



1146
ConocoPhillips
San Juan Business Unit
P.O. Box 4289
Farmington, NM 87499-4289

April 22, 2010

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 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 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	Determination
SJ 32-8 Unit #18N	W/2 Sec. 11-31N-8W	SF-079247	9/10/08	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 reported to the Lease.

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
Land Analyst

SJ 32-8 Unit 4.2

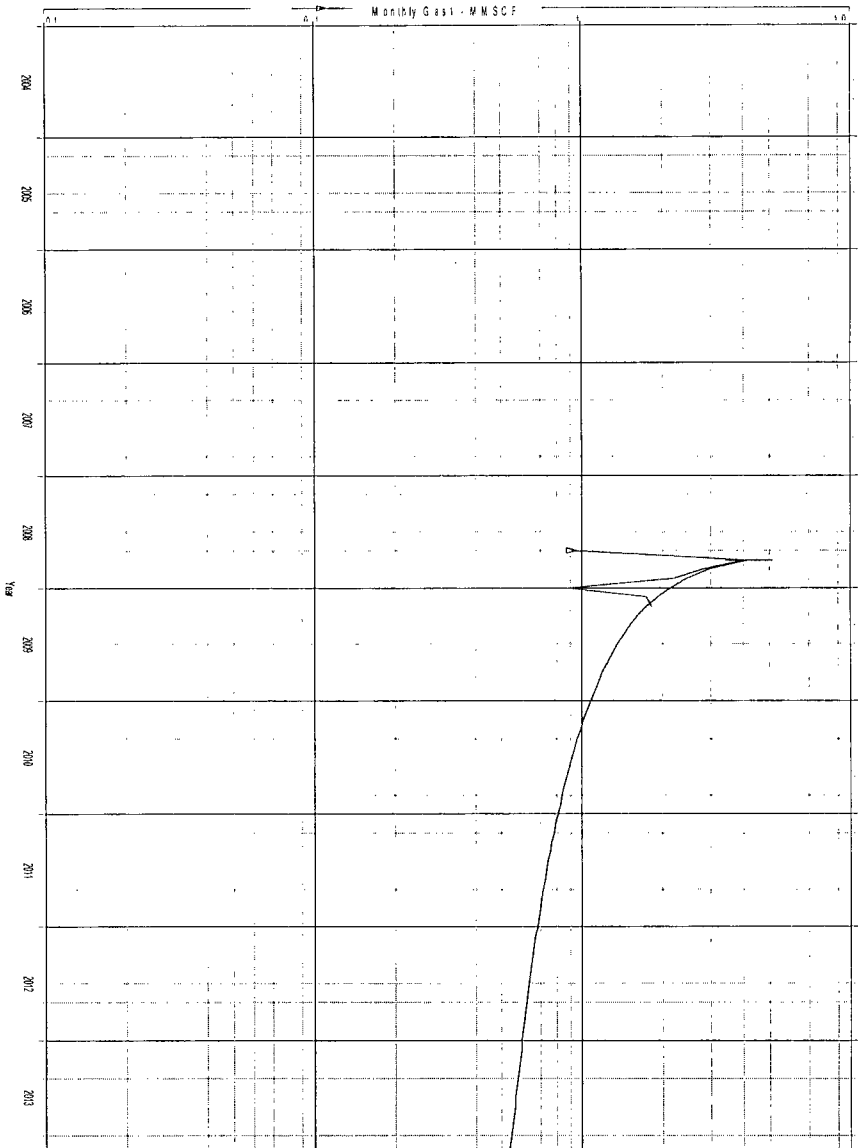
BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 UNIT 18N

WELL INFORMATION		PRODUCTION TAXES	
LEASE	SAN JUAN 32-8 UNIT 18N	TAXES FOR:	SAN JUAN, NEW MEXICO
LOCATION	11031N008W		2003 - 2004 Commerciality
COUNTY, STATE	SAN JUAN, NEW MEXICO		GAS % OF REVENUE
FORMATION	MESAVERDE		
PROJECT TYPE	NEWDRILL		
WELL TYPE	GAS WELL	SEVERANCE:	
OPERATOR	CONOCOPHILLIPS CO	Severance, School, Conservation	7.93
SPUD DATE	5/1/2008		
COMP DATE	11/17/2008	AD VALOREM:	
1ST DELIVERY	9/22/2008	Production, Equipment	1.26
COMM GWI %	100.00		
COMM NRI %	87.50	TOTAL %:	9.19
BOARD RATE %	10.00		

AVERAGE HEAT CONTENT		WELL COST AND ECONOMICS	
909	MMBtu / Mcf	1,480.22	M\$ AVERAGE WELL COST
		106.14	MMCF ULT. GROSS GAS RESERVES
		81.67	MCFD INITIAL GAS RATE
		>800.00	% RATE OF RETURN
		-0.93	\$/S P/L DISC. @ 10.00 %
		-1,373.43	M\$ NET PRESENT VALUE, DISC. @ 10.00 %
		0.00	YRS PAYOUT

BLM DATA SHEET
SAN JUAN 32-8 UNIT 18N

Oe 5.50 MSOT 2006-10
 Oe (eff. ann.) 75.00 % (14/0-25.0)
 Oe 0.00 MSOT 2004-05
 RRe 105.00 MSOT
 EIR 120.76 MSOT



	Gas1	Gas1	Net Gas	Net Cond	Net Oth	Gas1	Gas	Cond	Oth	Net	Prod	Total	Total	Total
Date	Rate	Volume	Volume	Volume	Volume	Price	Price	Price	Revenue	Taxes	Oproiss	Oper Inc	Capital	BT Cash
mc/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$

**BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET**

SAN JUAN 32-8 UNIT 18N

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
2008(12)	81.7	10.0	0.00	0.00	0.81	4.86	0.00	35.51	22.66	16.1	1.52	0.00	14.60	0.00	14.60
2009(12)	15.1	5.5	3.87	0.00	0.45	4.86	4.86	35.51	22.66	27.7	2.79	16.80	8.13	1,528.00	-1,519.87
2010(12)	30.7	11.2	7.84	0.00	0.91	4.86	4.86	35.51	22.66	56.2	5.66	16.80	33.75	0.00	33.75
2011(12)	24.5	8.9	6.25	0.00	0.73	4.86	4.86	35.51	22.66	44.8	4.51	16.80	23.50	0.00	23.50
2012(12)	20.9	7.7	5.35	0.00	0.62	4.86	4.86	35.51	22.66	38.4	3.87	16.80	17.73	0.00	17.73
2013(12)	18.6	6.8	4.75	0.00	0.55	4.86	4.86	35.51	22.66	34.0	3.43	16.80	13.80	0.00	13.80
2014(12)	16.6	6.1	4.23	0.00	0.49	4.86	4.86	35.51	22.66	30.4	3.06	16.80	10.50	0.00	10.50
2015(12)	14.8	5.4	3.78	0.00	0.44	4.86	4.86	35.51	22.66	27.1	2.73	16.80	7.56	0.00	7.56
2016(12)	13.2	4.8	3.37	0.00	0.39	4.86	4.86	35.51	22.66	24.2	2.43	16.80	4.93	0.00	4.93
2017(12)	11.8	4.3	3.01	0.00	0.35	4.86	4.86	35.51	22.66	21.6	2.17	16.80	2.59	0.00	2.59
2018(12)	10.6	3.2	2.26	0.00	0.26	4.86	4.86	35.51	22.66	16.2	1.63	14.00	0.55	0.00	0.55
Total	---	73.8	44.69	0.00	6.02	---	---	---	---	336.6	33.80	165.20	137.64	1,528.00	-1,390.36

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

Andrew B Kelly
Burlington Resources Oil & Gas Company LP
ConocoPhillips Company
Charles E Kelly
Four Star Oil & Gas Company
Susanna P Kelly
Susanna P Kelly, Jr.
Williams Production Company
Wintergreen Energy Corp