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February 7, 2008445
San Juan Business UnitConocoPhillips Company
P.O. Box 4289
Farmington, NM 87499-4289

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

RE: San Juan 28-7 Unit (14-06-001-459)
Commerciality Determination
Mesaverde 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 Mesaverde Formation. ConocoPhillips is seeking confirmation of the well determination enclosed.

Well Name	Dedication	Lease No.	Completion Date	Determination
SJ 28-7 Unit #217	N/2 Sec.28-27N-7W	SF-078498-A	8/11/2006	Non-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, this well will continue to be carried on a lease basis.

Copies of this letter 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
Staff Land Technician

DH
SJ 28-7 Unit, 4.2

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

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

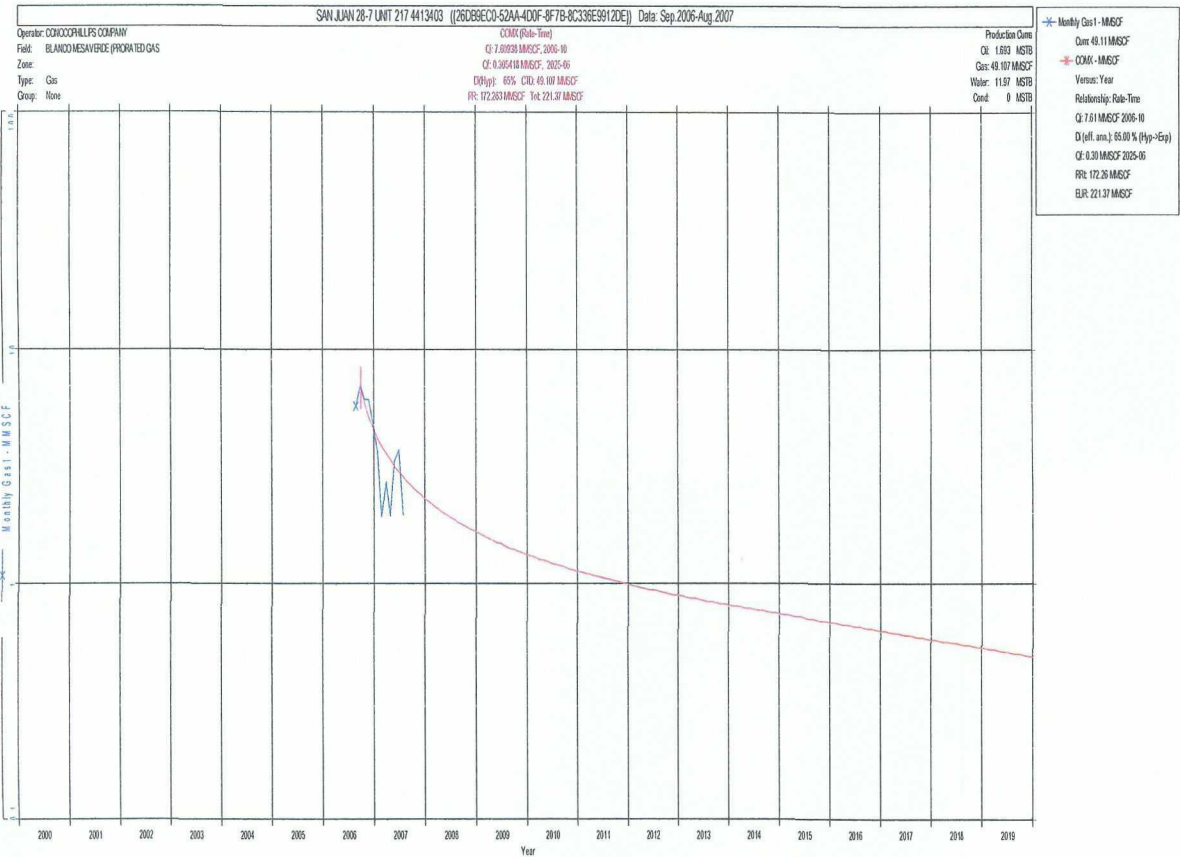
BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 28-7 UNIT 217

WELL INFORMATION	
LEASE	SAN JUAN 28-7 UNIT 217
LOCATION	28027N007WB
COUNTY, STATE	RIO ARRIBA, New Mexico
FORMATION	MESAVERDE
PROJECT TYPE	RECOMPLETION
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS COMPANY
SPUD DATE	7/30/1978
COMP DATE	9/6/2006
1ST DELIVERY	9/11/2006
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES	
TAXES FOR:	RIO ARRIBA, New Mexico 2003 - 2004 Commerciality
GAS % OF REVENUE	
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.40
TOTAL %:	9.33

AVERAGE HEAT CONTENT	
1,000	MMBtu / Mcf

WELL COST AND ECONOMICS		
620.00	M\$	AVERAGE WELL COST
215.62	MMCF	ULT. GROSS GAS RESERVES
209.73	MCFD	INITIAL GAS RATE
5.72	%	RATE OF RETURN
-0.10	\$/	P/I, DISC. @ 10.00 %
-59.30	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
6.91	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 28-7 UNIT 217

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\$
2006(12)	209.7	19.3	13.50	0.70	1.57	4.86	4.86	35.51	22.66	118.7	11.91	5.10	101.69	620.00	-518.31
2007(12)	94.0	34.3	24.00	1.07	2.80	4.86	4.86	35.51	22.66	205.3	20.63	20.40	164.29	0.00	164.29
2008(12)	64.7	23.7	16.58	0.73	1.93	4.86	4.86	35.51	22.66	141.6	14.23	20.40	106.97	0.00	106.97
2009(12)	49.3	18.0	12.58	0.50	1.47	4.86	4.86	35.51	22.66	105.7	10.63	20.40	74.63	0.00	74.63
2010(12)	40.6	14.8	10.37	0.38	1.21	4.86	4.86	35.51	22.66	86.1	8.67	20.40	57.00	0.00	57.00
2011(12)	35.0	12.8	8.93	0.30	1.04	4.86	4.86	35.51	22.66	73.5	7.40	20.40	45.66	0.00	45.66
2012(12)	30.9	11.3	7.91	0.25	0.92	4.86	4.86	35.51	22.66	64.6	6.51	20.40	37.67	0.00	37.67
2013(12)	27.9	10.2	7.13	0.22	0.83	4.86	4.86	35.51	22.66	57.9	5.84	20.40	31.69	0.00	31.69
2014(12)	25.5	9.3	6.52	0.17	0.76	4.86	4.86	35.51	22.66	52.1	5.26	20.40	26.45	0.00	26.45
2015(12)	23.4	8.6	5.99	0.00	0.70	4.86	4.86	35.51	22.66	42.9	4.37	20.40	18.18	0.00	18.18
2016(12)	21.5	7.9	5.50	0.00	0.64	4.86	4.86	35.51	22.66	39.4	4.01	20.40	15.03	0.00	15.03
2017(12)	19.8	7.2	5.05	0.00	0.59	4.86	4.86	35.51	22.66	36.2	3.68	20.40	12.14	0.00	12.14
2018(12)	18.2	6.6	4.64	0.00	0.54	4.86	4.86	35.51	22.66	33.3	3.38	20.40	9.48	0.00	9.48
2019(12)	16.7	6.1	4.26	0.00	0.50	4.86	4.86	35.51	22.66	30.5	3.11	20.40	7.04	0.00	7.04
2020(12)	15.3	5.6	3.91	0.00	0.46	4.86	4.86	35.51	22.66	28.1	2.85	20.40	4.80	0.00	4.80
2021(12)	14.1	5.1	3.59	0.00	0.42	4.86	4.86	35.51	22.66	25.8	2.62	20.40	2.74	0.00	2.74
2022(12)	12.9	4.7	3.30	0.00	0.38	4.86	4.86	35.51	22.66	23.7	2.41	20.40	0.86	0.00	0.86
2023(12)	12.7	0.7	0.52	0.00	0.06	4.86	4.86	35.51	22.66	3.8	0.38	3.40	-0.03	0.00	-0.03
Total	---	206.2	144.27	4.32	16.82	---	---	---	---	1,169.1	117.90	334.90	716.30	620.00	96.30

**SAN JUAN 28-7 UNIT
MESAVERDE FORMATION
WORKING INTEREST OWNERS**

BOFD LTD
BURLINGTON RESOURCES O&G CO LP
CAROLEE SIMMONS SMITH
CAROLYN BEAMON TILLEY
CATHRYN BEAMON
CLAUDIA MARCIA LUNDELL GILMER
CONOCOPHILLIPS COMPANY
D.J. SIMMONS COMPANY
DUGAN PRODUCTION COMPANY
HOLLY BISHOP
JAMES R BEAMON
JUNE SIMMONS LIVELY
LINDA JEANNE LUNDELL LINDSEY
ROBERT BEAMON TRUSTEE
ROBERT WALTER LUNDELL
SHARON BEAMON BURNS
SUSAN BEAMON PORTER
WG PEAVY OIL COMPANY