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ConocoPhillips

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

July 7, 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 32-7 UNIT, #14-08-001-441**
Commerciality Determinations
Dakota Formation
Rio Arriba County, New Mexico

Ladies and Gentlemen:

Pursuant to the provisions of Section 11(a) of the San Juan 32-7 Unit Agreement, ConocoPhillips Company, as Operator, has determined that three of the wells listed below are capable of producing unitized substances in paying quantities from the Dakota Formation. ConocoPhillips is seeking confirmation of the well determinations enclosed.

| Well Name | Dedication | Lease No. | Comp. Date | Determination |
|---|---|---|---|---|
| SJ 32-7 Unit #10A | W/2 32-32N-7W | E-503-13 | 3/10/2008 | Commercial |
| SJ 32-7 Unit #13M | W/2 16-32N-7W | E-503-8 | 12/4/2006 | Commercial |
| SJ 32-7 Unit #38 | N/2 33-32N-7W | SF-078543 | 10/25/2006 | Commercial |
| SJ 32-7 Unit #31 | E/2 32-32N-7W | E-503-13 | 9/14/2007 | 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, the formal Participating Area Schedules will be prepared and submitted for the commercial well, the non-commercial well will continue to be reported on a lease basis.

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

Dawn Howell
Staff Land Technician

SJ 32-7 Unit, 4.3

**SAN JUAN 32-7 UNIT**
**WORKING INTEREST OWNERS**

CONOCOPHILLIPS COMPANY

ENERGEN RESOURCES CORPORATION

WILLIAMS PRODUCTION COMPANY

# BURLINGTON RESOURCES
# COMMERCIALITY DETERMINATION
# BLM DATA SHEET
SAN JUAN 32-7 UNIT 10A

## WELL INFORMATION

| | |
|---|---|
| LEASE | SAN JUAN 32-7 UNIT 10A |
| LOCATION | 32032N007W |
| COUNTY, STATE | RIO ARRIBA, NEW MEXICO |
| FORMATION | DAKOTA |
| PROJECT TYPE | NEWDRILL |
| WELL TYPE | GAS WELL |
| OPERATOR | CONOCOPHILLIPS CO |
| SPUD DATE | 11/1/2007 |
| COMP DATE | 3/10/2008 |
| 1ST DELIVERY | 4/14/2008 |
| COMM GWI % | 100.00 |
| COMM NRI % | 87.50 |
| BOARD RATE % | 10.00 |

## AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

## PRODUCTION TAXES

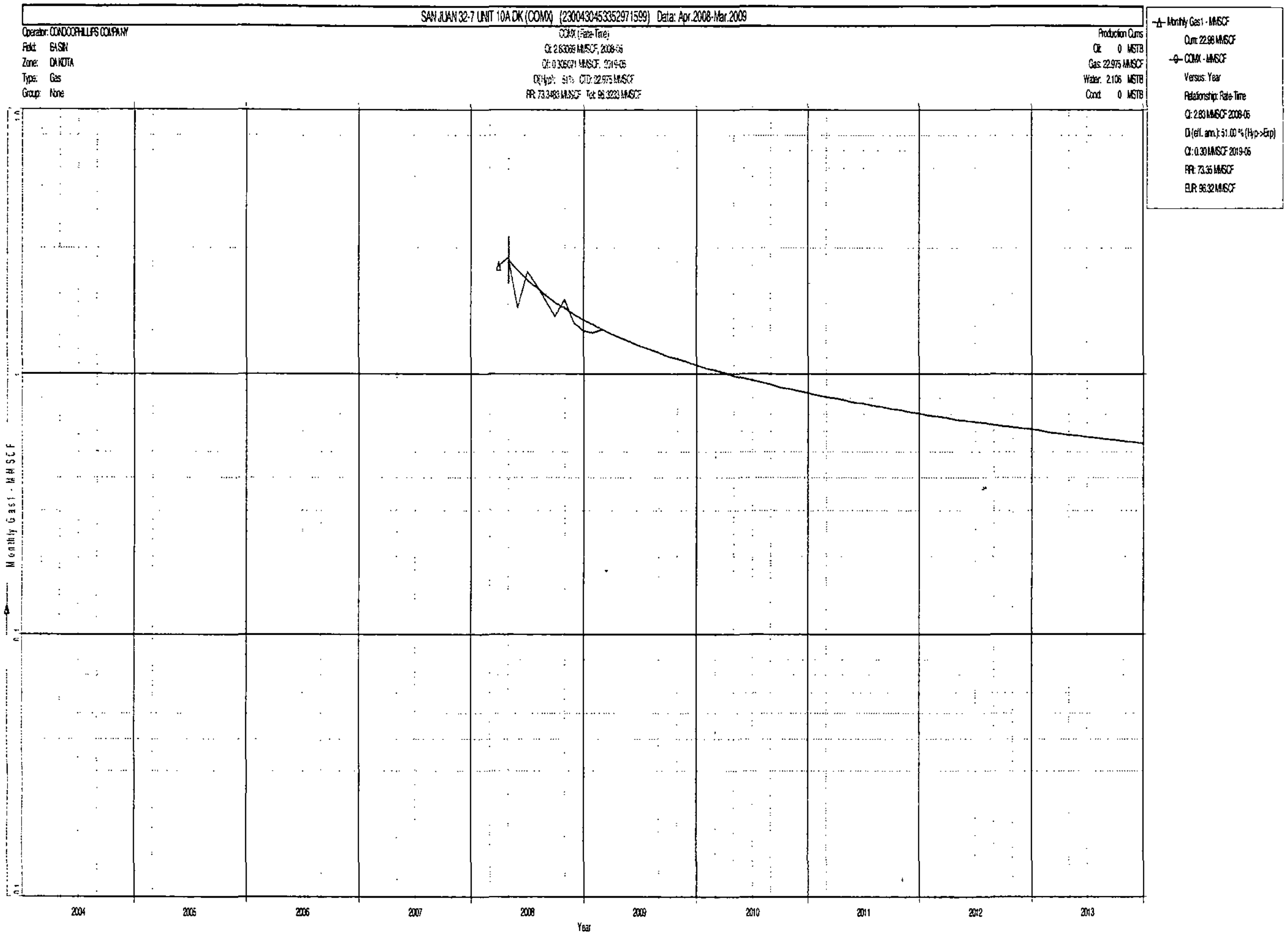
TAXES FOR: RIO ARRIBA, NEW MEXICO
2003 - 2004 Commerciality

| | GAS % OF REVENUE |
|---|---|
| SEVERANCE: | |
| Severance, School, Conservation | 7.93 |
| AD VALOREM: | |
| Production, Equipment | 1.40 |
| TOTAL %: | 9.33 |

## WELL COST AND ECONOMICS

| | | |
|---|---|---|
| 1,032.00 | M$ | AVERAGE WELL COST |
| 93.78 | MMCF | ULT. GROSS GAS RESERVES |
| 88.68 | MCFD | INITIAL GAS RATE |
| 100.66 | % | RATE OF RETURN |
| 2.76 | $/$ | P/I, DISC. @ 10.00 % |
| 2,852.31 | M$ | NET PRESENT VALUE, DISC. @ 10.00 % |
| 1.41 | YRS | PAYOUT |

# BURLINGTON RESOURCES
# COMMERCIALITY DETERMINATION
# BLM DATA SHEET
## SAN JUAN 32-7 UNIT 10A




## 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$ |

# BURLINGTON RESOURCES
# COMMERCIALITY DETERMINATION
# BLM DATA SHEET
SAN JUAN 32-7 UNIT 10A

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 05 | 88.7 | 2.7 | 1.96 | 0.00 | 4.08 | 4.86 | 4.86 | 35.51 | 22.66 | 90.4 | 8.61 | 1.32 | 80.47 | 1,032.00 | -951.53 |
| 2008 06 | 59.0 | 1.8 | 1.26 | 0.00 | 2.42 | 4.86 | 4.86 | 35.51 | 22.66 | 54.1 | 5.16 | 1.32 | 47.65 | 0.00 | 47.65 |
| 2008 07 | 78.3 | 2.4 | 1.73 | 0.00 | 3.55 | 4.86 | 4.86 | 35.51 | 22.66 | 78.9 | 7.52 | 1.32 | 70.05 | 0.00 | 70.05 |
| 2008 08 | 69.5 | 2.2 | 1.54 | 0.00 | 3.51 | 4.86 | 4.86 | 35.51 | 22.66 | 77.1 | 7.34 | 1.32 | 68.46 | 0.00 | 68.46 |
| 2008 09 | 62.8 | 1.9 | 1.35 | 0.00 | 3.30 | 4.86 | 4.86 | 35.51 | 22.66 | 71.9 | 6.84 | 1.32 | 63.78 | 0.00 | 63.78 |
| 2008 10 | 52.9 | 1.6 | 1.17 | 0.00 | 2.88 | 4.86 | 4.86 | 35.51 | 22.66 | 62.8 | 5.98 | 1.32 | 55.55 | 0.00 | 55.55 |
| 2008 11 | 63.9 | 1.9 | 1.37 | 0.00 | 3.60 | 4.86 | 4.86 | 35.51 | 22.66 | 78.1 | 7.43 | 1.32 | 69.39 | 0.00 | 69.39 |
| 2008 12 | 49.8 | 1.5 | 1.10 | 0.00 | 3.00 | 4.86 | 4.86 | 35.51 | 22.66 | 64.9 | 6.17 | 1.32 | 57.42 | 0.00 | 57.42 |
| 2009 01 | 46.8 | 1.5 | 1.04 | 0.00 | 2.82 | 4.86 | 4.86 | 35.51 | 22.66 | 60.9 | 5.79 | 1.32 | 53.82 | 0.00 | 53.82 |
| 2009 02 | 50.8 | 1.4 | 1.02 | 0.00 | 2.94 | 4.86 | 4.86 | 35.51 | 22.66 | 63.2 | 6.00 | 1.32 | 55.89 | 0.00 | 55.89 |
| 2009 03 | 47.5 | 1.5 | 1.05 | 0.00 | 3.03 | 4.86 | 4.86 | 35.51 | 22.66 | 65.2 | 6.19 | 1.32 | 57.65 | 0.00 | 57.65 |
| 2009 04 | 47.1 | 1.4 | 1.01 | 0.00 | 3.09 | 4.86 | 4.86 | 35.51 | 22.66 | 66.2 | 6.28 | 1.32 | 58.58 | 0.00 | 58.58 |
| 2009 05 | 44.0 | 1.4 | 1.19 | 0.00 | 3.06 | 4.86 | 4.86 | 35.51 | 22.66 | 66.5 | 6.32 | 1.32 | 58.82 | 0.00 | 58.82 |
| 2009 06 | 43.9 | 1.3 | 1.15 | 0.00 | 2.74 | 4.86 | 4.86 | 35.51 | 22.66 | 59.9 | 5.70 | 1.32 | 52.87 | 0.00 | 52.87 |
| 2009 07 | 41.1 | 1.3 | 1.11 | 0.00 | 3.01 | 4.86 | 4.86 | 35.51 | 22.66 | 65.0 | 6.18 | 1.32 | 57.52 | 0.00 | 57.52 |
| 2009 08 | 39.8 | 1.2 | 1.08 | 0.00 | 2.89 | 4.86 | 4.86 | 35.51 | 22.66 | 62.5 | 5.94 | 1.32 | 55.23 | 0.00 | 55.23 |
| 2009 09 | 39.9 | 1.2 | 1.05 | 0.00 | 2.96 | 4.86 | 4.86 | 35.51 | 22.66 | 63.8 | 6.06 | 1.32 | 56.44 | 0.00 | 56.44 |
| 2009 10 | 37.5 | 1.2 | 1.02 | 0.00 | 2.85 | 4.86 | 4.86 | 35.51 | 22.66 | 61.4 | 5.83 | 1.32 | 54.26 | 0.00 | 54.26 |
| 2009 11 | 37.7 | 1.1 | 0.99 | 0.00 | 2.92 | 4.86 | 4.86 | 35.51 | 22.66 | 62.8 | 5.96 | 1.32 | 55.52 | 0.00 | 55.52 |
| 2009 12 | 35.6 | 1.1 | 0.96 | 0.00 | 2.91 | 4.86 | 4.86 | 35.51 | 22.66 | 62.3 | 5.92 | 1.32 | 55.11 | 0.00 | 55.11 |
| Sub. | --- | 31.6 | 24.17 | 0.00 | 61.56 | --- | --- | --- | --- | 1,338.1 | 127.22 | 26.40 | 1,184.48 | 1,032.00 | 152.48 |
| Rem. | --- | 58.1 | 50.86 | 0.00 | 243.27 | --- | --- | --- | --- | 5,070.7 | 479.85 | 132.00 | 4,458.84 | 0.00 | 4,458.84 |
| Total | --- | 89.7 | 75.03 | 0.00 | 304.84 | --- | --- | --- | --- | 6,408.8 | 607.07 | 158.40 | 5,643.32 | 1,032.00 | 4,611.32 |

# BURLINGTON RESOURCES
# COMMERCIALITY DETERMINATION
# BLM DATA SHEET
SAN JUAN 32-7 UNIT 13M

## WELL INFORMATION

| | |
|---|---|
| LEASE | SAN JUAN 32-7 UNIT 13M |
| LOCATION | 16032N007W |
| COUNTY, STATE | RIO ARRIBA, NEW MEXICO |
| FORMATION | DAKOTA |
| PROJECT TYPE | NEWDRILL |
| WELL TYPE | GAS WELL |
| OPERATOR | CONOCOPHILLIPS CO |
| SPUD DATE | 12/4/2006 |
| COMP DATE | 12/4/2006 |
| 1ST DELIVERY | 1/4/2007 |
| 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 |

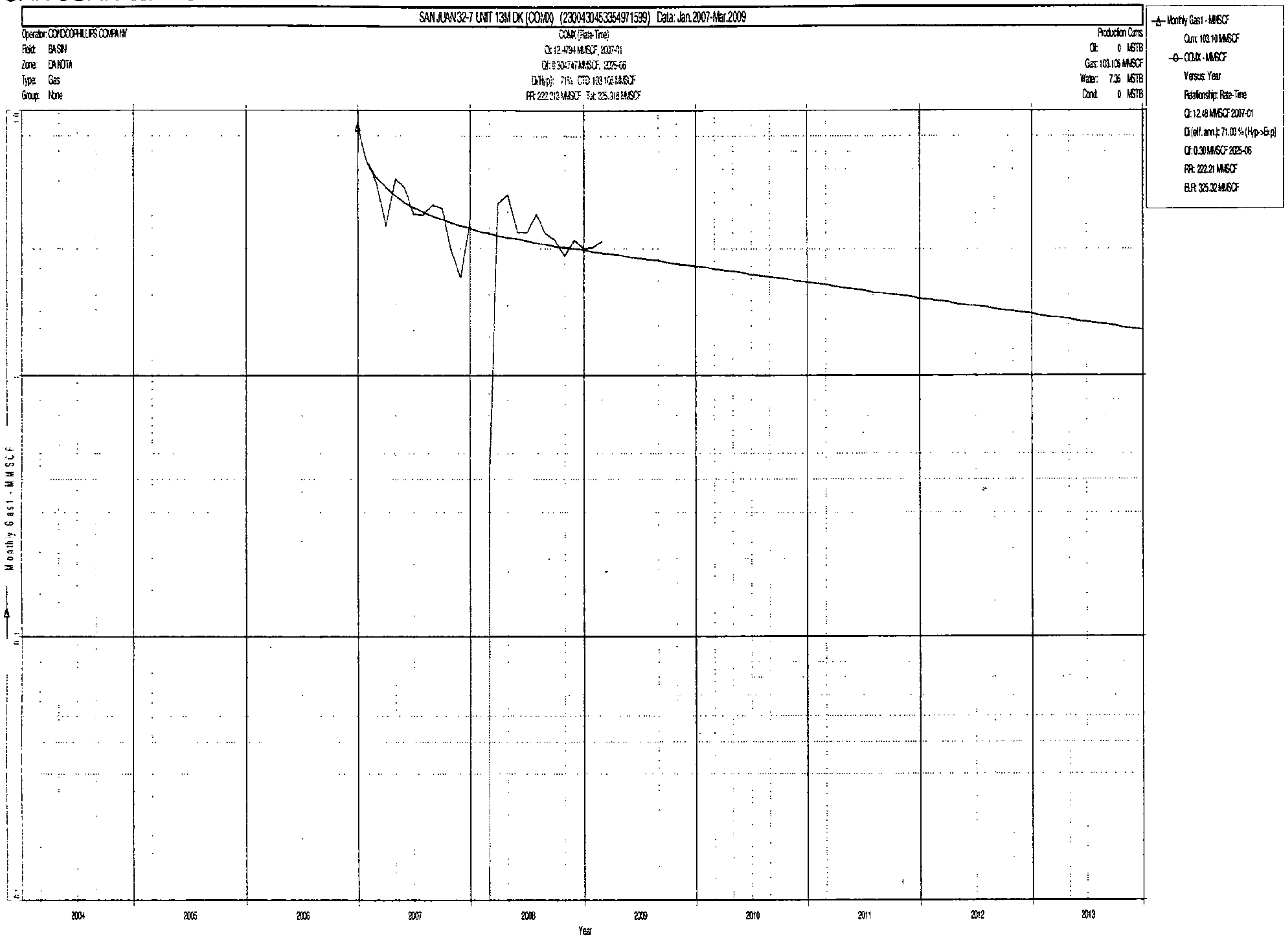
## AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

## WELL COST AND ECONOMICS

| | | |
|---|---|---|
| 1,032.00 | M$ | AVERAGE WELL COST |
| 325.32 | MMCF | ULT. GROSS GAS RESERVES |
| 281.00 | MCFD | INITIAL GAS RATE |
| 97.91 | % | RATE OF RETURN |
| 5.65 | $/$ | P/I, DISC. @ 10.00 % |
| 5,831.91 | M$ | NET PRESENT VALUE, DISC. @ 10.00 % |
| 1.79 | YRS | PAYOUT |

# BURLINGTON RESOURCES
# COMMERCIALITY DETERMINATION
# BLM DATA SHEET
## SAN JUAN 32-7 UNIT 13M




## 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$ |

# BURLINGTON RESOURCES
# COMMERCIALITY DETERMINATION
# BLM DATA SHEET
SAN JUAN 32-7 UNIT 13M

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$ |
| 2007 01 | 281.0 | 8.7 | 6.22 | 0.00 | 2.15 | 4.86 | 4.86 | 35.51 | 22.66 | 73.0 | 7.21 | 1.32 | 64.43 | 1,032.00 | -967.57 |
| 2007 02 | 228.6 | 6.4 | 4.57 | 0.00 | 1.95 | 4.86 | 4.86 | 35.51 | 22.66 | 60.8 | 5.97 | 1.32 | 53.52 | 0.00 | 53.52 |
| 2007 03 | 173.4 | 5.4 | 3.84 | 0.00 | 2.15 | 4.86 | 4.86 | 35.51 | 22.66 | 61.4 | 5.98 | 1.32 | 54.07 | 0.00 | 54.07 |
| 2007 04 | 121.4 | 3.6 | 2.60 | 0.00 | 2.08 | 4.86 | 4.86 | 35.51 | 22.66 | 54.0 | 5.22 | 1.32 | 47.44 | 0.00 | 47.44 |
| 2007 05 | 178.4 | 5.5 | 3.95 | 0.00 | 2.15 | 4.86 | 4.86 | 35.51 | 22.66 | 61.9 | 6.04 | 1.32 | 54.55 | 0.00 | 54.55 |
| 2007 06 | 171.2 | 5.1 | 3.67 | 0.00 | 2.08 | 4.86 | 4.86 | 35.51 | 22.66 | 59.2 | 5.77 | 1.32 | 52.08 | 0.00 | 52.08 |
| 2007 07 | 130.2 | 4.0 | 2.88 | 0.00 | 2.15 | 4.86 | 4.86 | 35.51 | 22.66 | 56.7 | 5.49 | 1.32 | 49.91 | 0.00 | 49.91 |
| 2007 08 | 128.9 | 4.0 | 2.86 | 0.00 | 2.15 | 4.86 | 4.86 | 35.51 | 22.66 | 56.6 | 5.48 | 1.32 | 49.79 | 0.00 | 49.79 |
| 2007 09 | 146.4 | 4.4 | 3.14 | 0.00 | 2.08 | 4.86 | 4.86 | 35.51 | 22.66 | 56.6 | 5.50 | 1.32 | 49.77 | 0.00 | 49.77 |
| 2007 10 | 136.5 | 4.2 | 3.02 | 0.00 | 2.15 | 4.86 | 4.86 | 35.51 | 22.66 | 57.4 | 5.57 | 1.32 | 50.52 | 0.00 | 50.52 |
| 2007 11 | 98.3 | 2.9 | 2.11 | 0.00 | 2.08 | 4.86 | 4.86 | 35.51 | 22.66 | 51.6 | 4.97 | 1.32 | 45.28 | 0.00 | 45.28 |
| 2007 12 | 75.2 | 2.3 | 1.67 | 0.00 | 2.15 | 4.86 | 4.86 | 35.51 | 22.66 | 50.8 | 4.87 | 1.32 | 44.61 | 0.00 | 44.61 |
| 2008 01 | 124.5 | 3.9 | 2.76 | 0.00 | 2.15 | 4.86 | 4.86 | 35.51 | 22.66 | 56.1 | 5.43 | 1.32 | 49.36 | 0.00 | 49.36 |
| 2008 02 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | 4.86 | 4.86 | 35.51 | 22.66 | 0.0 | 0.00 | 1.32 | -1.32 | 0.00 | -1.32 |
| 2008 03 | 12.5 | 0.4 | 0.28 | 0.00 | 2.15 | 4.86 | 4.86 | 35.51 | 22.66 | 44.1 | 4.16 | 1.32 | 38.58 | 0.00 | 38.58 |
| 2008 04 | 148.2 | 4.4 | 3.18 | 0.00 | 2.08 | 4.86 | 4.86 | 35.51 | 22.66 | 56.8 | 5.52 | 1.32 | 49.94 | 0.00 | 49.94 |
| 2008 05 | 154.3 | 4.8 | 3.42 | 0.00 | 2.15 | 4.86 | 4.86 | 35.51 | 22.66 | 59.3 | 5.77 | 1.32 | 52.23 | 0.00 | 52.23 |
| 2008 06 | 115.2 | 3.5 | 2.47 | 0.00 | 2.08 | 4.86 | 4.86 | 35.51 | 22.66 | 53.3 | 5.15 | 1.32 | 46.86 | 0.00 | 46.86 |
| 2008 07 | 111.7 | 3.5 | 2.47 | 0.00 | 2.15 | 4.86 | 4.86 | 35.51 | 22.66 | 54.7 | 5.29 | 1.32 | 48.13 | 0.00 | 48.13 |
| 2008 08 | 131.2 | 4.1 | 2.91 | 0.00 | 2.15 | 4.86 | 4.86 | 35.51 | 22.66 | 56.8 | 5.51 | 1.32 | 50.00 | 0.00 | 50.00 |
| Sub. | --- | 81.2 | 58.02 | 0.00 | 40.30 | --- | --- | --- | --- | 1,081.0 | 104.88 | 26.40 | 949.72 | 1,032.00 | -82.28 |
| Rem. | --- | 234.4 | 167.50 | 0.00 | 626.01 | --- | --- | --- | --- | 13,226.3 | 1,253.55 | 229.68 | 11,743.11 | 0.00 | 11,743.11 |
| Total | --- | 315.6 | 225.52 | 0.00 | 666.31 | --- | --- | --- | --- | 14,307.3 | 1,358.43 | 256.08 | 12,692.84 | 1,032.00 | 11,660.84 |

# BURLINGTON RESOURCES
# COMMERCIALITY DETERMINATION
# BLM DATA SHEET
SAN JUAN 32-7 UNIT 38

## WELL INFORMATION

| | |
|---|---|
| LEASE | SAN JUAN 32-7 UNIT 38 |
| LOCATION | 33032N007W |
| COUNTY, STATE | RIO ARRIBA, NEW MEXICO |
| FORMATION | DAKOTA |
| PROJECT TYPE | NEWDRILL |
| WELL TYPE | GAS WELL |
| OPERATOR | CONOCOPHILLIPS CO |
| SPUD DATE | 10/25/2006 |
| COMP DATE | 11/27/2006 |
| 1ST DELIVERY | 12/15/2006 |
| 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 |

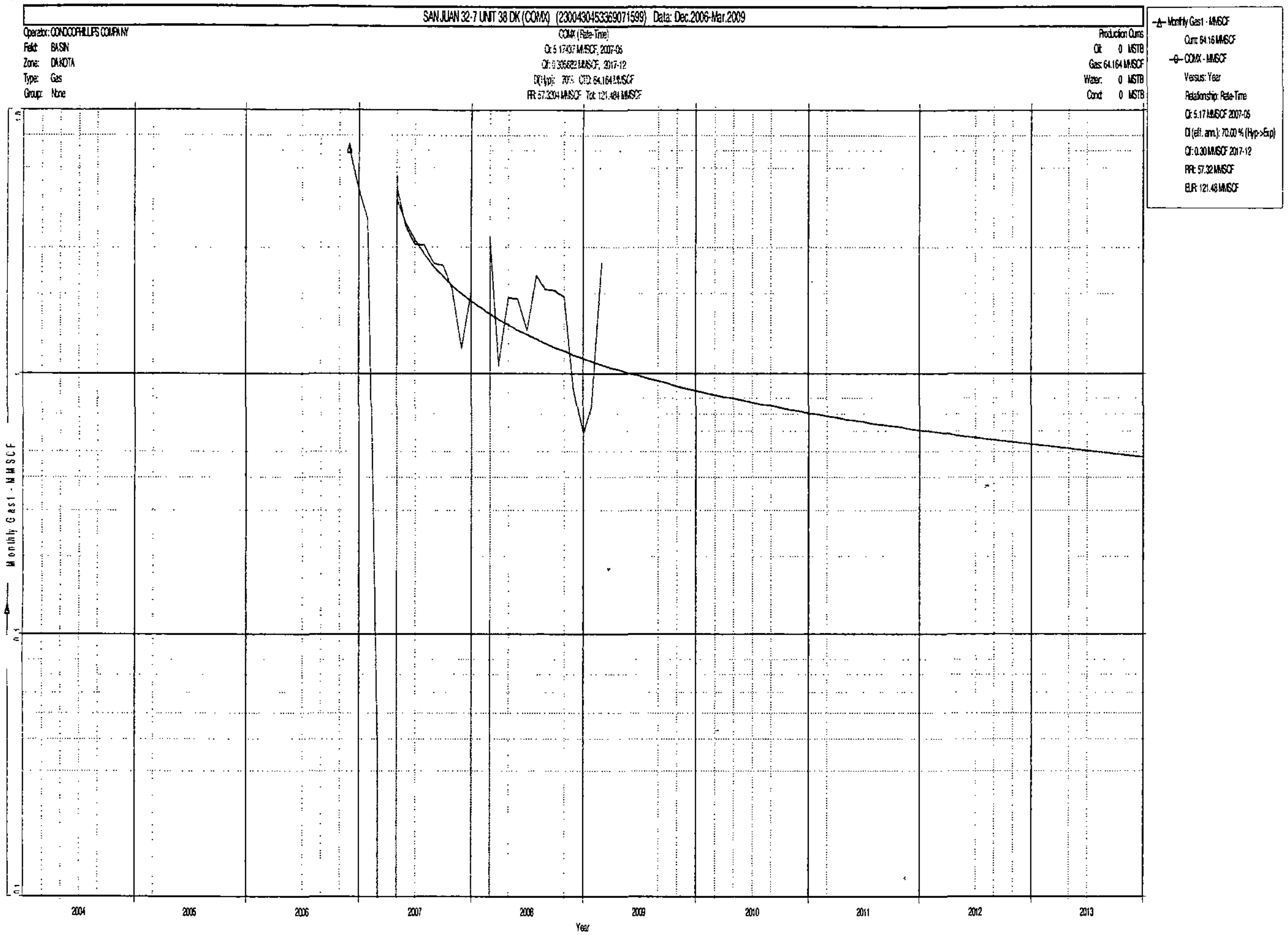
## AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

## WELL COST AND ECONOMICS

| | | |
|---|---|---|
| 1,032.00 | M$ | AVERAGE WELL COST |
| 105.49 | MMCF | ULT. GROSS GAS RESERVES |
| 164.32 | MCFD | INITIAL GAS RATE |
| 342.42 | % | RATE OF RETURN |
| 3.32 | $/$ | P/I, DISC. @ 10.00 % |
| 3,428.53 | M$ | NET PRESENT VALUE, DISC. @ 10.00 % |
| 0.66 | YRS | PAYOUT |

# BURLINGTON RESOURCES
# COMMERCIALITY DETERMINATION
# BLM DATA SHEET
## SAN JUAN 32-7 UNIT 38




## 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$ |

# BURLINGTON RESOURCES
# COMMERCIALITY DETERMINATION
# BLM DATA SHEET
SAN JUAN 32-7 UNIT 38

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$ |
| 2007 05 | 164.3 | 5.1 | 3.64 | 0.00 | 18.63 | 4.86 | 4.86 | 35.51 | 22.66 | 387.0 | 36.61 | 1.32 | 349.10 | 1,032.00 | -682.90 |
| 2007 06 | 120.8 | 3.6 | 2.59 | 0.00 | 9.31 | 4.86 | 4.86 | 35.51 | 22.66 | 197.2 | 18.69 | 1.32 | 177.18 | 0.00 | 177.18 |
| 2007 07 | 99.4 | 3.1 | 2.20 | 0.00 | 2.55 | 4.86 | 4.86 | 35.51 | 22.66 | 61.2 | 5.88 | 1.32 | 54.05 | 0.00 | 54.05 |
| 2007 08 | 98.3 | 3.0 | 2.18 | 0.00 | 5.83 | 4.86 | 4.86 | 35.51 | 22.66 | 126.1 | 11.99 | 1.32 | 112.83 | 0.00 | 112.83 |
| 2007 09 | 86.4 | 2.6 | 1.85 | 0.00 | 5.23 | 4.86 | 4.86 | 35.51 | 22.66 | 112.7 | 10.70 | 1.32 | 100.67 | 0.00 | 100.67 |
| 2007 10 | 82.4 | 2.6 | 1.83 | 0.00 | 5.08 | 4.86 | 4.86 | 35.51 | 22.66 | 109.7 | 10.42 | 1.32 | 97.92 | 0.00 | 97.92 |
| 2007 11 | 69.1 | 2.1 | 1.48 | 0.00 | 4.35 | 4.86 | 4.86 | 35.51 | 22.66 | 93.4 | 8.87 | 1.32 | 83.19 | 0.00 | 83.19 |
| 2007 12 | 39.8 | 1.2 | 0.88 | 0.00 | 2.63 | 4.86 | 4.86 | 35.51 | 22.66 | 56.5 | 5.36 | 1.32 | 49.81 | 0.00 | 49.81 |
| 2008 01 | 65.0 | 2.0 | 1.44 | 0.00 | 4.23 | 4.86 | 4.86 | 35.51 | 22.66 | 90.9 | 8.64 | 1.32 | 80.99 | 0.00 | 80.99 |
| 2008 02 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | 4.86 | 4.86 | 35.51 | 22.66 | 0.0 | 0.00 | 1.32 | -1.32 | 0.00 | -1.32 |
| 2008 03 | 105.4 | 3.3 | 2.33 | 0.00 | 7.10 | 4.86 | 4.86 | 35.51 | 22.66 | 152.0 | 14.43 | 1.32 | 136.29 | 0.00 | 136.29 |
| 2008 04 | 35.5 | 1.1 | 0.76 | 0.00 | 2.43 | 4.86 | 4.86 | 35.51 | 22.66 | 51.9 | 4.92 | 1.32 | 45.65 | 0.00 | 45.65 |
| 2008 05 | 62.2 | 1.9 | 1.38 | 0.00 | 4.46 | 4.86 | 4.86 | 35.51 | 22.66 | 95.2 | 9.03 | 1.32 | 84.81 | 0.00 | 84.81 |
| 2008 06 | 63.6 | 1.9 | 1.36 | 0.00 | 4.05 | 4.86 | 4.86 | 35.51 | 22.66 | 86.9 | 8.25 | 1.32 | 77.31 | 0.00 | 77.31 |
| 2008 07 | 46.6 | 1.4 | 1.03 | 0.00 | 3.45 | 4.86 | 4.86 | 35.51 | 22.66 | 73.4 | 6.96 | 1.32 | 65.10 | 0.00 | 65.10 |
| 2008 08 | 76.0 | 2.4 | 1.68 | 0.00 | 5.51 | 4.86 | 4.86 | 35.51 | 22.66 | 117.4 | 11.14 | 1.32 | 104.97 | 0.00 | 104.97 |
| 2008 09 | 69.0 | 2.1 | 1.48 | 0.00 | 5.07 | 4.86 | 4.86 | 35.51 | 22.66 | 107.7 | 10.22 | 1.32 | 96.20 | 0.00 | 96.20 |
| 2008 10 | 66.1 | 2.0 | 1.46 | 0.00 | 4.92 | 4.86 | 4.86 | 35.51 | 22.66 | 104.7 | 9.93 | 1.32 | 93.46 | 0.00 | 93.46 |
| 2008 11 | 64.8 | 1.9 | 1.39 | 0.00 | 4.89 | 4.86 | 4.86 | 35.51 | 22.66 | 103.7 | 9.83 | 1.32 | 92.53 | 0.00 | 92.53 |
| 2008 12 | 28.3 | 0.9 | 0.63 | 0.00 | 2.23 | 4.86 | 4.86 | 35.51 | 22.66 | 47.4 | 4.49 | 1.32 | 41.54 | 0.00 | 41.54 |
| Sub. | --- | 44.2 | 31.60 | 0.00 | 101.95 | --- | --- | --- | --- | 2,175.0 | 206.36 | 26.40 | 1,942.28 | 1,032.00 | 910.28 |
| Rem. | --- | 59.7 | 42.69 | 0.00 | 238.11 | --- | --- | --- | --- | 4,928.7 | 466.04 | 135.96 | 4,326.69 | 0.00 | 4,326.69 |
| Total | --- | 104.0 | 74.29 | 0.00 | 340.07 | --- | --- | --- | --- | 7,103.7 | 672.41 | 162.36 | 6,268.96 | 1,032.00 | 5,236.96 |

# BURLINGTON RESOURCES
# COMMERCIALITY DETERMINATION
# BLM DATA SHEET
SAN JUAN 32-7 UNIT 31

## WELL INFORMATION

| | |
|---|---|
| LEASE | SAN JUAN 32-7 UNIT 31 |
| LOCATION | 32032N007W |
| COUNTY, STATE | RIO ARRIBA, NEW MEXICO |
| FORMATION | DAKOTA |
| PROJECT TYPE | NEWDRILL |
| WELL TYPE | GAS WELL |
| OPERATOR | CONOCOPHILLIPS CO |
| SPUD DATE | 6/28/2007 |
| COMP DATE | 9/14/2007 |
| 1ST DELIVERY | 10/2/2007 |
| COMM GWI % | 100.00 |
| COMM NRI % | 87.50 |
| BOARD RATE % | 10.00 |

## AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

## PRODUCTION TAXES

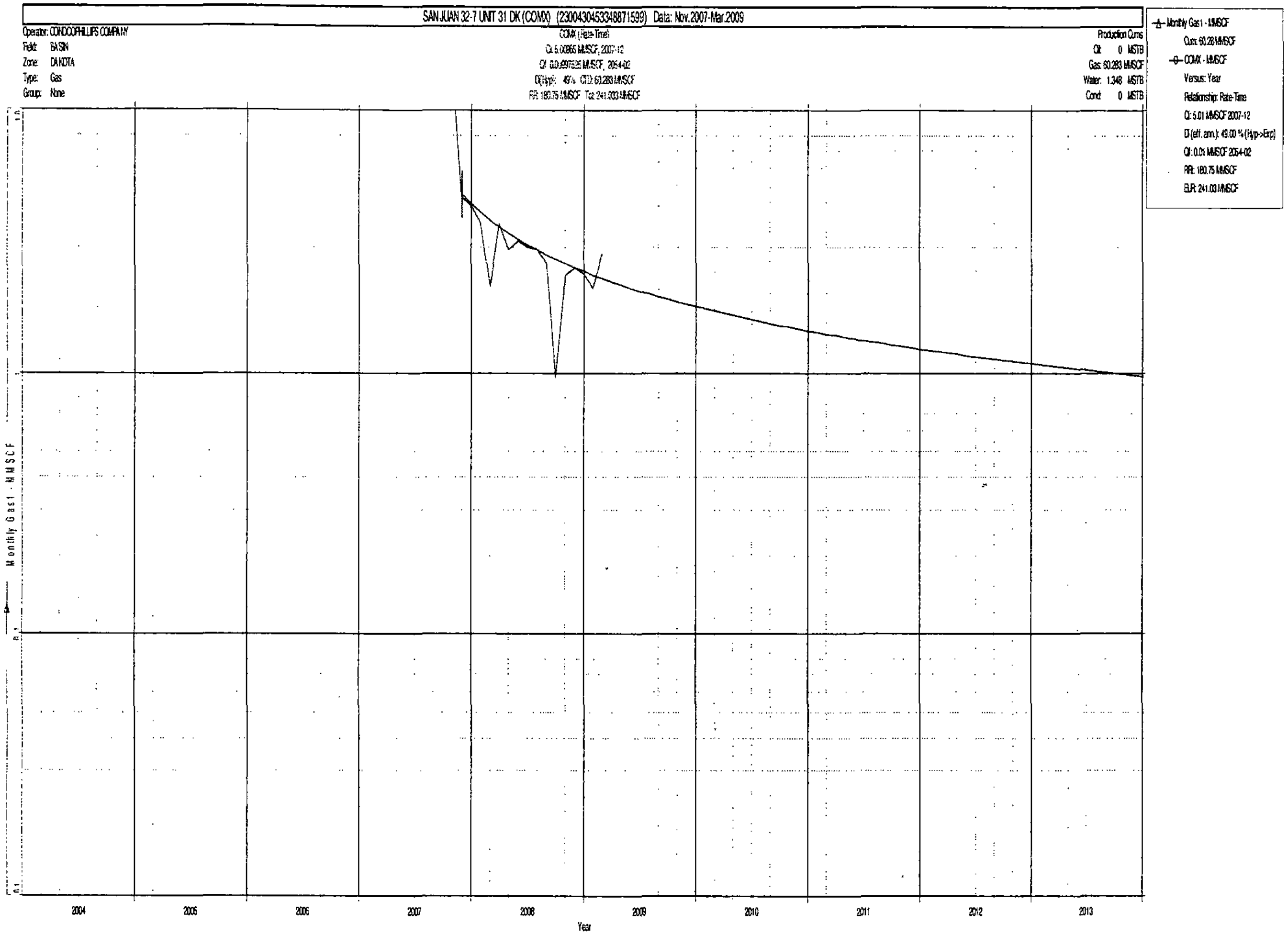
TAXES FOR: RIO ARRIBA, NEW MEXICO
2003 - 2004 Commerciality

| | GAS % OF REVENUE |
|---|---|
| SEVERANCE: | |
| Severance, School, Conservation | 7.93 |
| AD VALOREM: | |
| Production, Equipment | 1.40 |
| TOTAL %: | 9.33 |

## WELL COST AND ECONOMICS

| | | |
|---|---|---|
| 1,032.00 | M$ | AVERAGE WELL COST |
| 227.07 | MMCF | ULT. GROSS GAS RESERVES |
| 150.45 | MCFD | INITIAL GAS RATE |
| 0.00 | % | RATE OF RETURN |
| -0.57 | $/$ | P/I, DISC. @ 10.00 % |
| -589.10 | M$ | NET PRESENT VALUE, DISC. @ 10.00 % |
| 0.00 | YRS | PAYOUT |

# BURLINGTON RESOURCES
# COMMERCIALITY DETERMINATION
# BLM DATA SHEET
## SAN JUAN 32-7 UNIT 31




## 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$ |

# BURLINGTON RESOURCES
# COMMERCIALITY DETERMINATION
# BLM DATA SHEET
SAN JUAN 32-7 UNIT 31

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$ |
| 2007(12) | 150.5 | 4.7 | 3.33 | 0.00 | 0.32 | 4.86 | 4.86 | 35.51 | 22.66 | 22.6 | 2.31 | 1.32 | 18.99 | 1,032.00 | -1,013.01 |
| 2008(12) | 93.9 | 34.4 | 24.56 | 0.00 | 2.39 | 4.86 | 4.86 | 35.51 | 22.66 | 166.7 | 17.03 | 15.84 | 133.83 | 0.00 | 133.83 |
| 2009(12) | 69.4 | 25.3 | 18.10 | 0.00 | 1.76 | 4.86 | 4.86 | 35.51 | 22.66 | 122.9 | 12.55 | 15.84 | 94.47 | 0.00 | 94.47 |
| 2010(12) | 53.0 | 19.4 | 13.84 | 0.00 | 1.35 | 4.86 | 4.86 | 35.51 | 22.66 | 93.9 | 9.59 | 15.84 | 68.48 | 0.00 | 68.48 |
| 2011(12) | 44.1 | 16.1 | 11.49 | 0.00 | 1.12 | 4.86 | 4.86 | 35.51 | 22.66 | 78.0 | 7.97 | 15.84 | 54.21 | 0.00 | 54.21 |
| 2012(12) | 38.0 | 13.9 | 9.95 | 0.00 | 0.97 | 4.86 | 4.86 | 35.51 | 22.66 | 67.5 | 6.90 | 15.84 | 44.77 | 0.00 | 44.77 |
| 2013(12) | 33.8 | 12.3 | 8.82 | 0.00 | 0.86 | 4.86 | 4.86 | 35.51 | 22.66 | 59.9 | 6.11 | 15.84 | 37.90 | 0.00 | 37.90 |
| 2014(12) | 30.2 | 11.0 | 7.87 | 0.00 | 0.76 | 4.86 | 4.86 | 35.51 | 22.66 | 53.4 | 5.46 | 15.84 | 32.10 | 0.00 | 32.10 |
| 2015(12) | 26.9 | 9.8 | 7.02 | 0.00 | 0.68 | 4.86 | 4.86 | 35.51 | 22.66 | 47.6 | 4.87 | 15.84 | 26.93 | 0.00 | 26.93 |
| 2016(12) | 23.9 | 8.8 | 6.26 | 0.00 | 0.61 | 4.86 | 4.86 | 35.51 | 22.66 | 42.5 | 4.34 | 15.84 | 22.32 | 0.00 | 22.32 |
| 2017(12) | 21.4 | 7.8 | 5.59 | 0.00 | 0.54 | 4.86 | 4.86 | 35.51 | 22.66 | 37.9 | 3.87 | 15.84 | 18.20 | 0.00 | 18.20 |
| 2018(12) | 19.1 | 7.0 | 4.98 | 0.00 | 0.48 | 4.86 | 4.86 | 35.51 | 22.66 | 33.8 | 3.46 | 15.84 | 14.53 | 0.00 | 14.53 |
| 2019(12) | 17.0 | 6.2 | 4.45 | 0.00 | 0.43 | 4.86 | 4.86 | 35.51 | 22.66 | 30.2 | 3.08 | 15.84 | 11.25 | 0.00 | 11.25 |
| 2020(12) | 15.2 | 5.6 | 3.97 | 0.00 | 0.39 | 4.86 | 4.86 | 35.51 | 22.66 | 26.9 | 2.75 | 15.84 | 8.33 | 0.00 | 8.33 |
| 2021(12) | 13.6 | 5.0 | 3.54 | 0.00 | 0.34 | 4.86 | 4.86 | 35.51 | 22.66 | 24.0 | 2.45 | 15.84 | 5.72 | 0.00 | 5.72 |
| 2022(12) | 12.1 | 4.4 | 3.16 | 0.00 | 0.31 | 4.86 | 4.86 | 35.51 | 22.66 | 21.4 | 2.19 | 15.84 | 3.40 | 0.00 | 3.40 |
| 2023(12) | 10.8 | 3.9 | 2.82 | 0.00 | 0.27 | 4.86 | 4.86 | 35.51 | 22.66 | 19.1 | 1.95 | 15.84 | 1.32 | 0.00 | 1.32 |
| 2024(12) | 10.1 | 1.2 | 0.87 | 0.00 | 0.08 | 4.86 | 4.86 | 35.51 | 22.66 | 5.9 | 0.60 | 5.28 | 0.02 | 0.00 | 0.02 |
| Total | --- | 196.7 | 140.59 | 0.00 | 13.67 | --- | --- | --- | --- | 954.3 | 97.49 | 260.04 | 596.79 | 1,032.00 | -435.21 |