



446

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

November 20, 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

RECEIVED OCD
2009 NOV 23 A 11:45

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 Determination
Mesaverde Participating Area
San Juan County, New Mexico

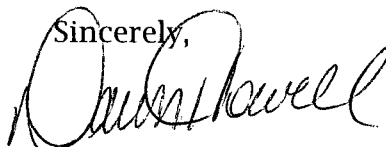
Gentlemen:

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 #18M	W/2 Sec. 11-31N-8W	SF-079247	11/7/08	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, CPLTA
Staff Land Technician

SJ 32-8 Unit 4.2

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 UNIT 18M

WELL INFORMATION

LEASE SAN JUAN 32-8 UNIT 18M
LOCATION 11031N008W
COUNTY, STATE SAN JUAN, NEW MEXICO
FORMATION MESAVERDE
PROJECT TYPE NEWDRILL
WELL TYPE GAS WELL
OPERATOR CONOCOPHILLIPS CO
SPUD DATE 7/19/2008
COMP DATE 11/17/2008
1ST DELIVERY 12/2/2008
COMM GWI % 100.00
COMM NRI % 87.50
BOARD RATE % 10.00

PRODUCTION TAXES

TAXES FOR: SAN JUAN, NEW MEXICO
2003 - 2004 Commercially
GAS % OF REVENUE

SEVERANCE:
Severance, School, Conservation 7.93

AD VALOREM:
Production, Equipment 1.26

TOTAL %: 9.19

AVERAGE HEAT CONTENT

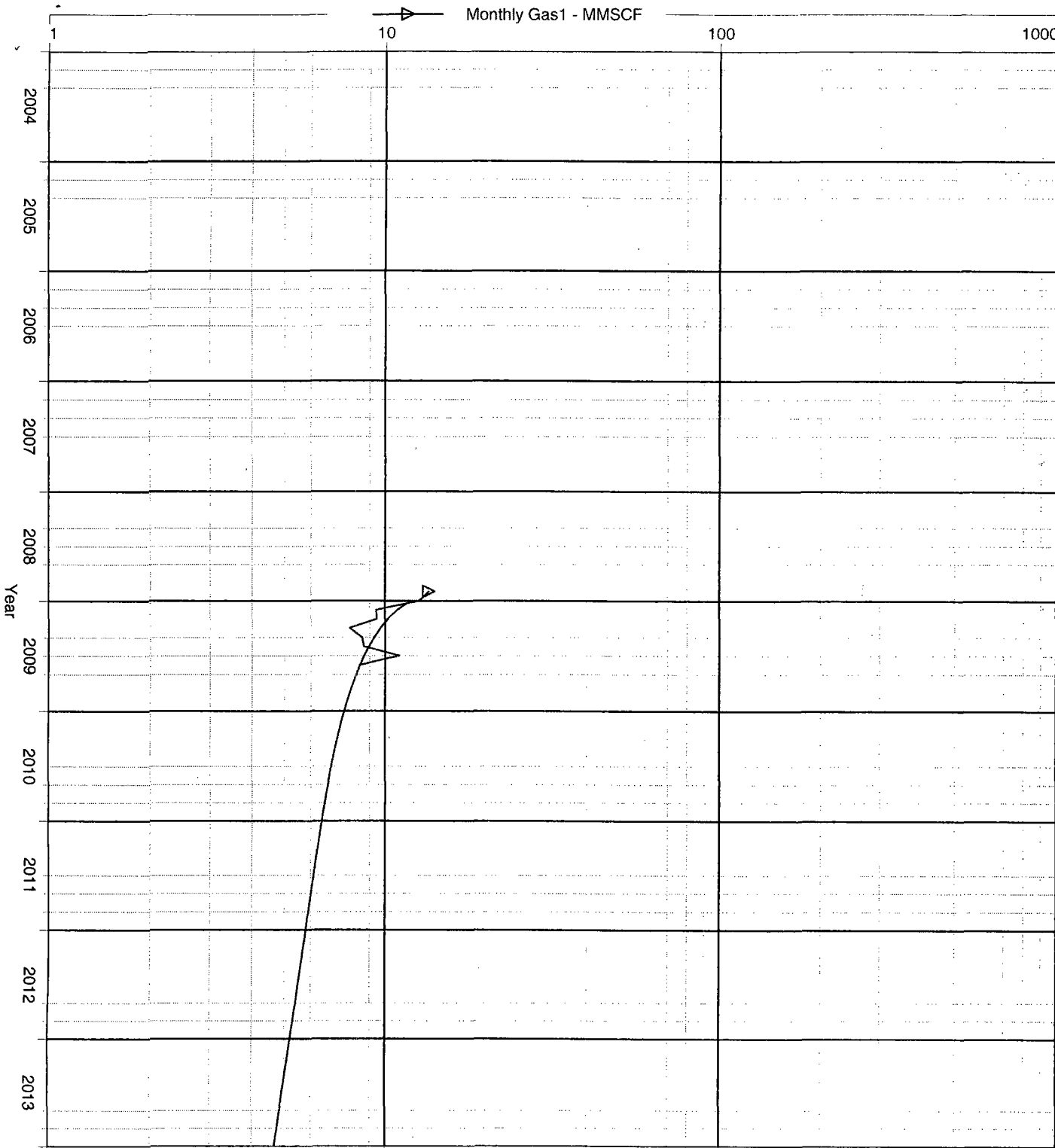
1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

1,528.00 M\$ AVERAGE WELL COST
861.54 M\$ ULT. GROSS GAS RESERVES
296.14 MCFD INITIAL GAS RATE
19.75 % RATE OF RETURN
0.37 \$/\$ P/I, DISC. @ 10.00 %
561.49 M\$ NET PRESENT VALUE, DISC. @ 10.00 %
4.29 YRS PAYOUT

SAN JUAN 32-8 UNIT 18M MV (COMX) (2300430453442772319) Data: Dec.2008-Aug.2009

Operator: CONOCOPHILLIPS COMPANY
Field: BLANCO
Zone: MESAVERDE
Type: Gas
Group: None
COMX (Rate-Time)
QI: 12.5893 MMSCF, 2009-01
QI: 0.457644 MMSCF, 2035-07
D(Hyp): 39.4649% CTD: 89.486 MMSCF
RR: 785.579 MMSCF Tot: 875.065 MMSCF
Production Cums
Oil: 0 MSTB
Gas: 89.486 MMSCF
Water: 0 MSTB
Cond: 0 MSTB



Monthly Gas1 - MMSCF
Curr: 89.49 MMSCF
COMX - MMSCF
Versus: Year
Relationship: Rate-Time
QI: 12.59 MMSCF 2009-01
Dl (eff. ann.): 39.46 % (Hyp->Exp)
QI: 0.46 MMSCF 2035-07
RR: 785.58 MMSCF
EUR: 875.07 MMSCF

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET

SAN JUAN 32-8 UNIT 18M

SAN JUAN 32-8 UNIT 18M (COM) (2004/05/04/7/23/19) Date Dec-2008- Aug-2009

Operator: COCCOCHAS COMPANY
Field: BLMCJ
Line: 0000000000
Type: Gas
Date here

COM (Reserve)
Q: 12300 MMSCF 2004-01
Q: 0.000000 MMSCF 2005-01
D: 100.000000 MMSCF 2005-01
R: 100.000000 MMSCF 2005-01

Production
Q: 0 MMBB
Gas: 0.000000 MMSCF
Water: 0 MMBB
Cond: 0 MMBB

Production
Q: 12300 MMSCF 2004-01
D: 100.000000 MMSCF 2005-01
R: 100.000000 MMSCF 2005-01
E: 100.000000 MMSCF 2005-01



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	MMSCF	MSTB	MSTB \$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$

**BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
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SAN JUAN 32-8 UNIT 18M**

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\$
2009(12)	295.1	107.7	75.37	0.00	8.79	4.86	4.86	35.51	22.66	540.5	54.45	16.80	469.30	1,528.00	-1,056.70
2010(12)	229.8	83.9	58.68	0.00	6.84	4.86	4.86	35.51	22.66	420.9	42.39	16.80	361.69	0.00	361.69
2011(12)	202.4	73.9	51.70	0.00	6.03	4.86	4.86	35.51	22.66	370.8	37.35	16.80	316.63	0.00	316.63
2012(12)	181.2	66.3	46.39	0.00	5.41	4.86	4.86	35.51	22.66	332.7	33.52	16.80	282.42	0.00	282.42
2013(12)	163.0	59.5	41.64	0.00	4.85	4.86	4.86	35.51	22.66	298.6	30.08	16.80	251.74	0.00	251.74
2014(12)	146.3	53.4	37.37	0.00	4.36	4.86	4.86	35.51	22.66	268.0	26.99	16.80	224.20	0.00	224.20
2015(12)	131.3	47.9	33.54	0.00	3.91	4.86	4.86	35.51	22.66	240.5	24.23	16.80	199.49	0.00	199.49
2016(12)	117.5	43.0	30.10	0.00	3.51	4.86	4.86	35.51	22.66	215.9	21.74	16.80	177.31	0.00	177.31
2017(12)	105.8	38.6	27.01	0.00	3.15	4.86	4.86	35.51	22.66	193.7	19.51	16.80	157.41	0.00	157.41
2018(12)	94.9	34.6	24.24	0.00	2.83	4.86	4.86	35.51	22.66	173.9	17.51	16.80	139.55	0.00	139.55
2019(12)	85.2	31.1	21.76	0.00	2.54	4.86	4.86	35.51	22.66	156.0	15.72	16.80	123.51	0.00	123.51
2020(12)	76.2	27.9	19.53	0.00	2.28	4.86	4.86	35.51	22.66	140.0	14.10	16.80	109.13	0.00	109.13
2021(12)	68.6	25.0	17.52	0.00	2.04	4.86	4.86	35.51	22.66	125.7	12.66	16.80	96.21	0.00	96.21
2022(12)	61.6	22.5	15.73	0.00	1.83	4.86	4.86	35.51	22.66	112.8	11.36	16.80	84.63	0.00	84.63
2023(12)	55.3	20.2	14.11	0.00	1.65	4.86	4.86	35.51	22.66	101.2	10.20	16.80	74.23	0.00	74.23
2024(12)	49.5	18.1	12.67	0.00	1.48	4.86	4.86	35.51	22.66	90.8	9.15	16.80	64.89	0.00	64.89
2025(12)	44.5	16.2	11.37	0.00	1.33	4.86	4.86	35.51	22.66	81.5	8.21	16.80	56.52	0.00	56.52
2026(12)	39.9	14.6	10.20	0.00	1.19	4.86	4.86	35.51	22.66	73.2	7.37	16.80	49.00	0.00	49.00
2027(12)	35.9	13.1	9.16	0.00	1.07	4.86	4.86	35.51	22.66	65.7	6.61	16.80	42.25	0.00	42.25
2028(12)	32.1	11.7	8.22	0.00	0.96	4.86	4.86	35.51	22.66	58.9	5.94	16.80	36.20	0.00	36.20
Sub.	---	809.4	566.29	0.00	66.03	---	---	---	---	4,061.4	409.09	336.00	3,316.30	1,528.00	1,788.30
Rem.	---	51.9	36.32	0.00	4.23	---	---	---	---	280.5	26.24	109.20	125.04	0.00	125.04
Total	---	861.3	602.61	0.00	70.27	---	---	---	---	4,321.9	435.33	445.20	3,441.34	1,528.00	1,913.34

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET SAN JUAN 32-8 UNIT 18M

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