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October 19, 2010

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 32-8 UNIT, #14-08-001-446**
Commerciality Determinations
Dakota Participating Area
San Juan County, New Mexico

Gentlemen:

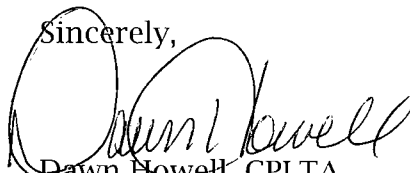
Pursuant to Section 11(a) of the above referenced Unit Agreement, approved October 21, 1952, **CONOCOPHILLIPS, as Unit Operator**, has determined that the well listed below is not capable of producing unitized substances in paying quantities from the Dakota formation. ConocoPhillips is seeking confirmation of the well determination enclosed.

Well Name	Dedication	Lease No.	Completion	Determination
SJ 32-8 Unit #41A	E/2 Sec. 23-32N-8W	SF-079380	8-20-09	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 under 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 4.3

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 32-8 UNIT 41A

WELL INFORMATION

LEASE SAN JUAN 32-8 UNIT 41A
LOCATION 23032N008W
COUNTY, STATE SAN JUAN, NEW MEXICO
FORMATION DAKOTA
PROJECT TYPE NEWDRILL
WELL TYPE GAS WELL
OPERATOR CONOCOPHILLIPS CO
SPUD DATE 7/29/2008
COMP DATE 8/20/2009
1ST DELIVERY 9/14/2009
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

984 MMBtu / Mcf

WELL COST AND ECONOMICS

1,304.00 M\$ AVERAGE WELL COST
264.69 MCMF ULT. GROSS GAS RESERVES
234.87 MCFD INITIAL GAS RATE
0.00 % RATE OF RETURN
-0.52 \$/\$ P/L DISC. @ 10.00 %
-678.19 M\$ NET PRESENT VALUE, DISC. @ 10.00 %
0.00 YRS PAYOUT

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET

SAN JUAN 32-8 UNIT 41A

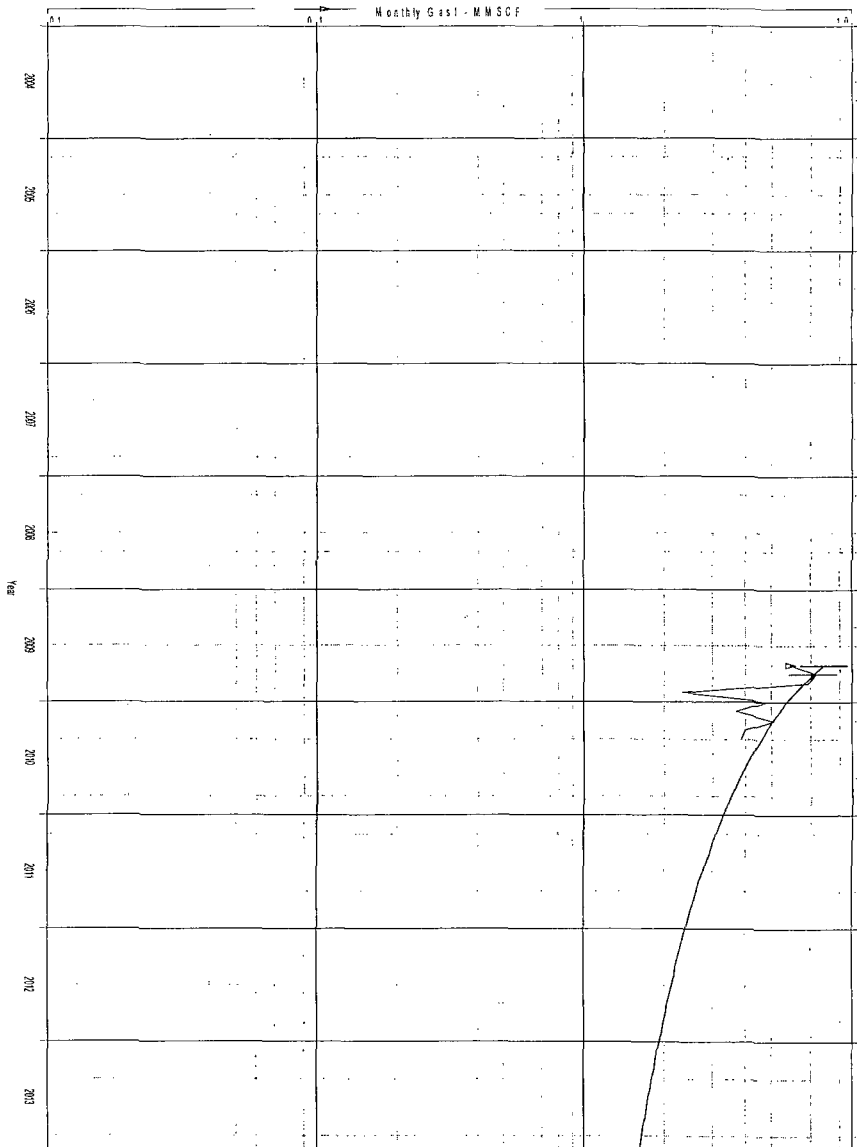
SAN JUAN 32-8 UNIT 41A BLM (C388331)-F4E-40E-8004-80888201921 Date: Sep-2009 May 2010

Owner: CONCHOHILLS COMPANY
 Fed: BLM
 Zone: D407A
 Type: Gas
 Comp: None

CDM (Sep-09)
 Q: 13.14 MSCF 205.0
 Q: 6.6621 MSCF 205.0
 RHH: 300 CD-0.07 MSCF
 RR: 23831 MSCF RR: 70331 MSCF

Production Units
 Q: 0.0 MSCF
 Q: 0.0171 MSCF
 WHE: 0.02 MSCF
 OTH: 0.0 MSCF

+ Monthly Gas: 14.657
 Gas: 43.0 MSCF
 + OTH: 14.657
 WHE: 14.657
 Reasoning: See Note
 Q: 13.14 MSCF 205.0
 Bldf: (m) 1000 % (499-500)
 Q: 0.06 MSCF 205.02
 RR: 23831 MSCF
 ER: 70331 MSCF



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 Opcois	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 32-8 UNIT 41A

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 10	234.9	7.3	0.00	0.00	0.51	4.86	0.00	35.51	22.66	10.0	0.94	0.00	9.09	1,304.00	-1,294.91
2009 11	229.2	6.9	0.00	0.00	0.48	4.86	0.00	35.51	22.66	9.5	0.89	0.00	8.58	0.00	8.58
2009 12	75.9	2.4	0.00	0.00	0.16	4.86	0.00	35.51	22.66	3.2	0.30	0.00	2.94	0.00	2.94
2010 01	156.9	4.9	3.48	0.00	0.34	4.86	4.86	35.51	22.66	23.6	2.39	1.25	19.96	0.00	19.96
2010 02	131.9	3.7	2.64	0.00	0.26	4.86	4.86	35.51	22.66	17.9	1.81	1.25	14.86	0.00	14.86
2010 03	165.3	5.1	3.66	0.00	0.36	4.86	4.86	35.51	22.66	24.8	2.51	1.25	21.09	0.00	21.09
2010 04	132.1	4.0	2.83	0.00	0.28	4.86	4.86	35.51	22.66	19.2	1.94	1.25	16.03	0.00	16.03
2010 05	124.5	3.9	2.76	0.00	0.27	4.86	4.86	35.51	22.66	18.7	1.89	1.25	15.58	0.00	15.58
2010 06	145.0	4.3	3.11	0.00	0.30	4.86	4.86	35.51	22.66	21.1	2.13	1.25	17.71	0.00	17.71
2010 07	134.1	4.2	2.97	0.00	0.29	4.86	4.86	35.51	22.66	20.2	2.04	1.25	16.88	0.00	16.88
2010 08	128.5	4.0	2.85	0.00	0.28	4.86	4.86	35.51	22.66	19.3	1.95	1.25	16.12	0.00	16.12
2010 09	127.5	3.8	2.73	0.00	0.27	4.86	4.86	35.51	22.66	18.6	1.88	1.25	15.43	0.00	15.43
2010 10	118.7	3.7	2.63	0.00	0.26	4.86	4.86	35.51	22.66	17.8	1.80	1.25	14.79	0.00	14.79
2010 11	116.2	3.5	2.53	0.00	0.25	4.86	4.86	35.51	22.66	17.2	1.74	1.25	14.21	0.00	14.21
2010 12	110.4	3.4	2.45	0.00	0.24	4.86	4.86	35.51	22.66	16.6	1.68	1.25	13.68	0.00	13.68
2011 01	106.8	3.3	2.37	0.00	0.23	4.86	4.86	35.51	22.66	16.1	1.62	1.25	13.18	0.00	13.18
2011 02	114.4	3.2	2.29	0.00	0.22	4.86	4.86	35.51	22.66	15.5	1.57	1.25	12.72	0.00	12.72
2011 03	100.2	3.1	2.22	0.00	0.22	4.86	4.86	35.51	22.66	15.1	1.52	1.25	12.29	0.00	12.29
2011 04	100.5	3.0	2.15	0.00	0.21	4.86	4.86	35.51	22.66	14.6	1.48	1.25	11.89	0.00	11.89
2011 05	94.5	2.9	2.09	0.00	0.20	4.86	4.86	35.51	22.66	14.2	1.44	1.25	11.52	0.00	11.52
Sub.	---	80.5	45.76	0.00	5.60	---	---	---	---	333.3	33.54	21.27	278.53	1,304.00	-1,025.47
Rem.	---	183.9	131.44	0.00	12.78	---	---	---	---	892.2	90.20	205.16	596.83	0.00	596.83
Total	---	264.5	177.20	0.00	18.38	---	---	---	---	1,225.5	123.75	226.43	875.36	1,304.00	-428.64

SAN JUAN 32-8 UNIT
DAKOTA FORMATION
WORKING INTEREST OWNERS

CONOCOPHILLIPS COMPANY

WILLIAMS PRODUCTION COMPANY



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

October 19, 2010

RECEIVED OGD
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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
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Santa Fe, NM 87504-1148

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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

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 #41A	E/2 Sec. 23-32N-8W	SF-079380	8-20-09	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
Land Analyst

SJ 32-8 Unit 4.2

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
 SAN JUAN 32-8 UNIT 41A

WELL INFORMATION

LEASE SAN JUAN 32-8 UNIT 41A
 LOCATION 23032N006W
 COUNTY, STATE SAN JUAN, NEW MEXICO
 FORMATION MESAVERDE
 PROJECT TYPE NEWDRILL
 WELL TYPE GAS WELL
 OPERATOR CONOCOPHILLIPS CO
 SPUD DATE 7/29/2008
 COMP DATE 8/20/2009
 1ST DELIVERY 9/14/2009
 COMM GMI % 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

1,528.00 M\$ AVERAGE WELL COST
 599.45 MMCF ULT. GROSS GAS RESERVES
 499.13 MCfD INITIAL GAS RATE
 10.90 % RATE OF RETURN
 0.03 \$/\$ P/I, DISC. @ 10.00 %
 43.12 M\$ NET PRESENT VALUE, DISC. @ 10.00 %
 6.00 YRS PAYOUT

COMX1 (Time

CASH FLOW SUMMARY

Date	Gas1 Rate	Gas1 Volume	Net Gas Volume	Net Cond Volume	Net Oih Volume	Gas1 Price	Gas Price	Cond Price	Oih 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

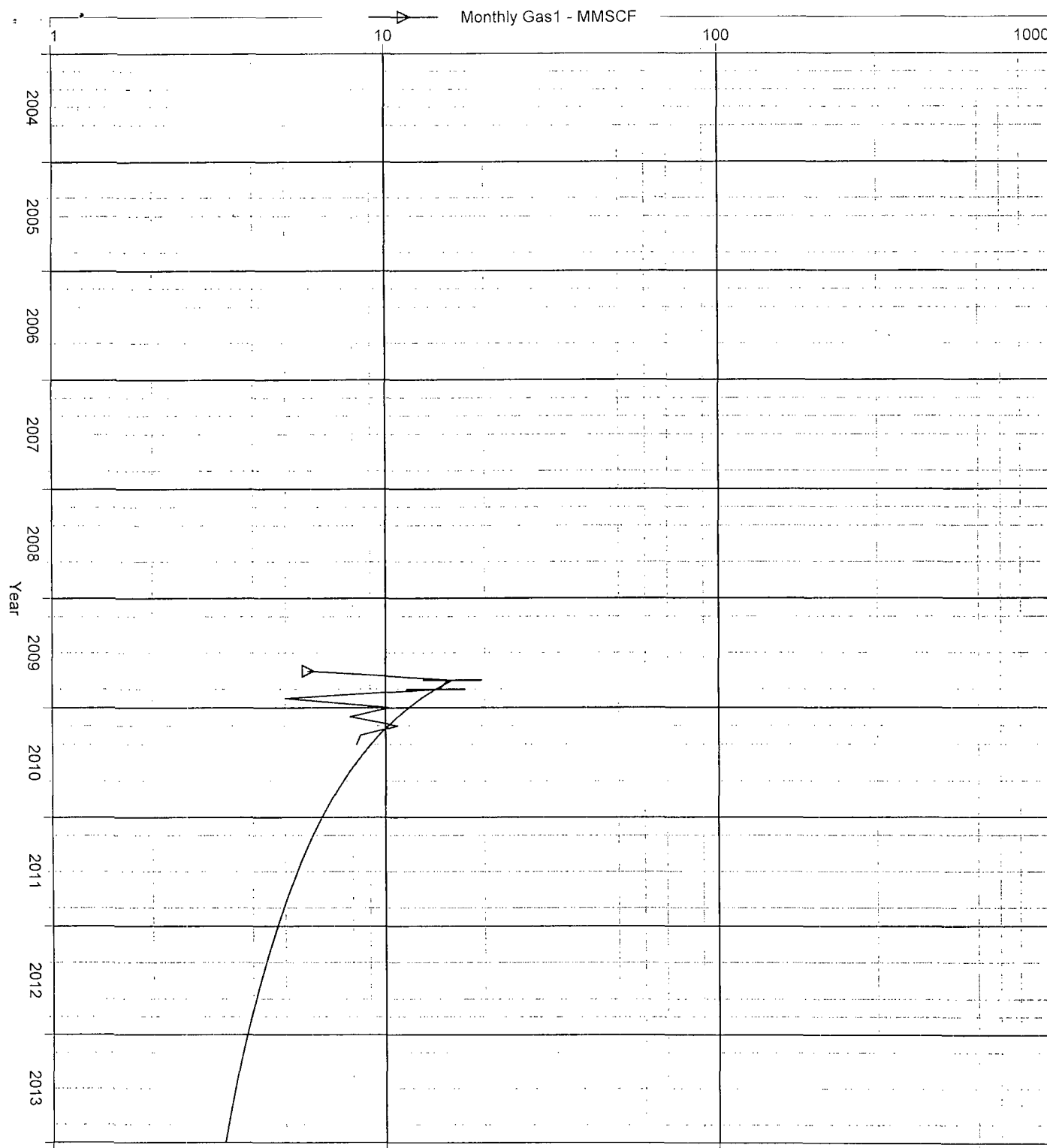
SAN JUAN 32-8 UNIT 41A

CASH FLOW SUMMARY

Date	Gas1 Rate	Gas1 Volume	Net Gas Volume	Net Cond Volume	Net Oih Volume	Gas1 Price	Gas Price	Cond Price	Oih Price	Net Revenue	Prod Taxes	Total Opcois	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	MS	MS	M/\$	M/\$	M/\$	M/\$
2009 10	499.1	15.5	10.83	0.00	1.26	4.86	4.86	35.51	22.66	77.6	7.82	1.40	68.42	1,528.00	-1,459.58
2009 11	487.1	14.6	10.22	0.00	1.19	4.86	4.86	35.51	22.66	73.3	7.39	1.40	64.54	0.00	64.54
2009 12	161.3	5.0	3.50	0.00	0.41	4.86	4.86	35.51	22.66	25.1	2.53	1.40	21.17	0.00	21.17
2010 01	333.5	10.3	7.23	0.00	0.84	4.86	4.86	35.51	22.66	51.9	5.23	1.40	45.25	0.00	45.25
2010 02	280.4	7.9	5.49	0.00	0.64	4.86	4.86	35.51	22.66	39.4	3.97	1.40	34.03	0.00	34.03
2010 03	351.2	10.9	7.62	0.00	0.89	4.86	4.86	35.51	22.66	54.6	5.50	1.40	47.72	0.00	47.72
2010 04	280.7	8.4	5.89	0.00	0.69	4.86	4.86	35.51	22.66	42.3	4.26	1.40	36.60	0.00	36.60
2010 05	264.5	8.2	5.74	0.00	0.67	4.86	4.86	35.51	22.66	41.1	4.14	1.40	35.60	0.00	35.60
2010 06	285.8	8.6	6.00	0.00	0.70	4.86	4.86	35.51	22.66	43.0	4.33	1.40	37.29	0.00	37.29
2010 07	263.4	8.2	5.71	0.00	0.67	4.86	4.86	35.51	22.66	41.0	4.13	1.40	35.45	0.00	35.45
2010 08	251.8	7.8	5.46	0.00	0.64	4.86	4.86	35.51	22.66	39.2	3.94	1.40	33.82	0.00	33.82
2010 09	249.3	7.5	5.23	0.00	0.61	4.86	4.86	35.51	22.66	37.5	3.78	1.40	32.35	0.00	32.35
2010 10	231.8	7.2	5.03	0.00	0.59	4.86	4.86	35.51	22.66	36.1	3.63	1.40	31.03	0.00	31.03
2010 11	230.7	6.9	4.84	0.00	0.56	4.86	4.86	35.51	22.66	34.7	3.50	1.40	29.83	0.00	29.83
2010 12	215.4	6.7	4.67	0.00	0.54	4.86	4.86	35.51	22.66	33.5	3.38	1.40	28.74	0.00	28.74
2011 01	208.3	6.5	4.52	0.00	0.53	4.86	4.86	35.51	22.66	32.4	3.26	1.40	27.73	0.00	27.73
2011 02	223.3	6.3	4.37	0.00	0.51	4.86	4.86	35.51	22.66	31.4	3.16	1.40	26.81	0.00	26.81
2011 03	195.6	6.1	4.24	0.00	0.49	4.86	4.86	35.51	22.66	30.4	3.06	1.40	25.96	0.00	25.96
2011 04	196.2	5.9	4.12	0.00	0.48	4.86	4.86	35.51	22.66	29.5	2.98	1.40	25.16	0.00	25.16
2011 05	184.6	5.7	4.00	0.00	0.47	4.86	4.86	35.51	22.66	28.7	2.89	1.40	24.43	0.00	24.43
Sub.	---	164.0	114.73	0.00	13.38	---	---	---	---	822.8	82.88	28.00	711.93	1,528.00	-816.07
Rem.	---	435.4	304.64	0.00	35.52	---	---	---	---	2,184.8	220.07	345.80	1,618.98	0.00	1,618.98
Total	---	599.4	419.37	0.00	48.90	---	---	---	---	3,007.7	302.95	373.80	2,330.91	1,528.00	802.91

SAN JUAN 32-8 UNIT 41A MV (COMX) (2300430453464572319) Data: Sep.2009-May.2010

Operator: CONOCOPHILLIPS COMPANY
Field: BLANCO
Zone: MESAVERDE
Type: Gas
Group: None
COMX (Rate-Time)
Q1: 15 MMSCF, 2009-11
Q1: 0.456562 MMSCF, 2032-01
D1(Hyp): 53% CTD: 86.639 MMSCF
RR: 518.672 MMSCF Tot: 605.311 MMSCF
Production Cums
Oil: 0 MSTB
Gas: 86.639 MMSCF
Water: 10.44 MSTB
Cond: 0 MSTB



Monthly Gas1 - MMSCF
Cum: 86.64 MMSCF
COMX - MMSCF
Versus: Year
Relationship: Rate-Time
Q1: 15.00 MMSCF 2009-11
D1 (eff. ann.): 53.00 % (Hyp->Exp)
Q1: 0.46 MMSCF 2032-01
RR: 518.67 MMSCF
EUR: 605.31 MMSCF

SAN JUAN 32-8 UNIT
MESAVERDE FORMATION
WORKING INTEREST OWNERS

AMELIA C KELLY

ANDREW B KELLY JR

BURLINGTON RESOURCES

CONOCOPHILLIPS COMPANY

FOUR STAR OIL AND GAS COMPANY

SUSANNA P KELLY

SUSANNA P KELLY JR

WILLIAMS PRODUCTION COMPANY

WINTERGREEN ENERGY CORP.