease No.	Compl Date	Determination
SJ 32-7 Unit #24N	W/2 Sec. 21-32N-7W	FEE	6/27/2008	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., this well will continue to be reported under Communitization Agreement NMNM 120436.

Copies of this letter and enclosures are being sent to the working interest owners as listed on the attached page. For technical questions please contact Susan Rainbolt at 326-9574, all other questions to the undersigned at 599-4030.

Sincerely,


Dawn Howell, CPLTA
Staff Land Technician

SJ 32-7 Unit 4.3

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET SAN JUAN 32-7 UNIT 24N

WELL INFORMATION

LEASE SAN JUAN 32-7 UNIT 24N
 LOCATION 1832N007W
 COUNTY, STATE SAN JUAN, NEW MEXICO
 FORMATION DAKOTA
 PROJECT TYPE NEWDRILL
 WELL TYPE GAS WELL
 OPERATOR CONOCOPHILLIPS CO
 SPUD DATE 3/26/2008
 COMP DATE 6/7/2008
 1ST DELIVERY 2/18/2009
 COMM GW1 % 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
 94.52 M\$ ULT. GROSS GAS RESERVES
 104.04 MCFD INITIAL GAS RATE
 0.00 % RATE OF RETURN
 -0.75 \$/\$ P/L DISC. @ 10.00 %
 -770.68 M\$ NET PRESENT VALUE, DISC. @ 10.00 %
 0.00 YRS PAYOUT

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET SAN JUAN 32-7 UNIT 24N

Order: SAN JUAN 32-7 UNIT 24N (035715-412450-9415-12002453) Date: Feb 2009 Aug 2009

Field: COM (See file)

Zone: Q 1.75 MGS 2000

Type: Gas Q 0.6711 MGS 2000

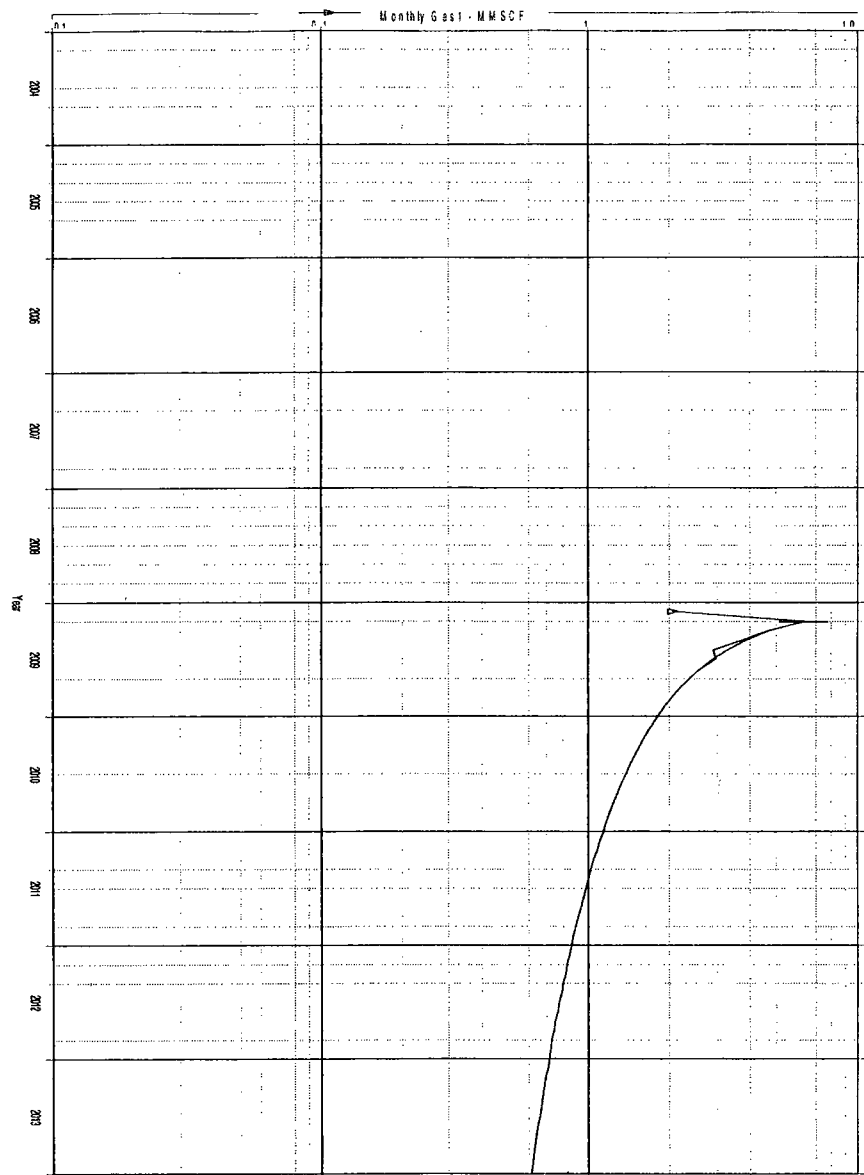
Group: None Q 0.6711 MGS 2000

Production Date: Q 0 MGS

Gas: Q 0.6711 MGS 2000

Water: Q 0.6711 MGS 2000

Order: Q 0 MGS



Production Date: Q 0 MGS

Gas: Q 0.6711 MGS 2000

Water: Q 0.6711 MGS 2000

Order: Q 0 MGS

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	Revenue	Net	Prod Taxes	Total Opcosts	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MMSCF	MMSCF	\$/mcf	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$	M\$

**BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-7 UNIT 24N**

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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 Opcois	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2009(12)	104.0	31.8	22.75	0.00	2.21	4.86	4.86	35.51	22.66	154.4	15.61	12.51	126.30	1,032.00	-905.70
2010(12)	47.1	17.2	12.28	0.00	1.19	4.86	4.86	35.51	22.66	83.3	8.43	15.01	59.90	0.00	59.90
2011(12)	32.6	11.9	8.51	0.00	0.83	4.86	4.86	35.51	22.66	57.8	5.84	15.01	36.93	0.00	36.93
2012(12)	25.8	9.4	6.75	0.00	0.66	4.86	4.86	35.51	22.66	45.8	4.63	15.01	26.15	0.00	26.15
2013(12)	21.8	8.0	5.68	0.00	0.55	4.86	4.86	35.51	22.66	38.6	3.90	15.01	19.66	0.00	19.66
2014(12)	19.0	6.9	4.96	0.00	0.48	4.86	4.86	35.51	22.66	33.7	3.40	15.01	15.25	0.00	15.25
2015(12)	16.9	6.2	4.41	0.00	0.43	4.86	4.86	35.51	22.66	30.0	3.03	15.01	11.91	0.00	11.91
2016(12)	15.6	2.8	2.02	0.00	0.20	4.86	4.86	35.51	22.66	13.7	1.39	7.51	4.85	0.00	4.85
Total	---	94.3	67.37	0.00	6.55	---	---	---	---	457.3	46.23	110.09	300.96	1,032.00	-731.04

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 32-7 UNIT 24N

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COMX1 (Time

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**BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-7 UNIT 24N**

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