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August 20, 2010

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

Bureau of Land Management (3)
Attn: Mr. Jim Lovato
1235 La Plata Highway
Farmington, NM 87401

State of New Mexico (2)
Commissioner of Public Lands
Attn: Mr. Pete Martinez
P.O. Box 1148
Santa Fe, NM 87501-1148

State of New Mexico (2)
Oil Conservation Division
Energy & Minerals Department
Attn: Ms. Lori Wrotenbery
1220 S. Saint Francis Drive
Santa Fe, NM 87505-4000

RE: **SAN JUAN 32-7 UNIT, #14-08-001-441**
Dakota Participating Area
8th Expansion effective 7-1-09
San Juan County, New Mexico
Contract: 040463 Prop. Code: A650267

Dear Sir or Madam:

Pursuant to Section 11(a) of the above referenced Unit Agreement, **CONOCOPHILLIPS, as Unit Operator**, has determined that the following well is capable of producing unitized substances in paying quantities from the Dakota formation, thereby should be admitted to the Dakota Participating Area. Pursuant to the attached BLM letter, the well listed below has been deemed commercial.

EIGHTH EXPANSION - EFFECTIVE 7/1/09

<u>Well Name</u>	<u>Tract/Acres</u>	<u>Tr. Description</u>	<u>Compl. Date</u>
SJ 32-7 Unit #19A	Tr. 10 / 323.15	SW/4, NW/4SE/4,	6/17/09
Sec. 4-T31N-R7W		Lots 6-8, Sec. 4	
Sec. 5-31N-7W		Lot 5, Sec. 5	

The Schedules for the Eight Expansion are enclosed. The schedule describes the Participating Areas and show the percentage of unitized substances allocated to the tracts according to the ownership within the tracts.

ConocoPhillips would appreciate consideration of these expansions by written response. Please contact the undersigned at (505) 599-4030 if there are any questions regarding this matter. Copies of this letter and attachments are also being furnished to the working interest owners.

Sincerely,

Dawn Howell, CPLTA
Land Analyst

DH
SJ 32-7 Unit 4.3

WORKING INTEREST OWENRS
SAN JUAN 32-7 UNIT
DAKOTA FORMATION

CONOCOPHILLIPS COMPANY

ENERGEN RESOURCES

Description of Committed Lands in PA					Description of Non-Committed Lands in PA						
Township	Range	Section	Description	Lot	Acreage	Township	Range	Section	Description	Lot	Acreage
031N	007W	SEC.004	SW/4, NW/4 SE/4			Total Acres Non-Committed:					0.000000
031N	007W	SEC.004		LOT.6	28.89000						
031N	007W	SEC.004		LOT.7	30.15000						
031N	007W	SEC.004		LOT.8	31.41000						
031N	007W	SEC.005		LOT.5	32.70000						
031N	007W	SEC.009	N/2								
031N	007W	SEC.018	SE/4 NW/4, E/2 SW/4, SW/4 SE/4, NE/4 SE/4								
031N	007W	SEC.018		LOT.10	13.05000						
031N	007W	SEC.018		LOT.8	14.86000						
031N	007W	SEC.018		LOT.9	13.70000						
032N	007W	SEC.007	17.09 AC OUT OF E/2 SE								
032N	007W	SEC.007	E/2 SE (EXCEPT 17.09 AC)								
032N	007W	SEC.007	NE/NE	LOT.1	18.55000						
032N	007W	SEC.007	THE SW/SE EXCEPT 43.73 AC TRACT DESCRIBED UNDER UNIT TRACT 22.								
032N	007W	SEC.008	E/2 SW/4								
032N	007W	SEC.008	N/2 SE/4, SW/4 SE/4								
032N	007W	SEC.008	NE/NW	LOT.3	19.42000						
032N	007W	SEC.008	NW/NW	LOT.4	19.41000						
032N	007W	SEC.008	W/2 SW/4								
032N	007W	SEC.008		LOT.1	19.45000						
032N	007W	SEC.008		LOT.2	19.44000						
032N	007W	SEC.008		LOT.5	42.24000						
032N	007W	SEC.009	NW/4 SW/4								
032N	007W	SEC.009		LOT.14	43.09000						
032N	007W	SEC.009		LOT.4	19.44000						

Description of Committed Lands in PA

Township	Range	Section	Description	Lot	Acreage
032N	007W	SEC.016	E/2 W/2		
032N	007W	SEC.016	W/2 W/2		
032N	007W	SEC.022	NE/NE	LOT.1	40.44000
032N	007W	SEC.022	NE/NW	LOT.3	43.65000
032N	007W	SEC.022	NE/SE	LOT.9	40.59000
032N	007W	SEC.022	NW/NE	LOT.2	42.08000
032N	007W	SEC.022	NW/NW	LOT.4	45.28000
032N	007W	SEC.022	NW/SE	LOT.10	42.62000
032N	007W	SEC.022	SE/NE	LOT.8	40.42000
032N	007W	SEC.022	SE/NW	LOT.6	43.50000
032N	007W	SEC.022	SE/SE	LOT.12	40.58000
032N	007W	SEC.022	SW/4		
032N	007W	SEC.022	SW/NE	LOT.7	42.06000
032N	007W	SEC.022	SW/NW	LOT.5	45.13000
032N	007W	SEC.022	SW/SE	LOT.11	42.61000
032N	007W	SEC.028	N/2		
032N	007W	SEC.035	N/2		
032N	007W	SEC.036	N/2		
Total Acres Committed:					3435.76000

EFFECTIVE JULY 1, 2009

CONOCOPHILLIPS COMPANY

EIGHTH EXPANDED PARTICIPATING AREA
SAN JUAN 32-7 UNIT AREA
DAKOTA FORMATION
SAN JUAN COUNTY, NEW MEXICO

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	PERCENTAGE	PERCENTAGE COMMITTED	PERCENT ACTUAL PARTICIPATION
SF-078459	T32N RTW	326.40		TRACT 001			9.500081%
	SEC. 22 LOTS 9-12, SW/4		ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY TOTAL		0.000000 0.000000 100.000000 100.000000	5.000000 12.500000 82.500000 100.000000	
SF-078459	T32N RTW	342.56		TRACT 01A			9.970429%
	SEC. 22 LOTS 1-8		ORRI: ROYALTY: WORKING INTEREST: ENERGEN RESOURCES TOTAL		0.000000 0.000000 100.000000 100.000000	5.000000 12.500000 82.500000 100.000000	
SF-078460	T32N RTW	42.24		TRACT 02A			1.229422%
	SEC. 8 LOTS 5		ORRI: ROYALTY: WORKING INTEREST: ENERGEN RESOURCES TOTAL		0.000000 0.000000 100.000000 100.000000	5.000000 12.500000 82.500000 100.000000	
SF-078472	T32N RTW	320.00		TRACT 003			9.313805%
	SEC. 28 N/2		ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY TOTAL		0.000000 0.000000 100.000000 100.000000	5.000000 12.500000 82.500000 100.000000	

CONOCOPHILLIPS COMPANY

EIGHTH EXPANDED PARTICIPATING AREA
 SAN JUAN 32-7 UNIT AREA
 DAKOTA FORMATION
 SAN JUAN COUNTY, NEW MEXICO

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	PERCENTAGE	PERCENTAGE COMMITTED	PERCENT ACTUAL PARTICIPATION
SF-078543	T32N R7W SEC. 35 N/2	320.00	ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY TOTAL	TRACT 006	0.000000 0.000000 100.000000 100.000000	5.000000 12.500000 82.500000 100.000000	9.313805%
SF-078996	T31N R7W SEC. 4 SW/4, NW/4SE/4, LOTS 6-8 SEC. 5 LOT 5	323.15	ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY TOTAL	TRACT 010	0.000000 0.000000 100.000000 100.000000	5.000000 12.500000 82.500000 100.000000	9.405488%
SF-078998	T31N R7W SEC. 9 N/2 SEC. 18 LOTS 8-10, SE/4NW/4, E/2SW/4, SW/4SE/4, NE/4SE/4	561.61	ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY TOTAL	TRACT 11	0.000000 0.000000 100.000000 100.000000	5.000000 12.500000 82.500000 100.000000	16.346020%
NM-05540	T32N R7W SEC. 9 LOT 14	43.09	ORRI: ROYALTY: WORKING INTEREST: ENERGEN RESOURCES TOTAL	TRACT 15	0.000000 0.000000 100.000000 100.000000	5.000000 12.500000 82.500000 100.000000	1.254162%

CONOCOPHILLIPS COMPANY

EIGHTH EXPANDED PARTICIPATING AREA
 SAN JUAN 32-7 UNIT AREA
 DAKOTA FORMATION
 SAN JUAN COUNTY, NEW MEXICO

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	PERCENTAGE	PERCENTAGE COMMITTED	PERCENT ACTUAL PARTICIPATION
ST. VC-0006	T32N R7W SEC. 16 W/2W/2	160.00	ORRI: ROYALTY: WORKING INTEREST: ENERGEN RESOURCES TOTAL	TRACT 16	0.000000 0.000000 100.000000 100.000000	0.000000 20.000000 80.000000 100.000000	4.656903%
ST. E-503-16	T32N R7W SEC. 16 E/2W/2	160.00	ORRI: ROYALTY: WORKING INTEREST: J GLEN TURNER JR FRED E TURNER LLC JOHN L TURNER MARY FRANCES TURNER TRUST ELIZABETH TURNER CALLOWAY	TRACT 17	0.000000 0.000000 20.000000 20.000000 20.000000 20.000000 20.000000 100.000000	0.000000 12.500000 17.500000 17.500000 17.500000 17.500000 17.500000 100.000000	4.656903%
ST E-503-13	T32N R7W SEC. 36 N/2	320.00	ORRI: ROYALTY: WORKING INTEREST: CONOCOPHILLIPS COMPANY TOTAL	TRACT 17A	0.000000 0.000000 100.000000 100.000000	5.000000 12.500000 82.500000 100.000000	9.313805%
FEE	T32N R7W SEC. 7 LOT 1, E/2SE/4 SEC. 8 LOTS 1-3, E/2SW/4, N/2SE/4, SW/4SE/4 SEC. 9 LOT 4, NW/4SW/4	399.21	ORRI: ROYALTY: WORKING INTEREST: ENERGEN RESOURCES TOTAL	TRACT 021	0.000000 0.000000 100.000000 100.000000	0.000000 12.500000 87.500000 100.000000	11.619263%

CONOCOPHILLIPS COMPANY

EIGHTH EXPANDED PARTICIPATING AREA
SAN JUAN 32-7 UNIT AREA
DAKOTA FORMATION
SAN JUAN COUNTY, NEW MEXICO

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	PERCENTAGE	PERCENTAGE COMMITTED	PERCENT ACTUAL PARTICIPATION
FEE	T32N R7W SEC 7	1.00	ORRI: ROYALTY: WORKING INTEREST: ENERGEN RESOURCES TOTAL	TRACT 021A	0.000000 0.000000 100.000000 100.000000	0.000000 12.500000 87.500000 100.000000	0.029106%
FEE	T32N R7W SEC 7	17.09	ORRI: ROYALTY: WORKING INTEREST: ENERGEN RESOURCES TOTAL	TRACT 022	0.000000 0.000000 100.000000 100.000000	3.000000 12.500000 84.500000 100.000000	0.497415%
FEE	T32N R7W SEC 8	99.41	ORRI: ROYALTY: WORKING INTEREST: ENERGEN RESOURCES TOTAL	TRACT 025	0.000000 0.000000 100.000000 100.000000	0.000000 12.500000 87.500000 100.000000	2.893393%



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway - Suite A
Farmington, New Mexico 87401
www.blm.gov/nm



IN REPLY REFER TO:

San Juan 32-7 Unit DK PA
3162.7 (F0111)

August 2, 2010

Ms. Dawn Howell
ConocoPhillips Company
P.O. Box 4289
Farmington, NM 87499-4289

RE: San Juan 32-7 Unit
Commerciality Determination
Dakota Formation
San Juan County, NM

Dear Ms. Howell:

In response to your letter dated July 21, 2010, the Farmington Field Office has reviewed the data you submitted for a commerciality determination for the following well completed in the Dakota formation.

Well Name & Number	Dedication	Lease	Completion Date	Determination
San Juan 32-7 Unit #19A	NSP Sec. 4, T31N, R7W	NMSF078996	6/17/2009	Commercial

After completing our economic evaluation, we are in concurrence with the above determination.

The well was determined to be commercial in the Dakota formation and is to be included in the Dakota participating area. It is required that a revision be submitted to include this well in the San Juan 32-7 Unit Dakota Participating Area.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-92000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions concerning this matter, please contact Wayne Townsend at the above address or telephone (505) 599-6359.

Sincerely,

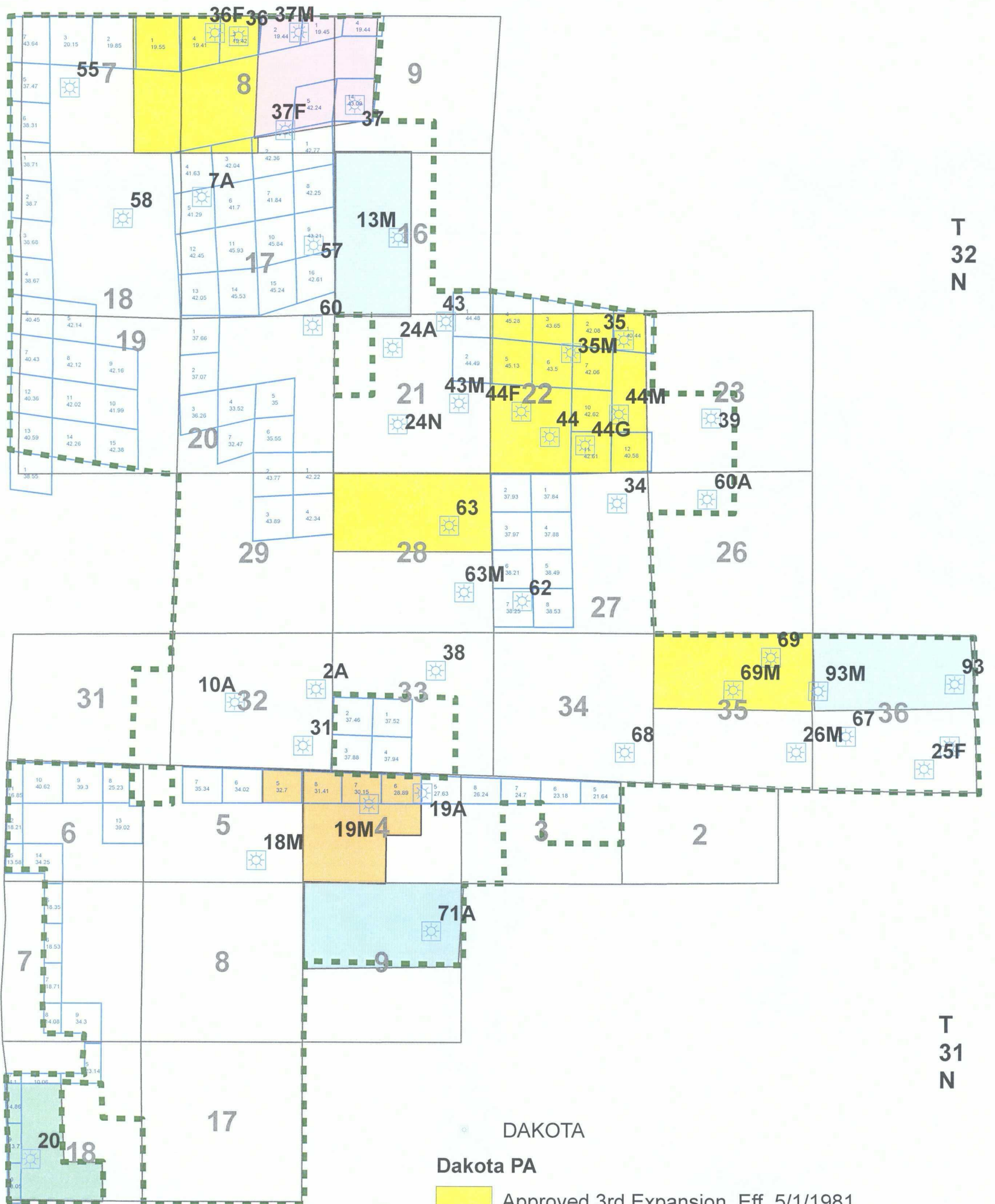
Wayne Townsend
Petroleum Engineer
Branch of Petroleum Management

SAN JUAN 32-7 UNIT

R7W

T 32 N

T 31 N



DAKOTA

Dakota PA

- Approved 3rd Expansion, Eff. 5/1/1981
- Proposed 4th Expansion, Eff. 1/1/2007
- Proposed 5th Expansion, Eff. 9/1/2007
- Proposed 6th Expansion, Eff. 7/1/2008
- Proposed 7th Expansion, Eff. 12/1/2008
- Proposed 8th Expansion, Eff. 7/1/2009

ConocoPhillips

Land Department
San Juan Business Unit
Farmington, New Mexico
8/2010