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January 18, 2013

Bureau of Land Management
Farmington Resource Area
Attn: Mr. Wayne Townsend
6251 N College, Suite A
Farmington, NM 87402

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 28-7 Unit (14-06-001-459)
Commerciality Determination
Fruitland Coal Formation
Rio Arriba County, New Mexico

Ladies and Gentlemen:

Pursuant to the provisions of Section 11(a) of the San Juan 28-7 Unit Agreement, #14-06-001-459, approved January 29, 1953, ConocoPhillips Company, as Operator, has determined that the well listed below is not capable of producing unitized substances in paying quantities from the Fruitland Coal formation. ConocoPhillips is seeking confirmation of the well determination enclosed.

Well Name	Dedication	Lease No.	Compl. Date	Determination
SJ 28-7 Unit #59A	E/2 Sec. 29-28N-7W	SF 078498	5-31-11	Non-Commercial

Upon receipt of response from the Bureau of Land Management and concurring response from the 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 Shara Graham at 326-9819, all other questions to the undersigned at 599-4030.

Sincerely,

Dawn Howell, CPLTA
Senior Land Analyst

SJ 28-7 Unit 4.1

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
 SAN JUAN 28-7 59A

WELL INFORMATION

LEASE	SAN JUAN 28-7 59A
LOCATION	29028N007WP
COUNTY, STATE	RIO ARRIBA, NM
FORMATION	FRUITLAND COAL
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS CO
SPUD DATE	7/22/1997
COMP DATE	5/31/2011
1ST DELIVERY	5/31/2011
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

PRODUCTION TAXES

TAXES FOR:	RIO ARRIBA, NM
	2012 - 2013 Commerciality
	<u>GAS % OF REVENUE</u>
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.40
TOTAL %:	9.33

WELL COST AND ECONOMICS

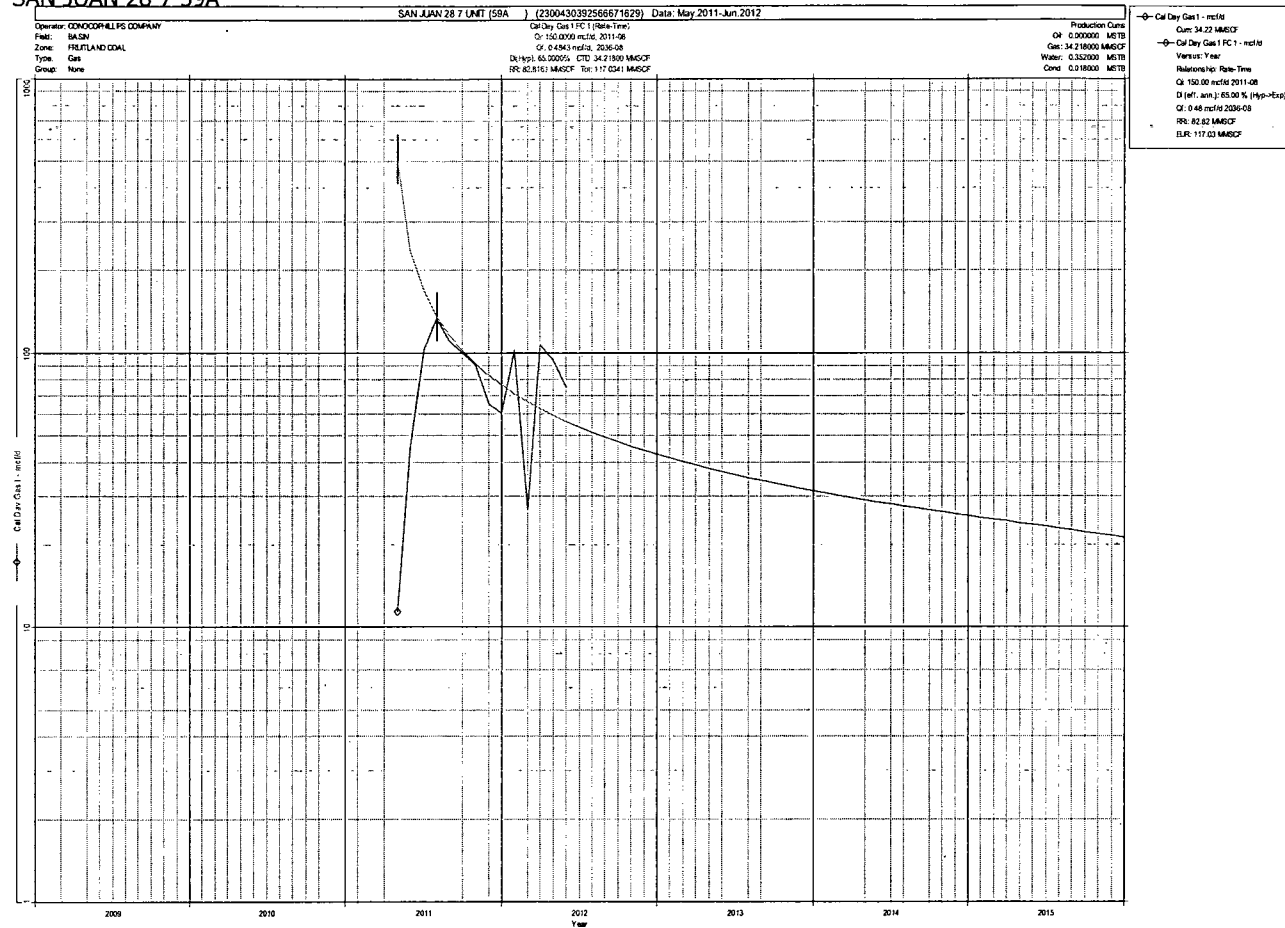
604.18	M\$	AVERAGE WELL COST
112.04	MMCF	ULT. GROSS GAS RESERVES
100.00	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.61	\$/ \$	P/I, DISC. @ 10.00 %
-371.14	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.00	YRS	PAYOUT

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 28-7 59A



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\$
2011(12)	100.0	15.3	13.36	0.00	1.16	4.86	4.86	35.51	22.66	87.9	9.00	5.21	73.65	604.18	-530.53

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 28-7 59A

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\$
2012(12)	62.6	22.9	20.01	0.00	1.73	2.31	2.31	81.16	33.37	96.8	9.63	12.52	74.63	0.00	74.63
2013(12)	36.9	13.5	11.75	0.00	1.02	2.31	2.31	81.16	33.37	56.8	5.65	12.52	38.66	0.00	38.66
2014(12)	28.5	10.4	9.09	0.00	0.79	2.31	2.31	81.16	33.37	43.9	4.37	12.52	27.05	0.00	27.05
2015(12)	23.5	8.6	7.49	0.00	0.65	2.31	2.31	81.16	33.37	36.2	3.60	12.52	20.11	0.00	20.11
2016(12)	19.5	7.1	6.23	0.00	0.54	2.31	2.31	81.16	33.37	30.1	3.00	12.52	14.63	0.00	14.63
2017(12)	16.3	5.9	5.19	0.00	0.45	2.31	2.31	81.16	33.37	25.1	2.49	12.52	10.07	0.00	10.07
2018(12)	13.5	4.9	4.31	0.00	0.37	2.31	2.31	81.16	33.37	20.9	2.08	12.52	6.27	0.00	6.27
2019(12)	11.3	4.1	3.59	0.00	0.31	2.31	2.31	81.16	33.37	17.4	1.73	12.52	3.11	0.00	3.11
2020(12)	9.6	2.6	2.29	0.00	0.20	2.31	2.31	81.16	33.37	11.1	1.10	9.39	0.58	0.00	0.58
Total	---	95.4	83.33	0.00	7.21	---	---	---	---	426.1	42.65	114.73	268.77	604.18	-335.41



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

April 5, 2011

ConocoPhillips Company
P.O. Box 4289
Farmington, New Mexico 87499-4289

Attn: Mr. Ben Malone

Re: 2011 Plans of Development
San Juan 28-7 Unit
Rio Arriba County, New Mexico

Dear Mr. Malone:

The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by all other appropriate agencies. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist; therefore, we may contact you at a later date regarding these possibilities.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY J. ROYBAL, Director
Oil, Gas and Minerals Division

RP/LR/jm
xc: Reader File
OCD-Ed Martin
BLMF- Wayne Townsend