

# RECEIVED



AUG 30 2006

San Juan Business Unit

ConocoPhillips Company

P.O. Box 4289

Farmington, NM 87499-4289

Oil Conservation Division

1220 S. St. Francis Drive

Santa Fe, NM 87505

August 28, 2006

Bureau of Land Management  
Farmington Resource Area  
Attn: Mr. Wayne Townsend  
1235 La Plata Highway  
Farmington, NM 87401

State of New Mexico  
Commissioner of Public Lands  
Attn: Mr. Pete Martinez  
P.O. Box 1148  
Santa Fe, NM 87504-1148

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

RE: San Juan 29-5 Unit (#14-08-001-437)  
Commercial Determination  
Dakota Formation  
Rio Arriba County, New Mexico

Ladies and Gentlemen:

Pursuant to the provisions of Section 11(a) of the San Juan 27-5 Unit Agreement, #14-08-001-437, approved, September 8, 1952, ConocoPhillips Company, as Operator, has determined that the well listed below is capable of producing unitized substances in paying quantities from the Dakota Formation. ConocoPhillips is seeking confirmation of the well determination enclosed.

| Well Name               | Dedication        | Lease No. | Completion Date | Determination |
|-------------------------|-------------------|-----------|-----------------|---------------|
| San Juan 29-5 Unit #32M | W/2 Sec.29-29N-5W | SF-078282 | 1/31/1999       | Commercial    |

Upon confirmation 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 on the attached sheet. If you have any questions or need any additional information, please contact the undersigned at (505) 599-4030.

Sincerely,

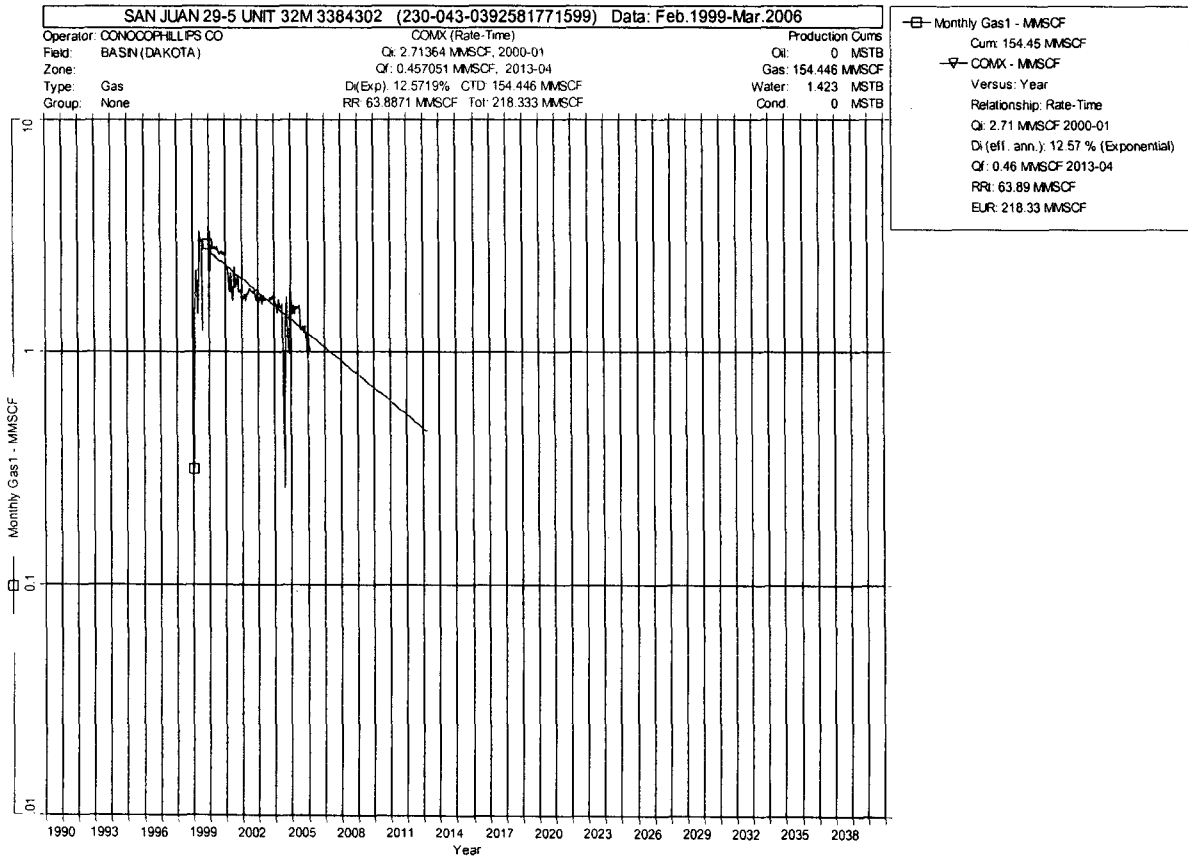
Dawn Howell  
Sr. Land Technician

DH  
SJ 29-5 Unit, 4.3

BURLINGTON RESOURCES  
COMMERCIALITY DETERMINATION  
BLM DATA SHEET  
SAN JUAN 29-5 UNIT 32M

| WELL INFORMATION |                        | PRODUCTION TAXES                |                         |
|------------------|------------------------|---------------------------------|-------------------------|
| LEASE            | SAN JUAN 29-5 UNIT 32M | TAXES FOR:                      | RIO ARRIBA, NEW MEXICO  |
| LOCATION         | 29029N005W             |                                 | 1996-1999 Commerciality |
| COUNTY, STATE    | RIO ARRIBA, NEW MEXICO |                                 |                         |
| FORMATION        | DAKOTA                 |                                 | <u>GAS % OF REVENUE</u> |
| PROJECT TYPE     |                        |                                 |                         |
| WELL TYPE        | GAS WELL               | SEVERANCE:                      |                         |
| OPERATOR         | CONOCOPHILLIPS COMPANY | Severance, School, Conservation | 7.93                    |
| SPUD DATE        | 1/4/1999               |                                 |                         |
| COMP DATE        | 1/28/1999              | AD VALOREM:                     |                         |
| 1ST DELIVERY     | 2/23/1999              | Production, Equipment           | 1.40                    |
| COMM GWI %       | 100.00                 |                                 |                         |
| COMM NRI %       | 87.50                  | TOTAL %:                        | 9.33                    |
| BOARD RATE %     | 8.00                   |                                 |                         |

| AVERAGE HEAT CONTENT |             | WELL COST AND ECONOMICS |                                       |
|----------------------|-------------|-------------------------|---------------------------------------|
| 1,000                | MMBtu / Mcf | 200.00                  | M\$ AVERAGE WELL COST                 |
|                      |             | 218.02                  | MMCF ULT. GROSS GAS RESERVES          |
|                      |             | 61.62                   | MCFD INITIAL GAS RATE                 |
|                      |             | 44.52                   | % RATE OF RETURN                      |
|                      |             | 1.53                    | \$/ \$ P/I, DISC. @ 8.00 %            |
|                      |             | 305.37                  | M\$ NET PRESENT VALUE, DISC. @ 8.00 % |
|                      |             | 2.37                    | YRS PAYOUT                            |



BURLINGTON RESOURCES  
COMMERCIALITY DETERMINATION  
BLM DATA SHEET  
SAN JUAN 29-5 UNIT 32M

| CASH FLOW SUMMARY |              |                |                   |                    |                   |               |              |               |              |                |               |                   |                   |                  |                  |
|-------------------|--------------|----------------|-------------------|--------------------|-------------------|---------------|--------------|---------------|--------------|----------------|---------------|-------------------|-------------------|------------------|------------------|
| Date              | Gas1<br>Rate | Gas1<br>Volume | Net Gas<br>Volume | Net Cond<br>Volume | Net Oth<br>Volume | Gas1<br>Price | Gas<br>Price | Cond<br>Price | Oth<br>Price | Net<br>Revenue | Prod<br>Taxes | Total<br>Opccosts | Total<br>Oper Inc | Total<br>Capital | Total<br>BT Cash |
|                   | mcf/d        | MMSCF          | MMSCF             | MSTB               | MSTB              | \$/MMBTU      | \$/mcf       | \$/Bbl        | \$/Bbl       | M\$            | M\$           | M\$               | M\$               | M\$              | M\$              |
| 1999(12)          | 61.6         | 18.9           | 13.47             | 0.00               | 1.34              | 1.65          | 1.65         | 35.51         | 22.66        | 48.9           | 4.85          | 2.40              | 41.62             | 200.00           | -158.38          |
| 2000(12)          | 89.5         | 32.8           | 23.41             | 0.00               | 2.33              | 3.18          | 3.18         | 35.51         | 22.66        | 120.7          | 12.20         | 2.88              | 105.63            | 0.00             | 105.63           |
| 2001(12)          | 66.9         | 24.4           | 17.46             | 0.00               | 1.74              | 3.91          | 3.91         | 35.51         | 22.66        | 102.8          | 10.44         | 2.88              | 89.44             | 0.00             | 89.44            |
| 2002(12)          | 57.7         | 21.0           | 15.04             | 0.00               | 1.50              | 2.28          | 2.28         | 35.51         | 22.66        | 64.0           | 6.41          | 2.88              | 54.74             | 0.00             | 54.74            |
| 2003(12)          | 55.6         | 20.3           | 14.49             | 0.00               | 1.45              | 3.97          | 3.97         | 35.51         | 22.66        | 86.2           | 8.76          | 2.88              | 74.56             | 0.00             | 74.56            |
| 2004(12)          | 45.0         | 16.5           | 11.76             | 0.00               | 1.17              | 3.97          | 3.97         | 35.51         | 22.66        | 69.9           | 7.11          | 2.88              | 59.95             | 0.00             | 59.95            |
| 2005(12)          | 47.5         | 17.3           | 12.38             | 0.00               | 1.23              | 3.97          | 3.97         | 35.51         | 22.66        | 73.6           | 7.48          | 2.88              | 63.26             | 0.00             | 63.26            |
| 2006(12)          | 35.7         | 13.0           | 9.31              | 0.00               | 0.93              | 3.97          | 3.97         | 35.51         | 22.66        | 55.3           | 5.62          | 2.88              | 46.84             | 0.00             | 46.84            |
| 2007(12)          | 32.6         | 11.9           | 8.50              | 0.00               | 0.85              | 3.97          | 3.97         | 35.51         | 22.66        | 50.6           | 5.14          | 2.88              | 42.54             | 0.00             | 42.54            |
| 2008(12)          | 28.4         | 10.4           | 7.43              | 0.00               | 0.74              | 3.97          | 3.97         | 35.51         | 22.66        | 44.2           | 4.49          | 2.88              | 36.83             | 0.00             | 36.83            |
| 2009(12)          | 24.9         | 9.1            | 6.50              | 0.00               | 0.65              | 3.97          | 3.97         | 35.51         | 22.66        | 38.6           | 3.93          | 2.88              | 31.84             | 0.00             | 31.84            |
| 2010(12)          | 21.8         | 8.0            | 5.68              | 0.00               | 0.57              | 3.97          | 3.97         | 35.51         | 22.66        | 33.8           | 3.43          | 2.88              | 27.48             | 0.00             | 27.48            |
| 2011(12)          | 19.0         | 7.0            | 4.97              | 0.00               | 0.50              | 3.97          | 3.97         | 35.51         | 22.66        | 29.5           | 3.00          | 2.88              | 23.66             | 0.00             | 23.66            |
| 2012(12)          | 16.6         | 6.1            | 4.34              | 0.00               | 0.43              | 3.97          | 3.97         | 35.51         | 22.66        | 25.8           | 2.62          | 2.88              | 20.32             | 0.00             | 20.32            |
| 2013(12)          | 12.4         | 1.5            | 1.06              | 0.00               | 0.11              | 3.97          | 3.97         | 35.51         | 22.66        | 6.3            | 0.64          | 0.96              | 4.70              | 0.00             | 4.70             |
| Total             | ---          | 218.0          | 155.80            | 0.00               | 15.54             | ---           | ---          | ---           | ---          | 850.4          | 86.12         | 40.80             | 723.43            | 200.00           | 523.43           |

# ***WORKING INTEREST OWNERS SAN JUAN 29-5 UNIT***

MCELVAIN OIL COMPANY

SYNERGY OPERATING LLC

J&M RAYMOND LTD

BP AMERICA PRODUCTION COMPANY

LORRAYN GAY HACKER

CHARLES W GAY

PHILLIPS-SAN JUAN PARTNERS

T H MCELVAIN OIL & GAS LTD

WILLIAMS PRODUCTION COMPANY

MAYDELL MILLER MAST TRUST

VAUGHAN MCELVAIN ENERGY INC

BOLACK MINERALS COMPANY

CONOCOPHILLIPS COMPANY

J WM MCELVAIN

FOREST OIL CORPORATION