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January 11, 2010ConocoPhillips  
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 32-7 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 #63M | S/2 Sec. 28-32N-7W | SF-078542 | 10/24/06   | 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 to the lease.

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 63M

| WELL INFORMATION |                        |
|------------------|------------------------|
| LEASE            | SAN JUAN 32-7 UNIT 63M |
| LOCATION         | 28032N007W             |
| COUNTY, STATE    | RIO ARriba, NEW MEXICO |
| FORMATION        | DAKOTA                 |
| PROJECT TYPE     | NEWDRILL               |
| WELL TYPE        | GAS WELL               |
| OPERATOR         | CONOCOPHILLIPS CO      |
| SPUD DATE        | 9/1/2006               |
| COMP DATE        | 10/24/2006             |
| 1ST DELIVERY     | 11/28/2006             |
| COMM GVI %       | 100.00                 |
| COMM NRI %       | 87.50                  |
| BOARD RATE %     | 10.00                  |

| PRODUCTION TAXES                |                                                    |
|---------------------------------|----------------------------------------------------|
| TAXES FOR:                      | RIO ARriba, NEW MEXICO<br>2003 - 2004 Commercially |
| 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                  |  |
| 120.08                  | MMCF | ULT. GROSS GAS RESERVES            |  |
| 222.16                  | MCFD | INITIAL GAS RATE                   |  |
| 0.00                    | %    | RATE OF RETURN                     |  |
| -0.61                   | \$/S | P/I, DISC. @ 10.00 %               |  |
| -633.12                 | M\$  | NET PRESENT VALUE, DISC. @ 10.00 % |  |
| 0.00                    | YRS  | PAYOUT                             |  |

# BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET

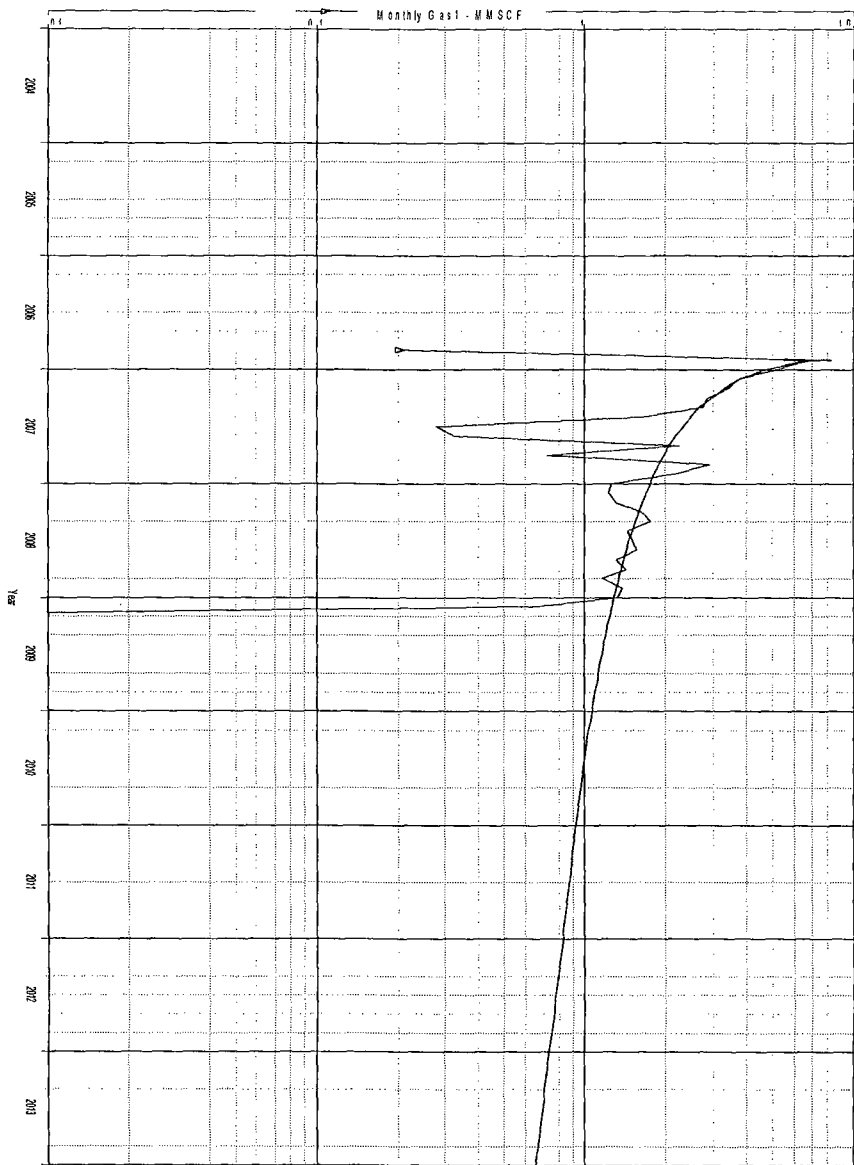
SAN JUAN 32-7 UNIT 63M

Owner: COGAS/BLM/BLM  
 Well: 32-7  
 Zone: 32-7  
 Type: Gas  
 Date: 10/1/2009

COGAS/BLM/BLM  
 Q: 100,000 MCF  
 D: 100,000 MCF  
 R: 100,000 MCF

Production  
 Q: 0 MCF  
 D: 0 MCF  
 R: 0 MCF

COGAS/BLM/BLM  
 Q: 100,000 MCF  
 D: 100,000 MCF  
 R: 100,000 MCF



Monthly Gas: 100,000 MCF  
 COGAS/BLM/BLM  
 Q: 100,000 MCF  
 D: 100,000 MCF  
 R: 100,000 MCF

## CASH FLOW SUMMARY

| Date | Gas1 Rate | Gas1 Volume | Net Gas Volume | Net Cond Volume | Net Oil Volume | Gas1 Price | Gas Price | Cond Price | Oil 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\$           |

**BURLINGTON RESOURCES  
COMMERCIALITY DETERMINATION  
BLM DATA SHEET**

SAN JUAN 32-7 UNIT 63M

**CASH FLOW SUMMARY**

| Date     | Gas 1<br>Rate | Gas 1<br>Volume | Net Gas<br>Volume | Net Cond<br>Volume | Net Oth<br>Volume | Gas 1<br>Price | Gas<br>Price | Cond<br>Price | Oth<br>Price | Net<br>Revenue | Prod<br>Taxes | Total<br>Opcois | Total<br>Oper Inc | Total<br>Capital | Total<br>BT Cash |
|----------|---------------|-----------------|-------------------|--------------------|-------------------|----------------|--------------|---------------|--------------|----------------|---------------|-----------------|-------------------|------------------|------------------|
|          | mcf/d         | MMSCF           | MMSCF             | MSTB               | MSTB              | \$/MMBTU       | \$/mcf       | \$/Bbl        | \$/Bbl       | M\$            | M\$           | M\$             | M\$               | M\$              | M\$              |
| 2006(12) | 222.2         | 6.9             | 4.92              | 0.00               | 0.48              | 4.86           | 4.86         | 35.51         | 22.66        | 33.4           | 3.41          | 0.00            | 29.99             | 1,032.00         | -1,002.01        |
| 2007(12) | 77.2          | 28.2            | 20.14             | 0.00               | 1.96              | 4.86           | 4.86         | 35.51         | 22.66        | 136.7          | 13.96         | 0.00            | 122.72            | 0.00             | 122.72           |
| 2008(12) | 46.3          | 16.9            | 12.11             | 0.00               | 1.18              | 4.86           | 4.86         | 35.51         | 22.66        | 82.2           | 8.40          | 0.00            | 73.79             | 0.00             | 73.79            |
| 2009(12) | 30.3          | 11.1            | 7.90              | 0.00               | 0.77              | 4.86           | 4.86         | 35.51         | 22.66        | 53.6           | 5.48          | 0.00            | 48.15             | 0.00             | 48.15            |
| 2010(12) | 32.7          | 11.9            | 8.52              | 0.00               | 0.83              | 4.86           | 4.86         | 35.51         | 22.66        | 57.9           | 5.91          | 0.00            | 51.95             | 0.00             | 51.95            |
| 2011(12) | 28.9          | 10.5            | 7.53              | 0.00               | 0.73              | 4.86           | 4.86         | 35.51         | 22.66        | 51.1           | 5.22          | 0.00            | 45.88             | 0.00             | 45.88            |
| 2012(12) | 25.7          | 9.4             | 6.72              | 0.00               | 0.65              | 4.86           | 4.86         | 35.51         | 22.66        | 45.6           | 4.66          | 0.00            | 40.93             | 0.00             | 40.93            |
| 2013(12) | 23.0          | 8.4             | 5.99              | 0.00               | 0.58              | 4.86           | 4.86         | 35.51         | 22.66        | 40.7           | 4.15          | 0.00            | 36.51             | 0.00             | 36.51            |
| 2014(12) | 20.5          | 7.5             | 5.34              | 0.00               | 0.52              | 4.86           | 4.86         | 35.51         | 22.66        | 36.3           | 3.71          | 0.00            | 32.57             | 0.00             | 32.57            |
| 2015(12) | 18.3          | 6.7             | 4.77              | 0.00               | 0.46              | 4.86           | 4.86         | 35.51         | 22.66        | 32.4           | 3.31          | 0.00            | 29.06             | 0.00             | 29.06            |
| 2016(12) | 14.4          | 2.6             | 1.87              | 0.00               | 0.18              | 4.86           | 4.86         | 35.51         | 22.66        | 12.7           | 1.30          | 0.00            | 11.40             | 0.00             | 11.40            |
| Total    | ---           | 120.1           | 85.81             | 0.00               | 8.34              | ---            | ---          | ---           | ---          | 582.5          | 59.50         | 0.00            | 522.95            | 1,032.00         | -509.05          |

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

CONOCOPHILLIPS COMPANY

ELIZABETH TURNER CALLOWAY

ENERGEN RESOURCES CORPORATION

FRED E TURNER LLC

J GLENN TURNER JR.

JOHN L TURNER

MARY FRANCES TURNER TRUST