



420
April 28, 2009

ConocoPhillips
San Juan Business Unit
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

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 32-7 UNIT, #14-08-001-441**
Commerciality Determination
Dakota Participating Area
San Juan County, New Mexico

Gentlemen:

Pursuant to Section 11(a) of the above referenced Unit Agreement, **CONOCOPHILLIPS, as Unit 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.	Compl Date	Determination
SJ 32-7 Unit #37M	E/2 Sec. 8-32N-7W	FEE	8-28-07	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 Schedule 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. Please contact Karen Stevens at 326-9754 for any technical questions, all other questions to the undersigned at 599-4030.

Sincerely,

Dawn Howell
Staff Land Technician

SJ 32-7 Unit 4.3

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 32-7 UNIT 37M

WELL INFORMATION

LEASE	SAN JUAN 32-7 UNIT 37M
LOCATION	08032N7W
COUNTY, STATE	SAN JUAN, NEW MEXICO
FORMATION	DAKOTA
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS CO
SPUD DATE	10/26/2006
COMP DATE	8/28/2007
1ST DELIVERY	9/27/2007
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES

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

GAS % OF REVENUE

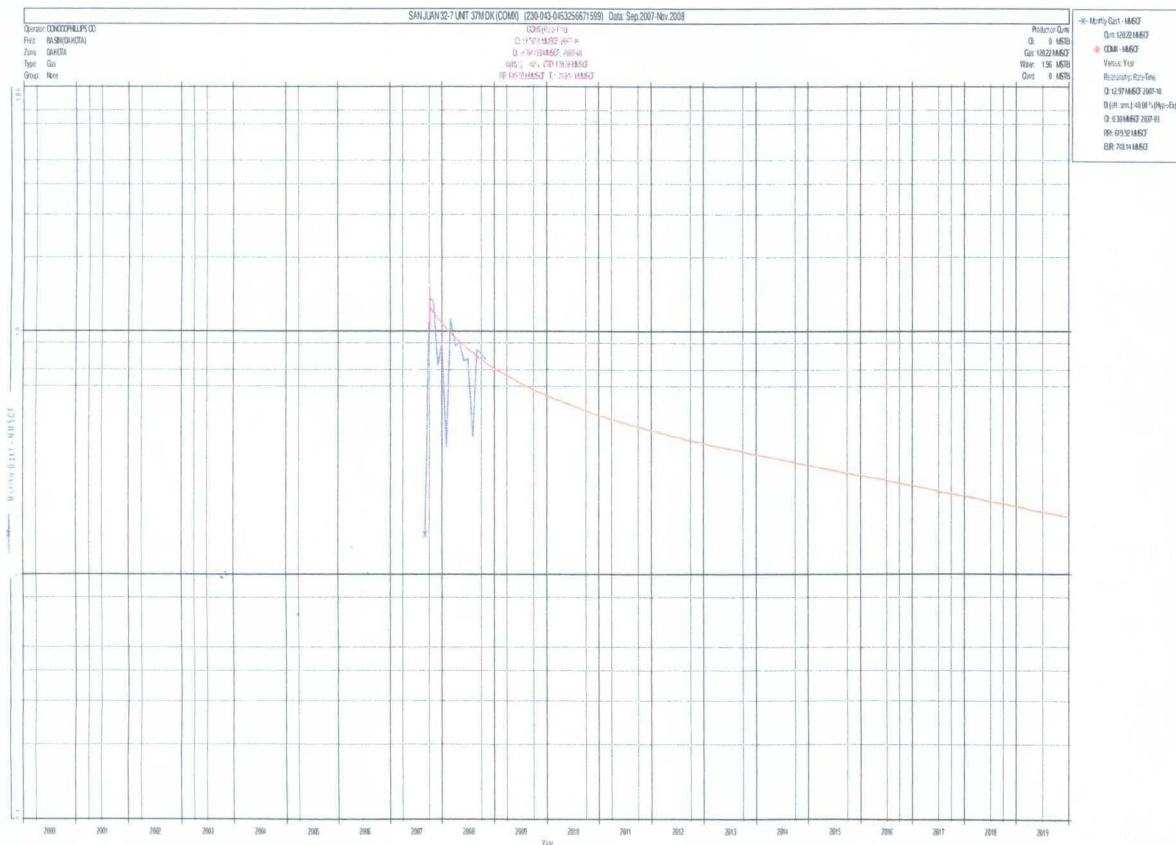
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.26
TOTAL %:	9.19

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

1,032.00	M\$	AVERAGE WELL COST
738.68	MMCF	ULT. GROSS GAS RESERVES
372.17	MCFD	INITIAL GAS RATE
30.86	%	RATE OF RETURN
0.67	\$/	P/I, DISC. @ 10.00 %
690.26	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
2.94	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 32-7 UNIT 37M

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 Opcostrs	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2007(12)	372.2	34.2	24.47	0.00	2.38	4.86	4.86	35.51	22.66	166.1	16.79	3.96	145.33	1,032.00	-886.61
2008(12)	250.7	91.8	65.58	0.00	6.38	4.86	4.86	35.51	22.66	445.2	45.01	15.84	384.31	0.00	384.31
2009(12)	205.7	75.1	53.65	0.00	5.22	4.86	4.86	35.51	22.66	364.2	36.82	15.84	311.51	0.00	311.51
2010(12)	165.2	60.3	43.10	0.00	4.19	4.86	4.86	35.51	22.66	292.6	29.58	15.84	247.14	0.00	247.14
2011(12)	140.2	51.2	36.58	0.00	3.56	4.86	4.86	35.51	22.66	248.3	25.10	15.84	207.35	0.00	207.35
2012(12)	122.6	44.9	32.08	0.00	3.12	4.86	4.86	35.51	22.66	217.7	22.01	15.84	179.87	0.00	179.87
2013(12)	110.2	40.2	28.74	0.00	2.79	4.86	4.86	35.51	22.66	195.0	19.72	15.84	159.49	0.00	159.49
2014(12)	99.5	36.3	25.96	0.00	2.52	4.86	4.86	35.51	22.66	176.2	17.81	15.84	142.55	0.00	142.55
2015(12)	89.9	32.8	23.46	0.00	2.28	4.86	4.86	35.51	22.66	159.2	16.10	15.84	127.29	0.00	127.29
2016(12)	81.0	29.7	21.20	0.00	2.06	4.86	4.86	35.51	22.66	143.9	14.55	15.84	113.50	0.00	113.50
2017(12)	73.4	26.8	19.16	0.00	1.86	4.86	4.86	35.51	22.66	130.0	13.15	15.84	101.04	0.00	101.04
2018(12)	66.4	24.2	17.31	0.00	1.68	4.86	4.86	35.51	22.66	117.5	11.88	15.84	89.78	0.00	89.78
2019(12)	60.0	21.9	15.64	0.00	1.52	4.86	4.86	35.51	22.66	106.2	10.73	15.84	79.60	0.00	79.60
2020(12)	54.0	19.8	14.14	0.00	1.37	4.86	4.86	35.51	22.66	95.9	9.70	15.84	70.41	0.00	70.41
2021(12)	49.0	17.9	12.77	0.00	1.24	4.86	4.86	35.51	22.66	86.7	8.77	15.84	62.10	0.00	62.10
2022(12)	44.3	16.2	11.54	0.00	1.12	4.86	4.86	35.51	22.66	78.4	7.92	15.84	54.59	0.00	54.59
2023(12)	40.0	14.6	10.43	0.00	1.01	4.86	4.86	35.51	22.66	70.8	7.16	15.84	47.80	0.00	47.80
2024(12)	36.0	13.2	9.43	0.00	0.92	4.86	4.86	35.51	22.66	64.0	6.47	15.84	41.67	0.00	41.67
2025(12)	32.7	11.9	8.52	0.00	0.83	4.86	4.86	35.51	22.66	57.8	5.85	15.84	36.13	0.00	36.13
2026(12)	29.5	10.8	7.70	0.00	0.75	4.86	4.86	35.51	22.66	52.2	5.28	15.84	31.12	0.00	31.12
Sub.	---	673.7	481.44	0.00	46.81	---	---	---	---	3,267.9	330.39	304.92	2,632.61	1,032.00	1,600.61
Rem.	---	65.0	46.42	0.00	4.51	---	---	---	---	315.1	31.86	161.04	122.19	0.00	122.19
Total	---	738.7	527.86	0.00	51.32	---	---	---	---	3,583.0	362.25	465.96	2,754.80	1,032.00	1,722.80