#419

ConocoPhillips

Betty Dimiterchik
San Juan / Rockies
Three Westlake Park – 3WL-5061
P.O. Box 2197
Houston, Texas 77252-2197

2006 JUL 17 PM 2 19

July 10, 2006

Bureau of Land Management
Farmington Resource Area
1235 LaPlata Highway
Farmington, New Mexico 87401
Attn: Mr. Wayne Townsend

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87501-1148
Attn: Mr. Patrick H. Lyons

Oil Conservation Division
State of New Mexico
1220 So. Saint Francis Drive
Santa Fe, New Mexico 87505-4000
Attn: Ms Lori Wrotenberry

RE: San Juan 29-6 Unit – No. 14-08-001-439
Commerciality Determination
Fruitland Coal Formation
San Juan County, New Mexico
Contract: 040453 Lease: A650364

Ladies and Gentlemen:

Pursuant to the provisions of Section 11(a) of the San Juan 29-6 Unit Agreement, ConocoPhillips Company ("ConocoPhillips"), as Unit Operator, has determined that the wells on the attached list are capable of producing unitized substances in paying quantities from the Fruitland Coal formation. Also attached is an economic summary and production data for each well. ConocoPhillips respectfully requests agency confirmation of the enclosed paying well determinations.

Upon confirmation from the Bureau of Land Management and concurring responses from the Commissioner of Public Lands and the 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 on the attached sheet. Please contact Janet Stasney at (832) 486-2359 for any technical questions you may have, and direct all other questions to the undersigned at (832) 486-2339.

Respectfully yours,

Betty Dimiterchik

Betty Dimiterchik

ConocoPhillips

San Juan 32-8 Unit – 14-08-001-439
Commerciality Determination
Fruitland Coal Formation

Well Name	Dedication	Lease No.	Completion Date	Operator's Determination
SJ 29-6 #58A	W/2 Sec. 28, T29N, R6W	NM-03471	1/23/2004	Commercial
SJ 29-6 #72A	W/2 Sec. 22, T29N, R6W	SF-080377	8/13/2004	Commercial

SAN JUAN 29-6 UNIT
FRUITLAND COAL PARTICIPATING AREA
WORKING INTEREST OWNERS

BETTY T JOHNSTON MARITAL TRUST

BIG SNOWY EXPLORATION

BOLACK MINERALS

BP AMERICA PRODUCTION COMPANY

BURLINGTON RESOURCES OIL & GAS

CHARLES W GAY

MCELVAIN OIL COMPANY

EULA MAY JOHNSTON TRUST

J&M RAYMOND LTD

LORRAYN GAY HACKER

MAYDELL MILLER MAST TRUST

PRODUCTION GATHERING LLC

RESOURCE DEVELOPMENT TECHNOLOGY LLC

RKC INC

SAN JUAN BASIN PARTNERSHIP

T H MCELVAIN OIL AND GAS PROP

FOREST OIL CORPORATION

V A JOHNSTON FAMILY TRUST

VEVA JEAN GIBBARD

VAUGHAN-MCELVAIN ENERGY INC

WILLIAMS PRODUCTION COMPANY

ConocoPhillips

Commerciality Determination

San Juan 29-6 Unit #58A
Fruitland Coal Recomplete
NW, Sec 28, T29N, R6W
Rio Arriba County, NM
API: 30-039-21262

The SJ 29-6 #58A was completed as a Mesaverde single producer in January 1977. The Lewis was added in October 1997. The Fruitland Coal was added on 12/23/03 by ConocoPhillips and the well was completed with dual completion strings on 1/24/04, with the Fruitland Coal flowing up the short string and the Mesaverde and Lewis flowing up the long string.

Actual capital investment of $387,000 for fracture stimulation and dual completion of the San Juan 29-6 Unit #58A Fruitland coal was used in this determination. Estimated operating costs for the Fruitland Coal string are $18,000/year.

Income was based on actual prices from 2/04 - 4/06 and a flat non-escalated value of $5.70/mcf and normal transportation costs for future production.

Recommend that this well be determined commercial in the Fruitland Coal.

Actual Production

Month	Production (MCFD)
Feb-04	44
Mar-04	106
Apr-04	125
May-04	139
Jun-04	64
Jul-04	127
Aug-04	107
Sep-04	191
Oct-04	231
Nov-04	214
Dec-04	225
Jan-05	245
Feb-05	197
Mar-05	0
Apr-05	207
May-05	224
Jun-05	194
Jul-05	156
Aug-05	203
Sep-05	208
Oct-05	214
Nov-05	226
Dec-05	236
Jan-06	238
Feb-06	240
Mar-06	239
Apr-06	236
May-06	227

US Summary Report

SJ 29-6 58A Commerciality

Nominal

Case Description

Notes: Commerciality Determination for SJ 29-6 58A.
Recompletion to Fruitland Coal 1/2004
Recompletion costs $387M.
Operating costs $1.5M/month.
Historical gas prices used. Includes historical 14% shrinkage and a deduct for transportation. Future gas prices based on $5.70/Mcf plus the above deductions.

Case Parameters

Author	Janet Stasney	Cond. Price File
Linked Well		
Global Parameters	Default	
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	1,506	387	1,119	682	4.26
8.0	1,117	372	745	443	3.20
10.0	1,047	369	678	401	3.01
11.0	1,016	367	648	381	2.92
13.0	957	364	593	346	2.76
15.0	905	361	544	314	2.61
18.0	836	356	479	273	2.42

Company WI

	Initial %	Final %
Working	100.0	100.0
Oil NRI	82.5	82.5
Gas NRI	82.5	82.5
Byprod. NRI	82.5	82.5
Capital	100.0	100.0

Scenarios

Oil	Base
Gas	Base
Interests	Base
Opcosts	Base
Capital	Base

Economic Indicators (Generic)::ConocoPhillips

		BTax	ATax
AARR	%	98.5	72.9
Cash Breakeven	Years	1.9	2.10
NPV @ 13%	M$	593	346
13% PI (cash)	M$/M$		2.76
13% PI (capital)	M$/M$		1.95
NPV @ 10%	M$	678	401
10% PI (cash)	M$/M$		3.01
10% PI (capital)	M$/M$		2.09
Dev Cost/BOE	$/BOE	6.44	
Economic Limit Date		2018/02	
Last Scheduled Prod Date		2018/02	
Date of first production		2004/02	
Date of first investment		2004/01	
Discount Date		2004/01	
ROR		99	73

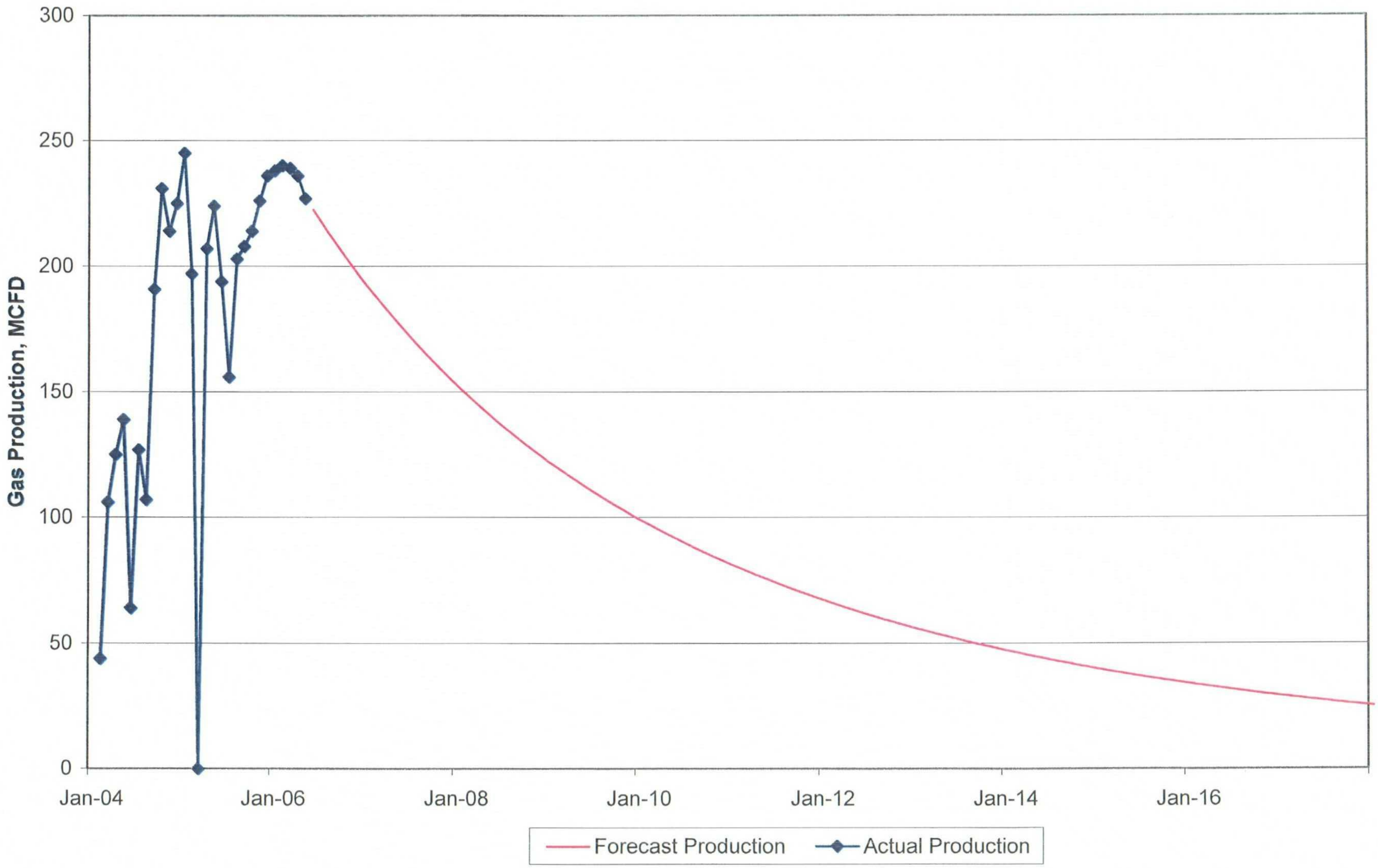
Products Recovery (US)::ConocoPhillips

		Gross	Gross Economic	WI	Roy	Net
Oil	MSTB	0	0	0	0	0
Gas-Raw	MMSCF	508	508	508	89	419
Gas-Sales	MMSCF	437	437	437	76	361
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	WI Opcosts w/ Overhead	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$
2004(12)	0.00	48.08	0.00	34.11	0.00	4.70	1.0	179.15	21.50	18	139.65	387.00	-247.35	-209.36	-199.61	-196.95
2005(12)	0.00	70.18	0.00	49.80	0.00	6.10	1.0	334.97	40.20	18	276.77	0.00	276.77	183.40	158.96	152.68
2006(12)	0.00	80.45	0.00	57.08	0.00	5.63	1.0	322.97	38.76	18	266.21	0.00	266.21	174.84	137.77	128.81
2007(12)	0.00	63.34	0.00	44.94	0.00	5.30	1.0	238.18	28.58	18	191.60	0.00	191.60	127.82	91.56	83.33
2008(12)	0.00	50.57	0.00	35.88	0.00	5.30	1.0	190.15	22.82	18	149.33	0.00	149.33	100.96	65.75	58.25
2009(12)	0.00	40.64	0.00	28.84	0.00	5.30	1.0	152.84	18.34	18	116.50	0.00	116.50	77.67	45.98	39.66
2010(12)	0.00	33.13	0.00	23.51	0.00	5.30	1.0	124.59	14.95	18	91.64	0.00	91.64	58.59	31.54	26.48
2011(12)	0.00	27.28	0.00	19.35	0.00	5.30	1.0	102.58	12.31	18	72.27	0.00	72.27	45.43	22.23	18.17
2012(12)	0.00	22.72	0.00	16.12	0.00	5.30	1.0	85.43	10.25	18	57.18	0.00	57.18	34.88	15.51	12.34
2013(12)	0.00	18.97	0.00	13.46	0.00	5.30	1.0	71.35	8.56	18	44.79	0.00	44.79	27.32	11.05	8.56
2014(12)	0.00	16.01	0.00	11.36	0.00	5.30	1.0	60.22	7.23	18	34.99	0.00	34.99	21.34	7.85	5.92
2015(12)	0.00	13.61	0.00	9.66	0.00	5.30	1.0	51.18	6.14	18	27.03	0.00	27.03	16.49	5.51	4.04
2016(12)	0.00	11.67	0.00	8.28	0.00	5.30	1.0	43.88	5.27	18	20.61	0.00	20.61	12.57	3.82	2.73
2017(12)	0.00	10.01	0.00	7.10	0.00	5.30	1.0	37.64	4.52	18	15.12	0.00	15.12	9.22	2.55	1.77
2018(12)	0.00	1.48	0.00	1.05	0.00	5.30	1.0	5.58	0.67	3	1.91	0.00	1.91	1.17	0.29	0.20
Total	0.00	508.16	0.00	360.54	---	---	---	2,000.71	240.08	255	1,505.62	387.00	1,118.62	682.36	400.76	345.98

San Juan 29-6 58A

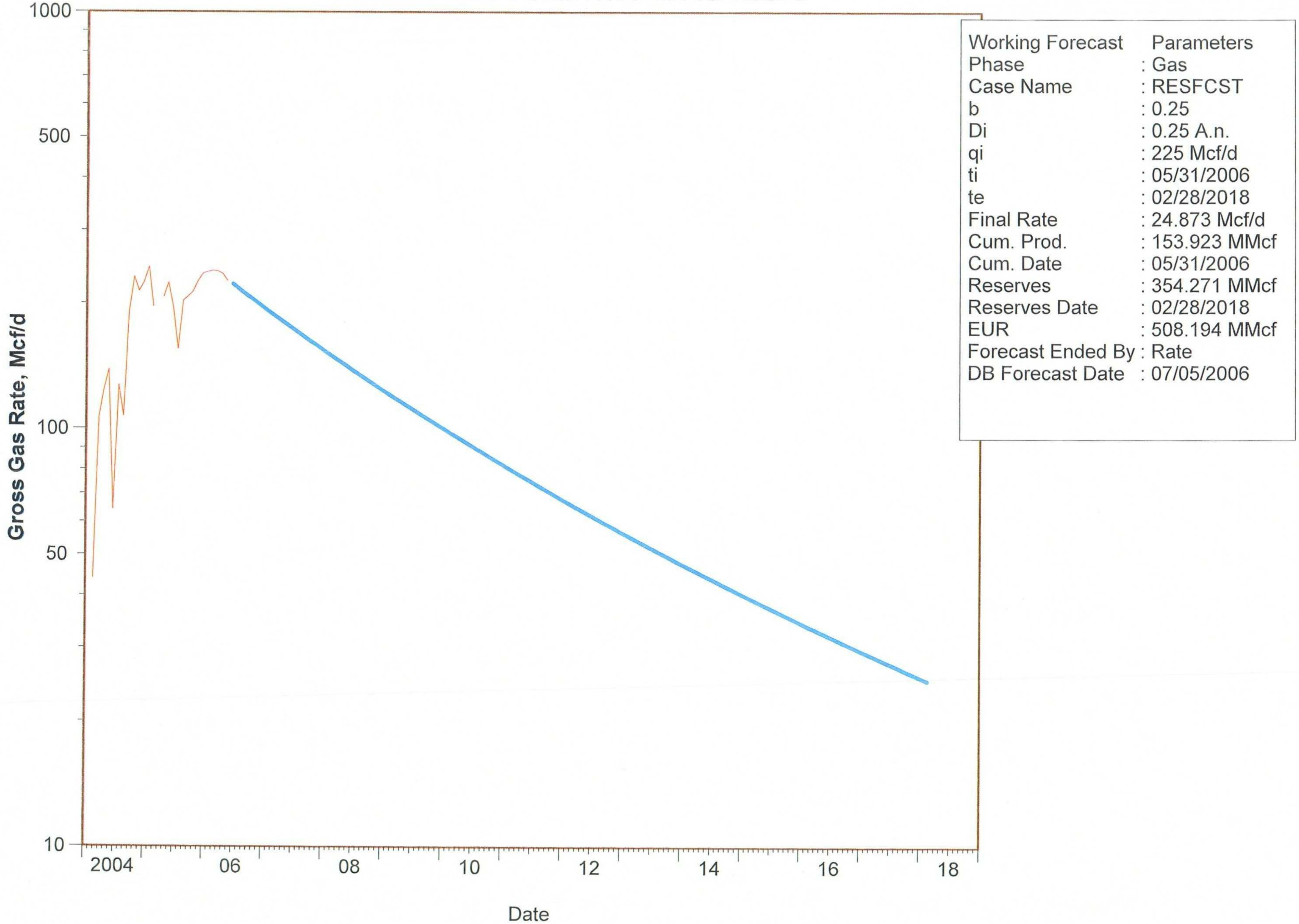


Well ID: F035202   API - 300392126200   BASIN CB::FRUITLAND COAL

SAN JUAN 29 6 UNIT 58A_FC   Current Oil Cum. : 0.0 Mbbl   Current Gas Cum. : 153.9 MMcf

RMS Name: 650693 20001 SJ 29 6 58A FC RECOMPLETE   RESFCST Gas Reserve Type = None

CONOCOPHILLIPS COMPANY CONOCOPHILLIPS



ConocoPhillips

Commerciality Determination

San Juan 29-6 Unit #72A
Fruitland Coal Recomplete
NW, Sec 22, T29N, R6W
Rio Arriba County, NM
API: 30-039-21344

The SJ 29-6 #72A was completed as a Mesaverde single producer in 1977. The Fruitland Coal was added in August, 2004, by ConocoPhillips and the well was downhole commingled with the Mesaverde.

Actual capital investment of $245,000 for fracture stimulation of the San Juan 29-6 Unit #72A Fruitland coal was used in this determination. Estimated operating costs for the Fruitland Coal are $4,800/year.

Income was based on actual prices from 8/04 - 4/06 and a flat non-escalated value of $6.30/mcf and normal transportation costs for future production.

Recommend that this well be determined commercial in the Fruitland Coal.

Actual Production

Month	Production (MCFD)
Aug-04	3
Sep-04	115
Oct-04	121
Nov-04	80
Dec-04	68
Jan-05	73
Feb-05	60
Mar-05	59
Apr-05	64
May-05	64
Jun-05	63
Jul-05	64
Aug-05	61
Sep-05	55
Oct-05	53
Nov-05	52
Dec-05	46
Jan-06	53
Feb-06	67
Mar-06	55
Apr-06	54
May-06	53

US Summary Report

SJ 29-6 72A Commerciality

Nominal

Case Description

Notes	Commerciality Determination for SJ 29-6 72A. Recompletion to Fruitland Coal 8/2004 Recompletion costs $245M. Operating costs $400/month. Historical gas prices used. Includes historical 4% shrinkage and a deduct for transportation. Future gas prices based on $6.30/Mcf plus the above deductions.

Case Parameters

Author	Janet Stasney	Cond. Price File
Linked Well		
Global Parameters	Default	
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	347	245	102	62	1.39
8.0	279	236	43	19	1.12
10.0	265	234	32	11	1.07
11.0	259	233	27	7	1.05
13.0	248	230	17	0	1.00
15.0	237	228	8	-6	0.96
18.0	222	226	-3	-14	0.90

Company WI

	Initial %	Final %
Working	100.0	100.0
Oil NRI	82.5	82.5
Gas NRI	82.5	82.5
Byprod. NRI	82.5	82.5
Capital	100.0	100.0

Scenarios

Oil	Base
Gas	Base
interests	Base
Opcosts	Base
Capital	Base

Economic Indicators (Generic)::ConocoPhillips

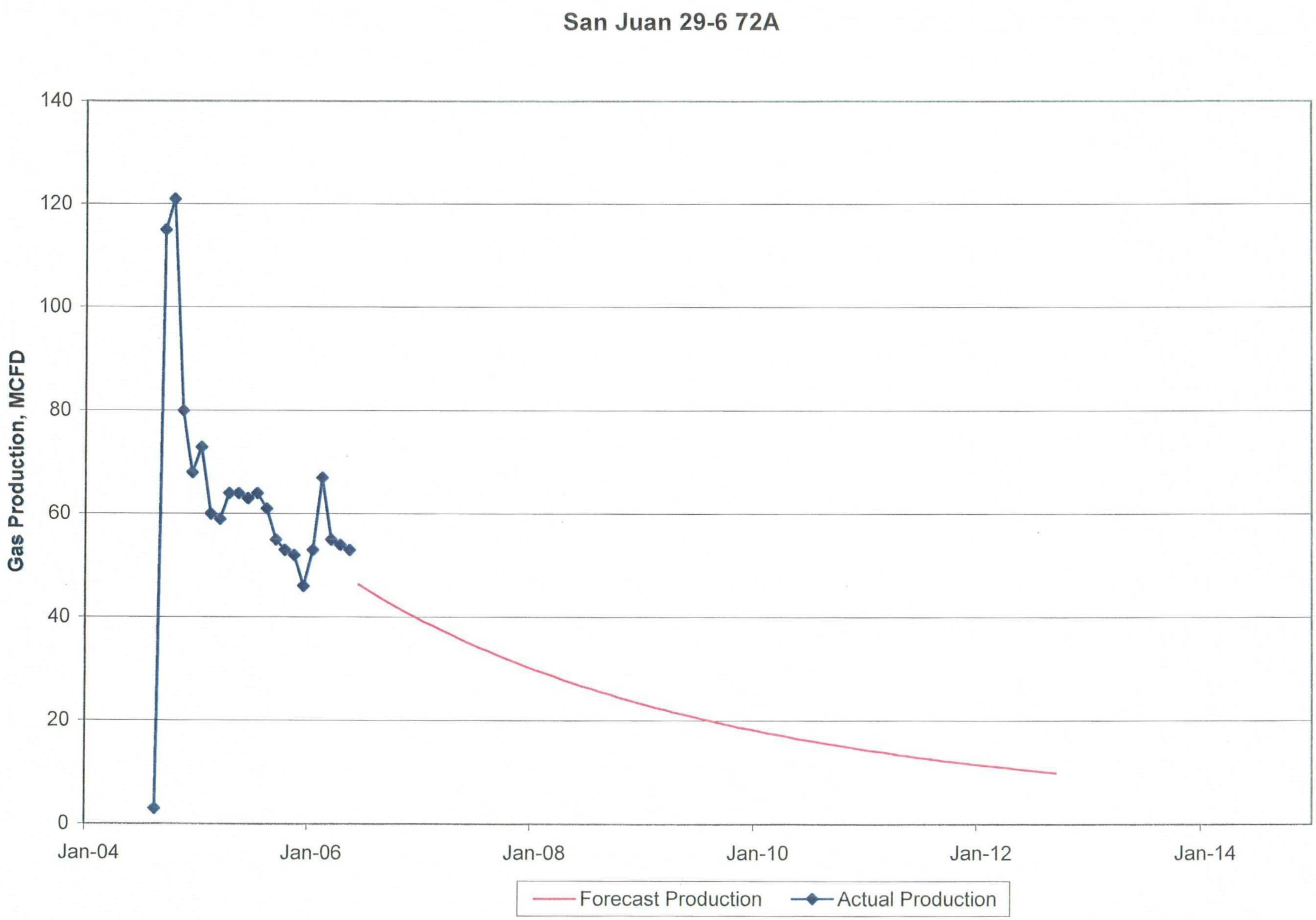
		BTax	ATax
AARR	%	17.1	13.1
Cash Breakeven	Years	3.2	3.70
NPV @ 13%	M$	17	0
13% PI (cash)	M$/M$		1.00
13% PI (capital)	M$/M$		1.00
NPV @ 10%	M$	32	11
10% PI (cash)	M$/M$		1.07
10% PI (capital)	M$/M$		1.05
Dev Cost/BOE	$/BOE	19.57	
Economic Limit Date		2012/09	
Last Scheduled Prod Date		2012/09	
Date of first production		2004/08	
Date of first investment		2004/08	
Discount Date		2004/08	
ROR		17	13

Products Recovery (US)::ConocoPhillips

		Gross	Gross Economic	WI	Roy	Net
Oil	MSTB	0	0	0	0	0
Gas-Raw	MMSCF	95	95	95	17	78
Gas-Sales	MMSCF	91	91	91	16	75
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	WI Opcosts w/ Overhead	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$
2004(12)	0.00	11.80	0.00	9.35	0.00	5.37	1.0	49.44	5.93	2	41.51	245.00	-203.49	-161.15	-153.65	-151.60
2005(12)	0.00	21.72	0.00	17.20	0.00	7.14	1.0	120.26	14.43	5	101.02	0.00	101.02	70.85	61.41	58.98
2006(12)	0.00	17.73	0.00	14.04	0.00	5.84	1.0	82.94	9.95	5	68.19	0.00	68.19	49.48	38.99	36.45
2007(12)	0.00	12.67	0.00	10.04	0.00	5.40	1.0	54.20	6.50	5	42.90	0.00	42.90	33.09	23.71	21.58
2008(12)	0.00	9.74	0.00	7.72	0.00	5.40	1.0	41.68	5.00	5	31.88	0.00	31.88	25.69	16.73	14.82
2009(12)	0.00	7.55	0.00	5.98	0.00	5.40	1.0	32.28	3.87	5	23.61	0.00	23.61	18.58	11.00	9.49
2010(12)	0.00	5.94	0.00	4.71	0.00	5.40	1.0	25.42	3.05	5	17.57	0.00	17.57	12.42	6.69	5.61
2011(12)	0.00	4.72	0.00	3.74	0.00	5.40	1.0	20.21	2.42	5	12.98	0.00	12.98	8.77	4.29	3.51
2012(12)	0.00	2.93	0.00	2.32	0.00	5.40	1.0	12.54	1.50	4	7.43	0.00	7.43	4.53	2.02	1.60
Total	0.00	94.82	0.00	75.10	---	---	---	438.96	52.68	39	347.09	245.00	102.09	62.27	11.18	0.45


San Juan 29-6 72A
Gas Production, MCFD
140
120
100
80
60
40
20
0
Jan-04
Jan-06
Jan-08
Jan-10
Jan-12
Jan-14
Forecast Production
Actual Production

Well ID: F033502 API - 300392134400C02

SAN JUAN 29 6 UNIT 72A_FC

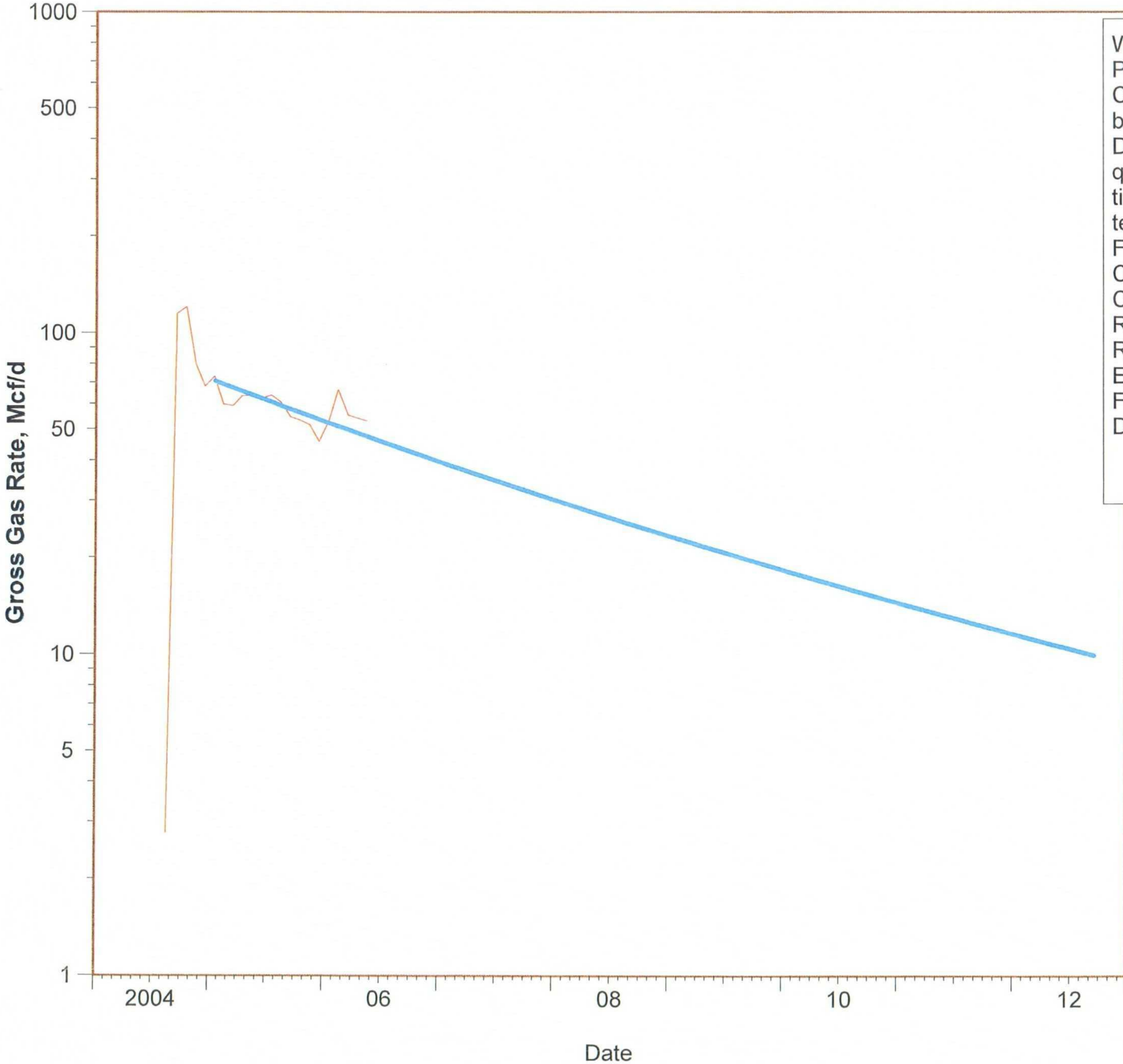
RMS Name: 650354 20001 SJ 29 6 72A FC

BASIN CB::FRUITLAND COAL

Current Oil Cum. : 0.0 Mbbl Current Gas Cum. : 42.0 MMcf

RESFCST Gas Reserve Type = None

CONOCOPHILLIPS COMPANY CONOCOPHILLIPS



Working Forecast	Parameters
Phase	: Gas
Case Name	: RESFCST
b	: 0.2
Di	: 0.315112 A.n.
qi	: 71.8765 Mcf/d
ti	: 12/31/2004
te	: 09/30/2012
Final Rate	: 9.843 Mcf/d
Cum. Prod.	: 41.98 MMcf
Cum. Date	: 05/31/2006
Reserves	: 52.8131 MMcf
Reserves Date	: 09/30/2012
EUR	: 94.7931 MMcf
Forecast Ended By	: Rate
DB Forecast Date	: 11/03/2005