



446

ConocoPhillips
San Juan Business Unit
P.O. Box 4289
Farmington, NM 87499-4289

April 27, 2009

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

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, #14-08-001-446**
Commerciality Determinations
Mesaverde Participating Area
San Juan County, New Mexico

2009 APR 29 AM 11 52

RECEIVED

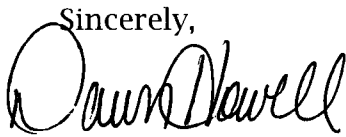
Gentlemen:

Pursuant to Section 11(a) of the above referenced Unit Agreement, approved October 21, 1952, **CONOCOPHILLIPS, as Unit 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.

Well Name	Dedication	Lease No.	Completion	Determination
SJ 32-8 Unit #30M	E/2 Sec. 14-31N-8W	SF-080854	8/14/08	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 Susan Rainbolt at 326-9574, all other questions to the undersigned at 599-4030.

Sincerely,

Dawn Howell
Staff Land Technician

SJ 32-8 Unit 4.2

SAN JUAN 32-8 UNIT 30M

PRODUCTION TAXES

TAXES FOR: SAN JUAN, NEW MEXICO
2003 - 2004 Commerciality

GAS % OF REVENUE

AD VALOREM:	
Production, Equipment	1.26

TOTAL %: 9.19

WELL COST AND ECONOMICS

1,145.00	M\$	AVERAGE WELL COST
1,669.57	MMCF	ULT. GROSS GAS RESERVES
258.89	MCFD	INITIAL GAS RATE
60.25	%	RATE OF RETURN
2.08	\$/	P/I, DISC. @ 10.00 %
2,376.12	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
1.97	YRS	PAYOUT



BURLINGTON RESOURCES
***COMMERCIALITY DETERMINATION**
BLM DATA SHEET
SAN JUAN 32-8 UNIT 30M

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\$
2008(12)	258.9	31.6	22.10	0.00	2.58	4.86	4.86	35.51	22.66	158.5	15.96	5.36	137.17	1,145.00	-1,007.83
2009(12)	391.6	142.9	99.99	0.00	11.66	4.86	4.86	35.51	22.66	717.1	72.24	16.07	628.84	0.00	628.84
2010(12)	348.2	127.1	88.91	0.00	10.37	4.86	4.86	35.51	22.66	637.7	64.23	16.07	557.39	0.00	557.39
2011(12)	316.0	115.3	80.69	0.00	9.41	4.86	4.86	35.51	22.66	578.7	58.29	16.07	504.32	0.00	504.32
2012(12)	288.9	105.7	73.98	0.00	8.63	4.86	4.86	35.51	22.66	530.6	53.45	16.07	461.08	0.00	461.08
2013(12)	266.1	97.1	67.94	0.00	7.92	4.86	4.86	35.51	22.66	487.3	49.08	16.07	422.14	0.00	422.14
2014(12)	244.3	89.2	62.40	0.00	7.28	4.86	4.86	35.51	22.66	447.5	45.08	16.07	386.37	0.00	386.37
2015(12)	224.4	81.9	57.31	0.00	6.68	4.86	4.86	35.51	22.66	411.0	41.40	16.07	353.53	0.00	353.53
2016(12)	205.5	75.2	52.63	0.00	6.14	4.86	4.86	35.51	22.66	377.4	38.02	16.07	323.36	0.00	323.36
2017(12)	189.3	69.1	48.33	0.00	5.64	4.86	4.86	35.51	22.66	346.6	34.92	16.07	295.66	0.00	295.66
2018(12)	173.8	63.4	44.39	0.00	5.18	4.86	4.86	35.51	22.66	318.3	32.07	16.07	270.21	0.00	270.21
2019(12)	159.6	58.3	40.77	0.00	4.75	4.86	4.86	35.51	22.66	292.4	29.45	16.07	246.85	0.00	246.85
2020(12)	146.2	53.5	37.44	0.00	4.37	4.86	4.86	35.51	22.66	268.5	27.05	16.07	225.39	0.00	225.39
2021(12)	134.6	49.1	34.38	0.00	4.01	4.86	4.86	35.51	22.66	246.6	24.84	16.07	205.68	0.00	205.68
2022(12)	123.6	45.1	31.58	0.00	3.68	4.86	4.86	35.51	22.66	226.5	22.81	16.07	187.58	0.00	187.58
2023(12)	113.6	41.4	29.00	0.00	3.38	4.86	4.86	35.51	22.66	208.0	20.95	16.07	170.96	0.00	170.96
2024(12)	104.0	38.1	26.63	0.00	3.11	4.86	4.86	35.51	22.66	191.0	19.24	16.07	155.69	0.00	155.69
2025(12)	95.8	35.0	24.46	0.00	2.85	4.86	4.86	35.51	22.66	175.4	17.67	16.07	141.67	0.00	141.67
2026(12)	88.0	32.1	22.46	0.00	2.62	4.86	4.86	35.51	22.66	161.1	16.23	16.07	128.80	0.00	128.80
2027(12)	80.8	29.5	20.63	0.00	2.41	4.86	4.86	35.51	22.66	147.9	14.90	16.07	116.98	0.00	116.98
Sub.	---	1,380.7	966.01	0.00	112.64	---	---	---	---	6,928.2	697.85	310.65	5,919.67	1,145.00	4,774.67
Rem.	---	288.8	202.03	0.00	23.56	---	---	---	---	1,449.0	145.95	385.63	917.39	0.00	917.39
Total	---	1,669.5	1,168.05	0.00	136.20	---	---	---	---	8,377.1	843.80	696.28	6,837.06	1,145.00	5,692.06

**SAN JUAN 32-8 UNIT
WORKING INTEREST OWNERS
MESAVERDE FORMATION**

ANDREW B KELLY, JR

BURLINGTON RESOURCES OIL & GAS

BP AMERICA PRODUCTION COMPANY

CHARLES E KELLY

CONOCOPHILLIPS COMPANY

FOUR STAR OIL & GAS COMPANY

SUSANNA P KELLY

SUSANNA P KELLY, JR

WILLIAMS PRODUCTION COMPANY

WINTERGREEN ENERGY CORP