PATRICK H. LYONS
COMMISSIONER

# State of New Mexico
## Commissioner of Public Lands

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SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE
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April 6, 2004

Burlington Resources
P.O. Box 4289
Farmington, New Mexico 87499-4289

Attn: Ms. Linda Dean

Re: 2004 Plan of Development
Allison Unit
San Juan County, New Mexico

Dear Ms. Dean:

The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the unit area and the need for further development of the unit may exist. You may be contacted 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,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/cpm
xc: Reader File OCD BLM

ConocoPhillips

## Commerciality Determination

**Allison Unit Com 105**
**Fruitland Coal**
**NE, Sec 26, T32N, R7W**
**San Juan County, NM**
**API: 30-045-29385**

**This Fruitland Coal well was spud on 6/28/96 by Meridian Oil Inc. and completed on 7/21/96.**

**Estimated capital investment of $500,000 for open hole cavity completion of the Allison Unit Com 105 Fruitland coal well was used in this determination. Operating costs for this well were estimated at $36,000/year from 10/96 until 3/99 when a pumping unit was installed. Operating costs thereafter of $72,000/year were used in the analysis.**

**Income was based on historical San Juan Basin prices for historical production, and a flat non-escalated value of $4.45/mmBTU and normal transportation costs for future production.**

**Recommend that this well be determined commercial.**

## Actual Production

| Month | Production (MCFD) | Month | Production (MCFD) |
|---|---|---|---|
| Sep-96 | 889 | Dec-00 | 2,646 |
| Oct-96 | 1,307 | Jan-01 | 4,964 |
| Nov-96 | 1,729 | Feb-01 | 5,026 |
| Dec-96 | 1,790 | Mar-01 | 4,947 |
| Jan-97 | 1,886 | Apr-01 | 4,890 |
| Feb-97 | 1,826 | May-01 | 4,486 |
| Mar-97 | 1,837 | Jun-01 | 4,739 |
| Apr-97 | 1,063 | Jul-01 | 4,245 |
| May-97 | 1,907 | Aug-01 | 4,457 |
| Jun-97 | 1,901 | Sep-01 | 4,375 |
| Jul-97 | 1,836 | Oct-01 | 4,434 |
| Aug-97 | 1,821 | Nov-01 | 4,464 |
| Sep-97 | 1,574 | Dec-01 | 4,400 |
| Oct-97 | 1,787 | Jan-02 | 4,255 |
| Nov-97 | 1,760 | Feb-02 | 4,088 |
| Dec-97 | 1,908 | Mar-02 | 4,145 |
| Jan-98 | 1,928 | Apr-02 | 4,006 |
| Feb-98 | 1,878 | May-02 | 1,768 |
| Mar-98 | 1,852 | Jun-02 | 3,762 |
| Apr-98 | 1,854 | Jul-02 | 3,755 |
| May-98 | 1,838 | Aug-02 | 3,812 |
| Jun-98 | 2,053 | Sep-02 | 1,507 |
| Jul-98 | 1,971 | Oct-02 | 3,711 |
| Aug-98 | 2,140 | Nov-02 | 3,729 |
| Sep-98 | 2,447 | Dec-02 | 3,616 |
| Oct-98 | 2,535 | Jan-03 | 3,511 |
| Nov-98 | 2,592 | Feb-03 | 3,514 |
| Dec-98 | 1,297 | Mar-03 | 3,421 |
| Jan-99 | 1,290 | Apr-03 | 3,334 |
| Feb-99 | 1,309 | May-03 | 3,320 |
| Mar-99 | 1,306 | Jun-03 | 3,240 |
| Apr-99 | 1,400 | Jul-03 | 3,063 |
| May-99 | 1,849 | Aug-03 | 3,118 |
| Jun-99 | 2,172 | Sep-03 | 3,033 |
| Jul-99 | 2,313 | Oct-03 | 2,948 |
| Aug-99 | 4,592 | Nov-03 | 2,901 |
| Sep-99 | 2,277 | Dec-03 | 2,820 |
| Oct-99 | 4,612 | Jan-04 | 2,795 |
| Nov-99 | 2,253 | Feb-04 | 2,759 |
| Dec-99 | 4,780 | Mar-04 | 2,671 |
| Jan-00 | 6,053 | Apr-04 | 2,726 |
| Feb-00 | 6,331 | May-04 | 2,649 |
| Mar-00 | 3,162 | Jun-04 | 2,542 |
| Apr-00 | 3,095 | Jul-04 | 2,477 |
| May-00 | 5,498 | Aug-04 | 2,398 |
| Jun-00 | 5,935 | Sep-04 | 2,332 |
| Jul-00 | 5,751 | Oct-04 | 2,088 |
| Aug-00 | 5,566 | Nov-04 | 2,019 |
| Sep-00 | 2,867 | Dec-04 | 1,878 |
| Oct-00 | 5,523 | Jan-05 | 1,828 |
| Nov-00 | 2,723 | Feb-05 | 1,796 |

# US Summary Report

## Allison Unit Com 105 Commerciality

*Nominal*

### Case Description

Notes: Commerciality Determination for Allison 105
Well spud 6/28/96.
Well costs estimated at $500M
Operating costs $3M/month until 4/99 when a pumping unit was installed, then operating costs increased to $6M/month. Historical gas prices used. Includes a deduct for 900 BTU gas and 6.7% fuel, and $0.40/mcf transportation. Future gas prices based on $4.45/MMBTU plus the above deductions.

### Case Parameters

| | |
|---|---|
| Author | Janet Stasney |
| Linked Well | |
| Global Parameters | Escalate 2005 LRP (2005 Zero) |
| Model | ConocoPhillips |
| Oil Price File | |
| Gas Price File | |
| Oil Offset 1 | |
| Gas Offset 1 | |

### Net Present Values (Generic)::ConocoPhillips

| Disc Rate (%) | Inc Before Res & Tax M$ | Before Tax Cap. Inv M$ | Before Tax Cash Flow M$ | After Tax Cash Flow M$ | Cash PI |
|---|---|---|---|---|---|
| 0.0 | 23,085 | 500 | 22,585 | 13,777 | 39.62 |
| 8.0 | 12,883 | 481 | 12,402 | 7,549 | 22.99 |
| 10.0 | 11,356 | 477 | 10,880 | 6,617 | 20.46 |
| 11.0 | 10,687 | 475 | 10,213 | 6,209 | 19.34 |
| 13.0 | 9,507 | 470 | 9,037 | 5,489 | 17.36 |
| 15.0 | 8,503 | 466 | 8,036 | 4,876 | 15.66 |
| 18.0 | 7,257 | 460 | 6,797 | 4,117 | 13.54 |

### Company WI

| | Initial % | Final % |
|---|---|---|
| Working | 100.0 | 100.0 |
| Oil NRI | 87.5 | 87.5 |
| Gas NRI | 87.5 | 87.5 |
| Byprod. NRI | 87.5 | 87.5 |
| Capital | 100.0 | 100.0 |

### Scenarios

| | |
|---|---|
| Oil | Base |
| Gas | Base |
| Interests | Base |
| Opcosts | Base |
| Capital | Base |

### Economic Indicators (Generic)::ConocoPhillips

| | | BTax | ATax |
|---|---|---|---|
| AARR | % | 175.2 | 145.9 |
| Cash Breakeven | Years | 1.2 | 1.35 |
| NPV @ 13% | M$ | 9,037 | 5,489 |
| 13% PI (cash) | M$/M$ | | 17.36 |
| 13% PI (capital) | M$/M$ | | 12.67 |
| NPV @ 10% | M$ | 10,880 | 6,617 |
| 10% PI (cash) | M$/M$ | | 20.46 |
| 10% PI (capital) | M$/M$ | | 14.88 |
| Dev Cost/BOE | $/BOE | 0.27 | |
| Economic Limit Date | | 2026/05 | |
| Last Scheduled Prod Date | | 2037/09 | |
| Date of first production | | 1996/09 | |
| Date of first investment | | 1996/07 | |
| Discount Date | | 1996/07 | |
| ROR | | 175 | 146 |

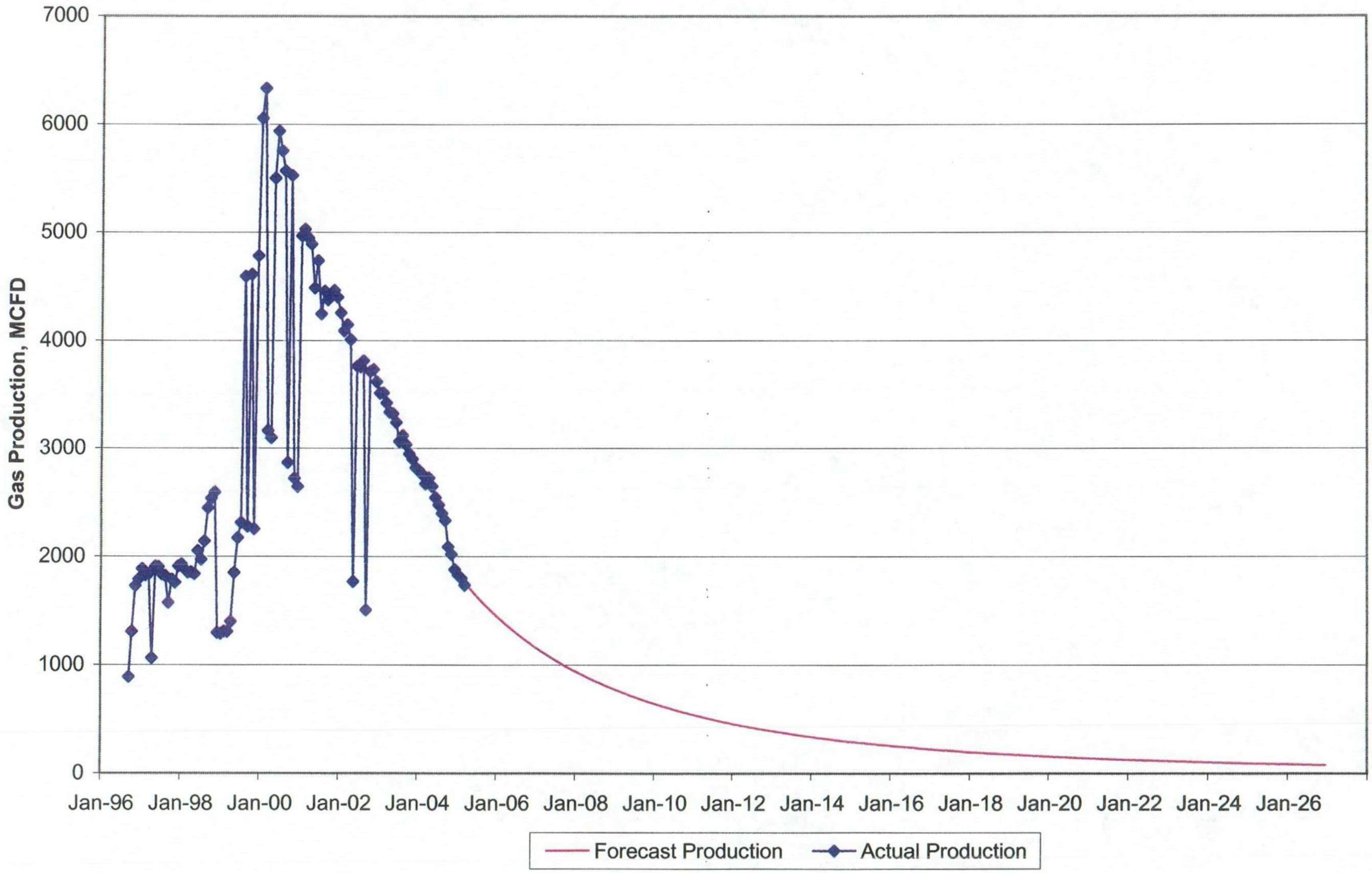
### Products Recovery (US)::ConocoPhillips

| | | Gross | Gross Economic | WI | Roy | Net |
|---|---|---|---|---|---|---|
| Oil | MSTB | 0 | 0 | 0 | 0 | 0 |
| Gas-Raw | MMSCF | 12,839 | 12,638 | 12,638 | 1,580 | 11,058 |
| Gas-Sales | MMSCF | 12,839 | 12,638 | 12,638 | 1,580 | 11,058 |
| Ethane | MSTB | 0 | 0 | 0 | 0 | 0 |
| Propane | MSTB | 0 | 0 | 0 | 0 | 0 |
| Butane | MSTB | 0 | 0 | 0 | 0 | 0 |
| Cond. | MSTB | 0 | 0 | 0 | 0 | 0 |
| Sulphur | MLt | 0 | 0 | 0 | 0 | 0 |
| Other | MSTB | 0 | 0 | 0 | 0 | 0 |

### RESERVES AND ECONOMICS
### PRODUCTION & REVENUE SUMMARY

| Date | Gross Oil/Cond Volume | Gross Gas Volume | NRI Oil | NRI Gas Sales | Oil Price | Gas Price | Gross # of Wells | Total NRI Revenue | Total Prod Taxes | Total Opcosts | Income Before Reserves & Taxes | Total Capital | BTAX Cash Flow | ATAX Cash Flow | ATAX Cash Flow Disc. 10% | ATAX Cash Flow Disc 13% |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | MSTB | MMSCF | MSTB | MMSCF | $/Bbl | $/mcf | | M$ | M$ | M$ | M$ | M$ | M$ | M$ | M$ | M$ |
| 1996(12) | 0.00 | 174.55 | 0.00 | 152.73 | 0.00 | 0.35 | 0.7 | 79.42 | 9.53 | 12.00 | 57.89 | 500.00 | -442.11 | -356.69 | -340.09 | -335.54 |
| 1997(12) | 0.00 | 642.51 | 0.00 | 562.20 | 0.00 | 1.41 | 1.0 | 792.70 | 95.12 | 36.00 | 661.57 | 0.00 | 661.57 | 425.99 | 369.25 | 354.64 |
| 1998(12) | 0.00 | 741.35 | 0.00 | 648.69 | 0.00 | 1.09 | 1.0 | 707.07 | 84.85 | 36.00 | 586.22 | 0.00 | 586.22 | 375.94 | 296.23 | 276.96 |
| 1999(12) | 0.00 | 922.71 | 0.00 | 807.37 | 0.00 | 1.23 | 1.0 | 993.07 | 119.17 | 63.00 | 810.90 | 0.00 | 810.90 | 510.07 | 365.39 | 332.55 |
| 2000(12) | 0.00 | 1,682.37 | 0.00 | 1,472.07 | 0.00 | 2.53 | 1.0 | 3,724.34 | 446.92 | 72.00 | 3,205.42 | 0.00 | 3,205.42 | 1,968.64 | 1,282.03 | 1,135.83 |
| 2001(12) | 0.00 | 1,684.69 | 0.00 | 1,474.10 | 0.00 | 2.85 | 1.0 | 4,201.20 | 504.14 | 72.00 | 3,625.05 | 0.00 | 3,625.05 | 2,220.93 | 1,314.84 | 1,133.97 |
| 2002(12) | 0.00 | 1,281.51 | 0.00 | 1,121.32 | 0.00 | 1.49 | 1.0 | 1,670.76 | 200.49 | 72.00 | 1,398.27 | 0.00 | 1,398.27 | 858.17 | 461.87 | 387.76 |
| 2003(12) | 0.00 | 1,161.86 | 0.00 | 1,016.63 | 0.00 | 3.29 | 1.0 | 3,344.71 | 401.37 | 72.00 | 2,871.35 | 0.00 | 2,871.35 | 1,754.13 | 858.26 | 701.41 |
| 2004(12) | 0.00 | 894.22 | 0.00 | 782.44 | 0.00 | 3.78 | 1.0 | 2,957.62 | 354.91 | 72.00 | 2,530.71 | 0.00 | 2,530.71 | 1,543.73 | 686.65 | 546.27 |
| 2005(12) | 0.00 | 597.58 | 0.00 | 522.88 | 0.00 | 3.34 | 1.0 | 1,746.42 | 209.57 | 72.00 | 1,464.85 | 0.00 | 1,464.85 | 893.56 | 361.32 | 279.82 |
| 2006(12) | 0.00 | 474.17 | 0.00 | 414.90 | 0.00 | 3.34 | 1.0 | 1,385.77 | 166.29 | 72.00 | 1,147.48 | 0.00 | 1,147.48 | 699.96 | 257.31 | 193.98 |
| 2007(12) | 0.00 | 381.78 | 0.00 | 334.06 | 0.00 | 3.34 | 1.0 | 1,115.77 | 133.89 | 72.00 | 909.87 | 0.00 | 909.87 | 555.02 | 185.48 | 136.12 |
| 2008(12) | 0.00 | 312.27 | 0.00 | 273.24 | 0.00 | 3.34 | 1.0 | 912.61 | 109.51 | 72.00 | 731.10 | 0.00 | 731.10 | 445.97 | 135.49 | 96.79 |
| 2009(12) | 0.00 | 257.01 | 0.00 | 224.88 | 0.00 | 3.34 | 1.0 | 751.10 | 90.13 | 72.00 | 588.97 | 0.00 | 588.97 | 359.27 | 99.23 | 69.00 |
| 2010(12) | 0.00 | 214.40 | 0.00 | 187.60 | 0.00 | 3.34 | 1.0 | 626.59 | 75.19 | 72.00 | 479.40 | 0.00 | 479.40 | 292.44 | 73.42 | 49.70 |
| 2011(12) | 0.00 | 180.54 | 0.00 | 157.97 | 0.00 | 3.34 | 1.0 | 527.62 | 63.31 | 72.00 | 392.30 | 0.00 | 392.30 | 239.30 | 54.62 | 35.99 |
| 2012(12) | 0.00 | 153.70 | 0.00 | 134.49 | 0.00 | 3.34 | 1.0 | 449.18 | 53.90 | 72.00 | 323.28 | 0.00 | 323.28 | 197.20 | 40.92 | 26.25 |
| 2013(12) | 0.00 | 131.13 | 0.00 | 114.74 | 0.00 | 3.34 | 1.0 | 383.24 | 45.99 | 72.00 | 265.25 | 0.00 | 265.25 | 161.80 | 30.52 | 19.06 |
| 2014(12) | 0.00 | 113.00 | 0.00 | 98.87 | 0.00 | 3.34 | 1.0 | 330.24 | 39.63 | 72.00 | 218.61 | 0.00 | 218.61 | 133.35 | 22.87 | 13.90 |
| 2015(12) | 0.00 | 98.00 | 0.00 | 85.75 | 0.00 | 3.34 | 1.0 | 286.40 | 34.37 | 72.00 | 180.03 | 0.00 | 180.03 | 109.82 | 17.12 | 10.13 |
| 2016(12) | 0.00 | 85.70 | 0.00 | 74.99 | 0.00 | 3.34 | 1.0 | 250.45 | 30.05 | 72.00 | 148.40 | 0.00 | 148.40 | 90.52 | 12.83 | 7.39 |
| 2017(12) | 0.00 | 74.94 | 0.00 | 65.57 | 0.00 | 3.34 | 1.0 | 219.01 | 26.28 | 72.00 | 120.73 | 0.00 | 120.73 | 73.65 | 9.49 | 5.32 |
| 2018(12) | 0.00 | 66.05 | 0.00 | 57.79 | 0.00 | 3.34 | 1.0 | 193.03 | 23.16 | 72.00 | 97.87 | 0.00 | 97.87 | 59.70 | 6.99 | 3.82 |
| 2019(12) | 0.00 | 58.49 | 0.00 | 51.18 | 0.00 | 3.34 | 1.0 | 170.93 | 20.51 | 72.00 | 78.42 | 0.00 | 78.42 | 47.84 | 5.09 | 2.71 |
| 2020(12) | 0.00 | 52.15 | 0.00 | 45.63 | 0.00 | 3.34 | 1.0 | 152.39 | 18.29 | 72.00 | 62.11 | 0.00 | 62.11 | 37.89 | 3.67 | 1.90 |
| 2021(12) | 0.00 | 46.42 | 0.00 | 40.62 | 0.00 | 3.34 | 1.0 | 135.66 | 16.28 | 72.00 | 47.38 | 0.00 | 47.38 | 28.90 | 2.54 | 1.28 |
| 2022(12) | 0.00 | 41.60 | 0.00 | 36.40 | 0.00 | 3.34 | 1.0 | 121.58 | 14.59 | 72.00 | 34.99 | 0.00 | 34.99 | 21.34 | 1.71 | 0.84 |
| 2023(12) | 0.00 | 37.41 | 0.00 | 32.73 | 0.00 | 3.34 | 1.0 | 109.33 | 13.12 | 72.00 | 24.21 | 0.00 | 24.21 | 14.77 | 1.07 | 0.51 |
| 2024(12) | 0.00 | 33.84 | 0.00 | 29.61 | 0.00 | 3.34 | 1.0 | 98.89 | 11.87 | 72.00 | 15.02 | 0.00 | 15.02 | 9.16 | 0.61 | 0.28 |
| 2025(12) | 0.00 | 30.54 | 0.00 | 26.72 | 0.00 | 3.34 | 1.0 | 89.26 | 10.71 | 72.00 | 6.55 | 0.00 | 6.55 | 3.99 | 0.24 | 0.11 |
| 2026(12) | 0.00 | 11.79 | 0.00 | 10.32 | 0.00 | 3.34 | 1.0 | 34.46 | 4.14 | 30.00 | 0.33 | 0.00 | 0.33 | 0.20 | 0.01 | 0.00 |
| Total | 0.00 | 12,638.27 | 0.00 | 11,058.49 | --- | --- | --- | 28,560.83 | 3,427.30 | 2,049.00 | 23,084.53 | 500.00 | 22,584.53 | 13,776.56 | 6,616.97 | 5,488.74 |

## Allison Unit Com 105



ALLISON UNIT COM 105_FC

Sec 26.000

Twn 32.000

Rge 7.000


| | |
|---|---|
| Phase | : Gas |
| Case Name | : RESFCST |
| b | : 0.3 |
| Di | : 0.21 A.e. |
| qi | : 1736.17 Mcf/d |
| ti | : 03/31/2005 |
| te | : 09/30/2037 |
| End Rate | : 30 Mcf/d |
| Final Rate | : 29.913 Mcf/d |
| Cum. Prod. | : 9346.52 MMcf |
| Cum. Date | : 03/31/2005 |
| Reserves | : 3492.75 MMcf |
| EUR | : 12839.3 MMcf |
| Forecast Ended By | : Rate |
| Forecast Date | : 07/13/2005 |