



ConocoPhillips Company
San Juan Business Unit
3401 E. 30th St.
Farmington, NM 87402
P. O. Box 4289; 87499-4289

April 8, 2016

Bureau of Land Management
Farmington Resource Area
Attn: Mr. William M. Tambekou
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 32-8 Unit (I-Sec. No. 14-08-001-446)
Commerciality Determination
Mesaverde Formation
San Juan County, New Mexico**

Dear Sir or Madam:

Pursuant to the provisions of Section 11(a) of the San Juan 32-8 Unit Agreement, I-Sec. No. 14-08-001-446, dated, October 21, 1952, ConocoPhillips Company, as Operator, has determined that the well listed below is capable of producing unitized substances in paying quantities from the Mesaverde Formation. ConocoPhillips is seeking confirmation of the well determination enclosed.

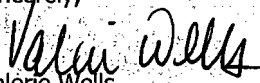
History: June 28, 1957, the San Juan 32-8 20 well, API 3004511025, was completed to the Mesaverde formation and subsequently deemed non-commercial. Effective January 1, 1981, with the 17th Expansion of the Mesaverde Participating Area, and pursuant to the Unit Agreement, all but the NW/4SW/4 (40 acres), of the well spacing was brought into the Mesaverde Participating Area as an Intervening Drilling Block. On 11/05/1996, the San Juan 32-8 20 well was sidetracked to the Mesaverde formation and well should have been re-determined to resolve whether the 40 acres omitted from the Participating Area in 1981, would continue to report to the lease or would be brought into the Mesaverde Participating Area.

Well Name	Dedication	Dedicated Lease	Completion Date	Determination
San Juan 32-8 Unit 20	T31N-R8W-Sec. 4: Lots 3, 4, S/2NW/4, SW/4	NMSF-079029	11/05/1996	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. For technical questions please contact Shara De Velder at 505-326-9819, all other questions to the undersigned at 505-324-9180 or via email valerie.wells@conocophillips.com.

Sincerely,


Valerie Wells
Sr. Land Analyst

file: San Juan 32-8 Unit, 4.2

enclosures

San Juan 32-8 Unit
Mesaverde Formation Participating Area
Working Interest Owners

Amelia C. Kelly

Andrew B. Kelly Jr

Burlington Resources Oil & Gas Company LP

ConocoPhillips Company

Four Star Oil & Gas Company

Speerex Limited Partnership

Susanna P Kelly Jr

Susanna P Kelly

Wintergreen Energy Corp

WPX Energy Inc.

CONOCOPHILLIPS
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 UNIT 20

Well Information (BLM)

LEASE	SAN JUAN 32-8 UNIT 20
LOCATION	04031N008WL
COUNTY, STATE	SAN JUAN, NEW MEXICO
FORMATION	MV
PROJECT TYPE	SIDETRACK
WELL TYPE	
OPERATOR	CONOCOPHILLIPS COMPANY
SPUD DATE	5/6/1957
COMP DATE	11/5/1996
1ST DELIVERY	11/8/1996
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	25.00

Production Taxes (BLM)

TAXES FOR:	SAN JUAN, NEW MEXICO
	Esc SJ MONTHLY 2016LRP 09-15
	<u>GAS % OF REVENUE</u>
SEVERANCE:	
Severance, School, Conservation	7.94
AD VALOREM:	
Production, Equipment	0.21
TOTAL %:	8.15

Average Heat Content (BLM)

Well Cost and Economics (BLM)

1,000 MMBtu / Mcf

267.50	M\$	AVERAGE WELL COST
846.78	MMCF	ULT. GROSS GAS RESERVES
431.77	MCFD	INITIAL GAS RATE
29.26	%	RATE OF RETURN
0.08	\$/	P/I, DISC. @ 25.00 %
21.97	M\$	NET PRESENT VALUE, DISC. @ 25.00 %
3.09	YRS	PAYOUT

CONOCOPHILLIPS
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 UNIT 20



Cash Flow Summary (BLM)																
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\$	

CONOCOPHILLIPS
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 UNIT 20

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	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
1997 01	431.8	13.4	10.87	0.00	0.11	1.60	1.60	0.00	20.83	19.5	1.81	0.90	16.74	267.50	-250.76
1997 02	416.3	11.7	9.46	0.00	0.10	1.60	1.60	0.00	20.83	16.9	1.57	0.90	14.46	0.00	14.46
1997 03	338.5	10.5	8.52	0.00	0.09	1.60	1.60	0.00	20.83	15.3	1.42	0.90	12.93	0.00	12.93
1997 04	300.4	9.0	7.32	0.00	0.08	1.60	1.60	0.00	20.83	13.1	1.22	0.90	10.98	0.00	10.98
1997 05	273.2	8.5	6.88	0.00	0.07	1.60	1.60	0.00	20.83	12.3	1.14	0.90	10.26	0.00	10.26
1997 06	268.4	8.1	6.54	0.00	0.07	1.60	1.60	0.00	20.83	11.7	1.09	0.90	9.71	0.00	9.71
1997 07	230.5	7.1	5.80	0.00	0.06	1.60	1.60	0.00	20.83	10.4	0.97	0.90	8.52	0.00	8.52
1997 08	149.3	4.6	3.76	0.00	0.04	1.60	1.60	0.00	20.83	6.7	0.63	0.90	5.20	0.00	5.20
1997 09	209.5	6.3	5.10	0.00	0.05	1.60	1.60	0.00	20.83	9.1	0.85	0.90	7.38	0.00	7.38
1997 10	465.1	14.4	11.71	0.00	0.12	1.60	1.60	0.00	20.83	21.0	1.95	0.90	18.11	0.00	18.11
1997 11	358.6	10.8	8.74	0.00	0.09	1.60	1.60	0.00	20.83	15.6	1.45	0.90	13.28	0.00	13.28
1997 12	280.2	8.7	7.05	0.00	0.07	1.60	1.60	0.00	20.83	12.6	1.17	0.90	10.55	0.00	10.55
1998 01	254.9	7.9	6.42	0.00	0.07	1.60	1.60	0.00	20.83	11.5	1.07	0.90	9.52	0.00	9.52
1998 02	217.3	6.1	4.94	0.00	0.05	1.60	1.60	0.00	20.83	8.8	0.82	0.90	7.12	0.00	7.12
1998 03	197.4	6.1	4.97	0.00	0.05	1.60	1.60	0.00	20.83	8.9	0.83	0.90	7.16	0.00	7.16
1998 04	219.0	6.6	5.34	0.00	0.06	1.60	1.60	0.00	20.83	9.6	0.89	0.90	7.76	0.00	7.76
1998 05	241.7	7.5	6.09	0.00	0.06	1.60	1.60	0.00	20.83	10.9	1.01	0.90	8.98	0.00	8.98
1998 06	206.6	6.2	5.03	0.00	0.05	1.60	1.60	0.00	20.83	9.0	0.84	0.90	7.27	0.00	7.27
1998 07	217.6	6.7	5.48	0.00	0.06	1.60	1.60	0.00	20.83	9.8	0.91	0.90	7.99	0.00	7.99
1998 08	190.4	5.9	4.79	0.00	0.05	1.60	1.60	0.00	20.83	8.6	0.80	0.90	6.88	0.00	6.88
Sub.	---	166.0	134.80	0.00	1.41	---	---	---	---	241.3	22.43	18.10	200.80	267.50	-66.70
Rem.	---	615.4	499.70	0.00	5.22	---	---	---	---	894.6	83.16	238.92	572.56	0.00	572.56
Total	---	781.4	634.50	0.00	6.63	---	---	---	---	1,136.0	105.59	257.02	773.36	267.50	505.86