

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSES OF CONSIDERING:**

CASE NO. 14926

**APPLICATION OF BURLINGTON RESOURCES OIL & GAS LP
FOR COMPULSORY POOLING
N/2 Sec 7, T29N, R10W-Houck Com 2 & 2N
SAN JUAN COUNTY, NEW MEXICO**

AFFIDAVIT OF TERRY RUBY

**STATE OF NEW MEXICO §
 § ss.
COUNTY OF SAN JUAN §**

Before me, the undersigned authority, personally Terry Ruby appeared and being first duly sworn stated:


A. My name and qualification as expert are as follows:

Terry Ruby

Education:	MBA University of Denver 1990
Experience:	Landman since 1982
	San Juan Basin, New Mexico since 2007
Occupation:	Currently a Land Supervisor for ConocoPhillips
Certification:	Certified Professional Landman #5723

I am over the age of majority and competent to make this Affidavit.

Affidavit of Terry Ruby
-Page 1-

*Before the Oil Conservation Division
Exhibit No. 
Burlington Resources
OCD CASE 14926
Hearing: November 29, 2012*

I am responsible for and involved in preparing the necessary documents for submittal to the New Mexico Oil Conservation Division for this case.

I am personally knowledgeable and familiar with the facts and circumstances of this case and the following factual statements.

This affidavit has been prepared in accordance with the New Mexico Oil Conservation Division Rule 1207.A (1)(b).

C. My expert opinions are based on the following facts and events:

CHRONOLOGICAL SUMMARY OF SIGNIFICANT EVENTS

(1) Burlington, an affiliate of ConocoPhillips Company, is a working interest owner and the proposed operator for the Houck Com 2 Well and the Houck Com 2N Well to be dedicated to the N/2 of Section 7, T29N, R10W, San Juan County, New Mexico.

(2) Burlington has distributed an Operating Agreement for the drilling, completion and operation these wells and if productive to downhole commingle Dakota and Mesaverde production with the possibility of present or future completion with the Mancos formations.

(3) Burlington anticipates that all of the interest owners from the top of the Mesaverde to the base of the Dakota formations will agree to participate in these wells, but for:

(a) A working interest owner in the Mesaverde formation that cannot be located: Ted W. White, living or deceased, or his heirs, with a 16.7441126% interest in the Mesaverde and no interest in the Dakota. The subject 308.28-acre spacing unit is located within the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool.

(b) Lewis Chandler (aka Robert Lewis Chandler), deceased, and/or his heirs, and/or Lewis Chandler & Bert J. Chenault,

Affidavit of Terry Ruby

-Page 2-

Trustee for the R. Lewis Chandler Trust, a working interest owner with a 1.004646% interest from the top of the Mesaverde to the top of the Dakota and a 3.348822% interest in the Dakota. The last contact address was the Pace & Pace L.L.P. a law firm at Meadow Building, Ste 840, 5646 Milton Street, Dallas, Texas 75206

(4) Burlington despite reasonable effort has been unable to:

- (a) locate Ted W. White or any heirs or successors in interest and therefore has not obtained the voluntary agreement of this Mesaverde working interest owner in this spacing unit, or
- (b) reach a voluntary agreement with Lewis Chandler and/or his heirs or Lewis Chandler & Bert J. Chenault, Trustee for the R. Lewis Chandler Trust.

(5) Because of the difficulty of establishing an escrow account and the unlikely ability of a "true owner" to become aware of an escrow account in the county where the well is located, the applicant seeks more practical language for this pooling order and the adoption of a procedure escheating these funds directly to the Tax & Rev, as the Administrator under the New Mexico Unclaimed Property Act.

(6) Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Burlington needs an order of the Division pooling all the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

(7) In accordance with the Division's notice requirements, a copy of notice of this application will be published in a newspaper in Farmington, New Mexico. It will also be sent those parties list above to their last known address, with notice by certified mail return receipt.

Affidavit of Terry Ruby

-Page 3-

RULE 1207.A (1)(b) REQUIREMENTS

In accordance with Division Rule 1207.A (1)(b) attached the following statements and exhibits in support of this case:

- (i) No opposition for the hearing is expected because the parties to be pooled cannot be located.
- (ii) Locator Map outlining the spacing unit to be pooled, being the N/2 of Section 7, T29N, R10W, NMPM, San Juan County, New Mexico and showing the well location and the Division forms C-102s for each well. **See Exhibits A-1, A-2, A-3 and A-4 attached**
- (iii) For name and last known address of the party to be pooled with the nature and percent of their interest; I attest that a diligent search has been conducted of all public records in the county where the well is located and the party has been contacted on our behalf on several occasions. **See Exhibit "B" attached**
- (iv) These gas spacing units are located within the boundaries of the Basin-Dakota Gas Pool, Basin-Mancos Gas Pool and the Blanco-Mesaverde Gas Pool.
- (v) These pooled units are for gas.
- (vi) Written evidence of attempts to reach voluntary agreement including letters and other correspondence are included herein. **See Exhibits "C"**
- (vii) The maximum 200% risk factor penalty was justified prior to drilling the well in accordance with Commission Order R-11992 and Division Order R-11926
- (viii) The well costs overhead rates of \$ 7,500 month drilling and \$750 month producing well rates, subject to COPAS adjustment should continue to apply for this case.
- (ix) The cost allocations are 60% to the Dakota and 40% to the Mesaverde pursuant to the BR model form. **Attached as Exhibit "D"**
- (x) The proposed depth of the Houck Com 1 well's TVD is approximately 6699 feet and the Houck Com 2N well's TVD is approximately 6706 feet
- (xi) Copy of the AFEs in the amount of \$1,871,190.85 completed well costs for the Houck Com 2 well and \$1,870,792.80 completed well costs for the Houck Com 2N well, which I conclude, is fair, reasonable and current for wells of this type in this area. **See attached Exhibits "E-1 and E-2"**

Affidavit of Terry Ruby

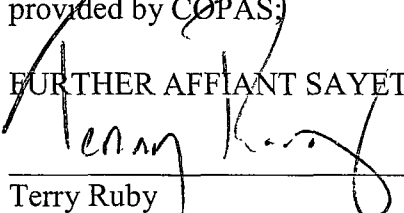
ATTESTATION

I, Terry Ruby attested that this submittal was prepared by me and the information is correct and complete to the best of my knowledge and belief.

I recommend that a compulsory pooling order be entered which provides that:

- (1) Burlington Resources Oil & Gas Company LP be named operator.
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (4) Provision for escheats any suspended funds directly to the Tax & Rev, as the Administrator under the New Mexico Unclaimed Property Act.
- (5) Provision for overhead rates of \$ 7,500 per month drilling and \$750 per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

FURTHER AFFIANT SAYETH NOT:


Terry Ruby

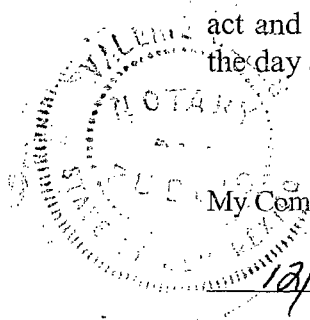
ACKNOWLEDGMENT

STATE OF NEW MEXICO §
 §
COUNTY OF SAN JUAN §

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 19th day of October 2012, personally appeared Terry Ruby, known to me to be the identical person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth. Given under my hand and seal the day and year last above written.


Notary Public

My Commission expires:


12/03/2014

Affidavit of Terry Ruby

Exhibit "A - 1" Locator Map

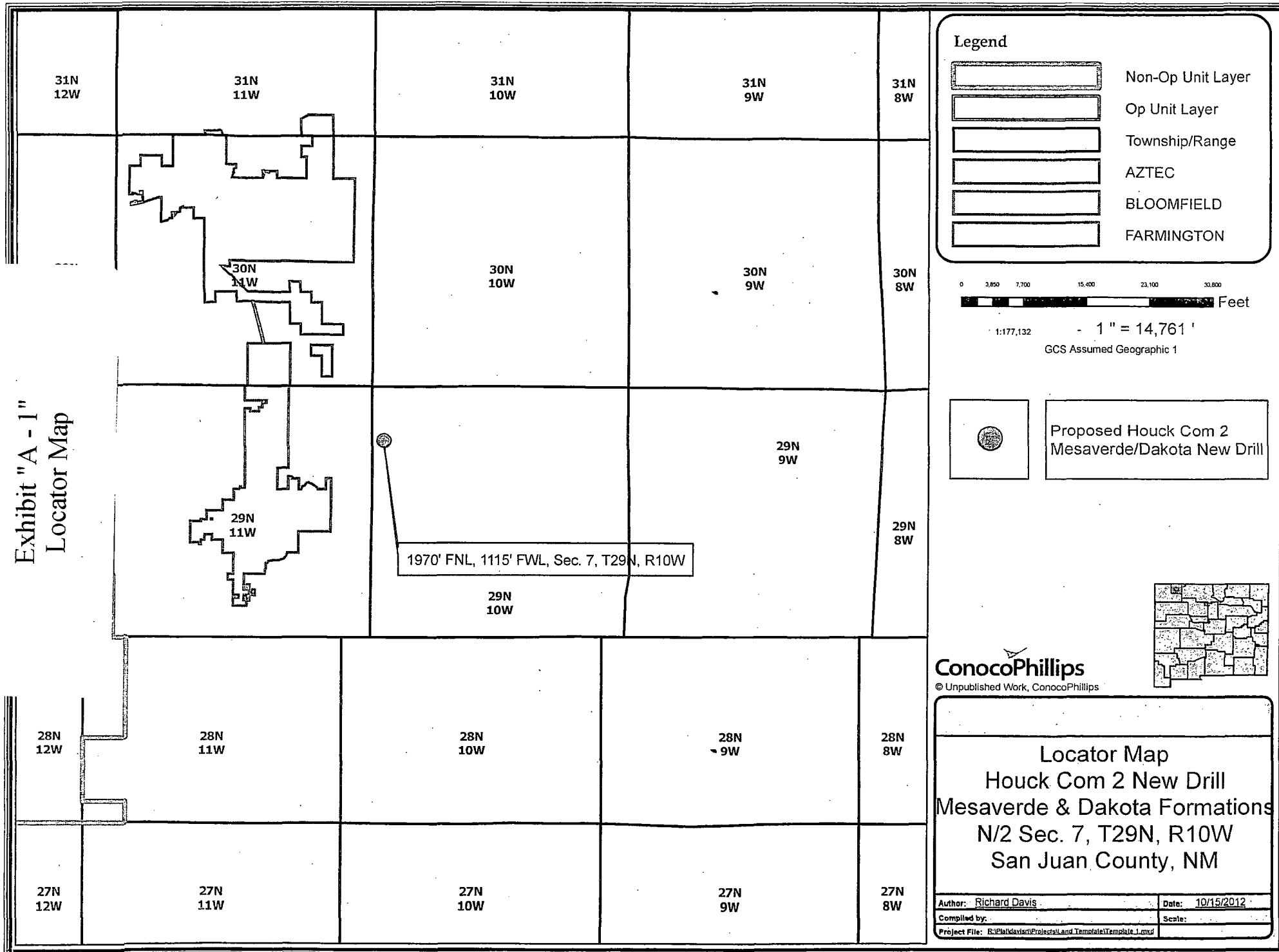
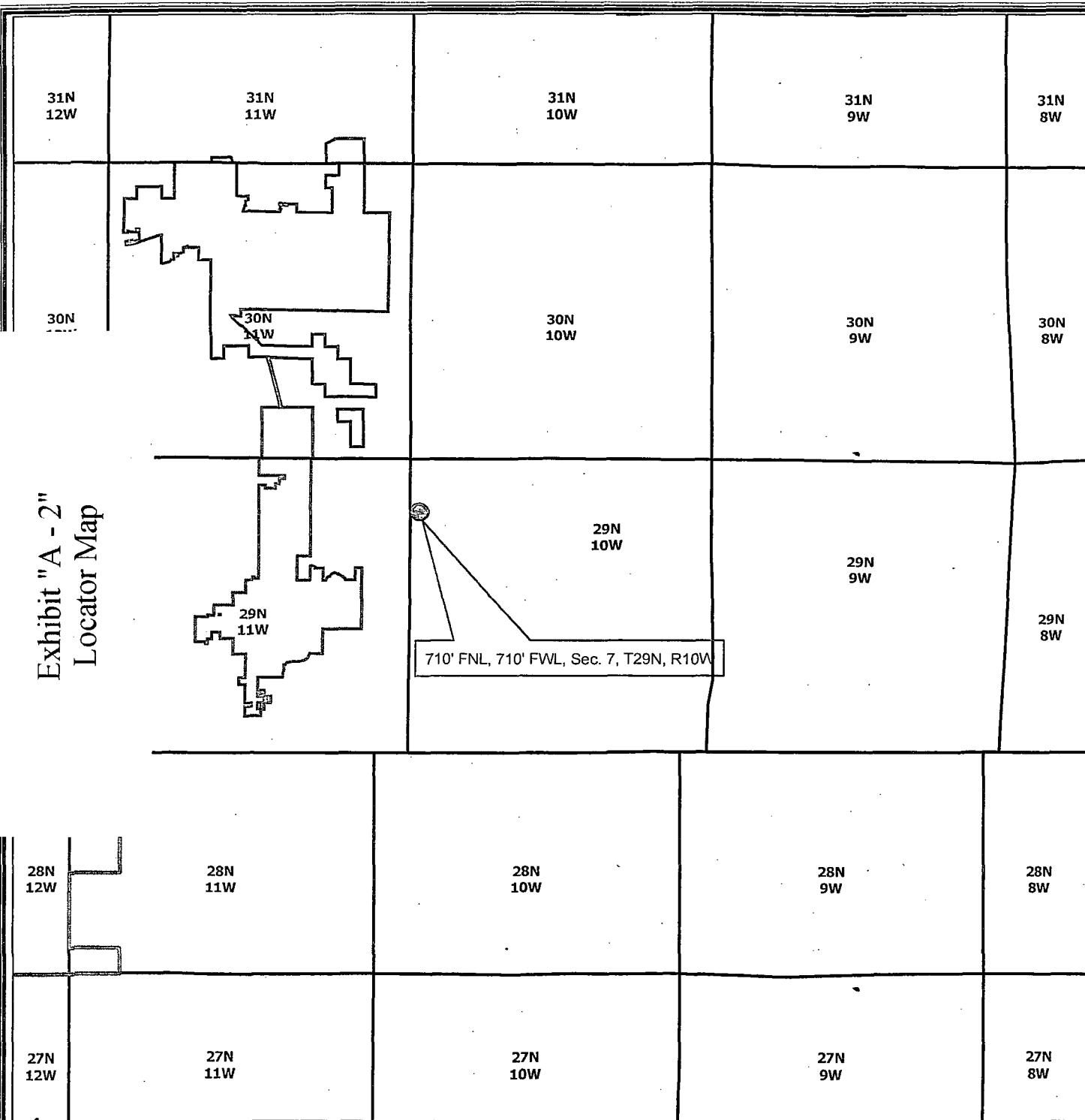
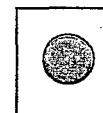
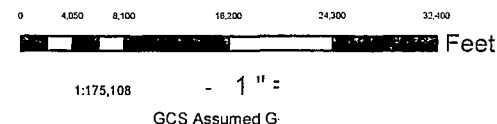


Exhibit "A - 2" Locator Map



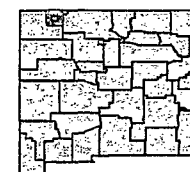
Legend

- Non-Op Unit Layer 1
- Op Unit Layer
- Township/Range
- AZTEC
- BLOOMFIELD
- FARMINGTON



Proposed H
Mesaverde/

*Exhibit A-2
Locator Map*



ConocoPhillips
© Unpublished Work, ConocoPhillips

Locator Map
Houck Com 2N New Drill
Mesaverde & Dakota Formations
N/2 of Sec. 7, T29N, R10W
San Juan County, NM

Author: <u>Richard Davis</u>	Date: <u>10/15/2012</u>
Compiled by: _____	Scale: _____
Project File: <u>R:\Phildavis\Projects\Land Template\Template 1.mxd</u>	

Exhibit "A - 3"
C - 102

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Form C-102
Revised July 10, 2010

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name BLANCO MESAVERDE / BASIN DAKOTA	
4 Property Code		5 Property Name HOUCK COM			6 Well Number 2
7 OGRID No.		8 Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY LP			9 Elevation 5784'

¹⁰ Surface Location

UL or lot no. E	Section 7	Township 29N	Range 10W	Lot Idn 9	Feet from the 1570'	North/South line NORTH	Feet from the 1114'	East/West line WEST	County SAN JUAN
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	7	29N	10W	9	1970'	NORTH	1115'	WEST	SAN JUAN

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
308.28 ACRES - N/2			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

17	OPERATOR CERTIFICATION
----	------------------------

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

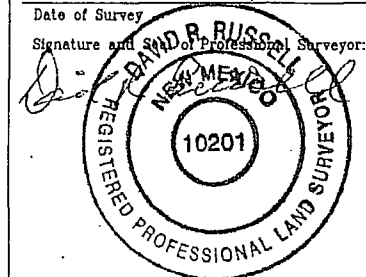
E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

FEBRUARY 25, 2011

Date of Survey _____
Signature and Seal of Professional Surveyor: _____



DAVID RUSSELL

Certificate Number 10201

Exhibit "A - 4"

C - 102

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 8824

Form C-102
Revised July 10, 2010

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

Submit one copy to appropriate
District Office

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name BLANCO MESAVERDE / BASIN DAKOTA
⁴ Property Code	⁵ Property Name HOUCK COM	⁶ Well Number 2N
⁷ GRID No.	⁸ Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY LP	⁹ Elevation 5788'

¹⁰ Surface Location

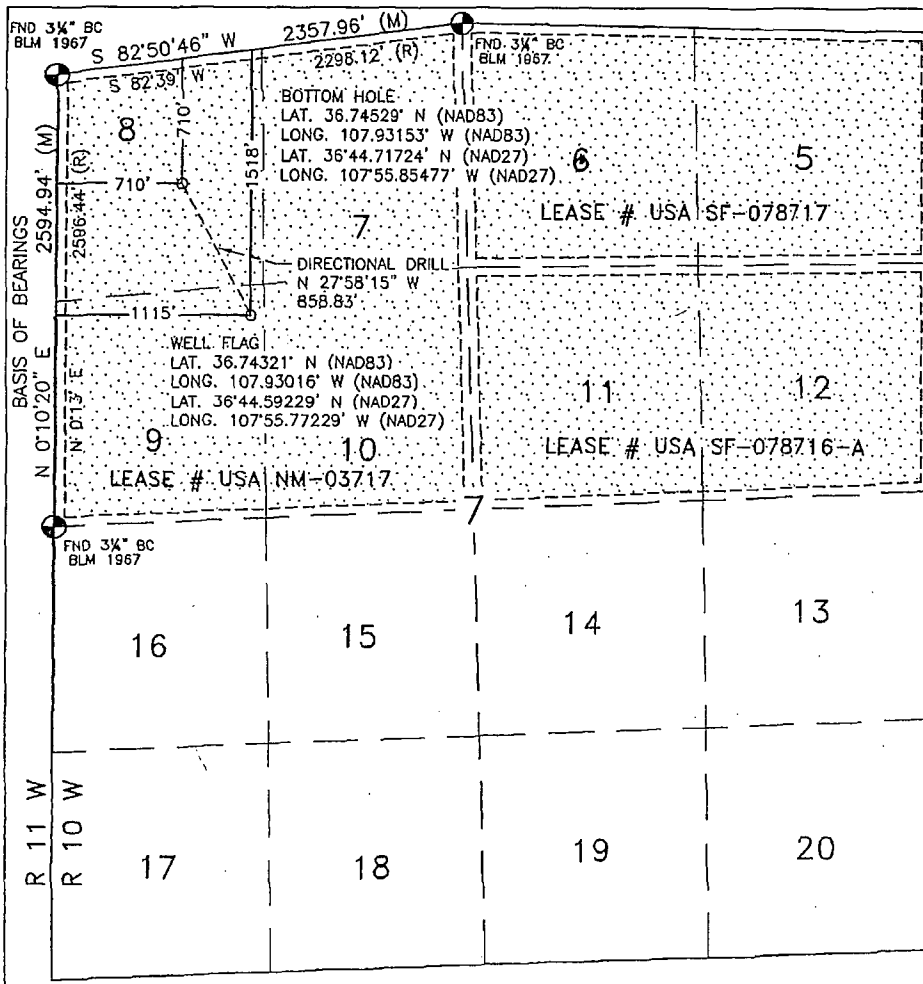
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	7	29N	10W	9	1518'	NORTH	1115'	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	7	29N	10W	8	710'	NORTH	710'	WEST	SAN JUAN

¹² Dedicated Acres 308.28 ACRES - N/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

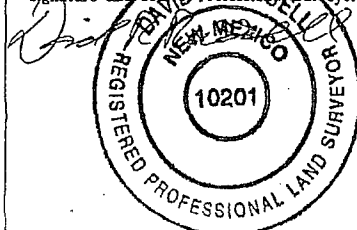
¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

APRIL 18, 2011

Date of Survey

Signature and Seal of Professional Surveyor:



DAVID RUSSELL

Certificate Number 10201

EXHIBIT "B"
Houck Com 2 & Houck Com 2N
Addresses of Notice

Lewis Chandler and Bert J. Chenault, Trustees
6606 Northport
Dallas, TX 75230-4115

Lewis Chandler Estate
c/o Pace & Pace L.L.P.
Meadow Building, Suite 840
5646 Milton Street
Dallas, TX 75206

Ted M. White
PO Box 156
Anthony, TX 88021

Ted M. White
c/o Sylvia P. St. Jean
7114 Beverly Mae Drive
San Antonio, TX 78229

EXHIBIT "C" - Letters and Correspondence



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

Burlington Resources Inc.
*A wholly owned subsidiary of
ConocoPhillips*

February 28, 2012

Lewis Chander and Bert J Chenault, Trustees
6606 Northport
Dallas, TX 75230-4115

RE: **Joint Operating Agreement**
Houck Com 2 & 2N
N2 Sec. 7-T29N-R10W
Top of the Mesaverde to the base of the Dakota formation
San Juan County, New Mexico

To Whom It May Concern:

Please find enclosed one full original and two (2) sets of signature pages for the referenced Operating Agreement which covers from the top of the Mesaverde to the base of the Dakota formation and will be operated by Burlington Resources Oil & Gas Company, L.P.

Please send one (1) executed signature page to the undersigned at your earliest convenience.

If you have questions in this regard, you may call me at 505-326-9848 or email at richard.t.davis@ConocoPhillips.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Davis'.

Richard Davis
Land Analyst

Enclosure:
Operating Agreement



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

Burlington Resources Inc.
*A wholly owned subsidiary of
ConocoPhillips*

June 20, 2012

Lewis Chander Estate
c/o Pace & Pace L.L.P.
Meadow Building, Suite 840
5646 Milton Street
Dallas, TX 75206

RE: **Joint Operating Agreement**
Houck Com 2 & 2N
N2 Sec. 7-T29N-R10W
Top of the Mesaverde to the base of the Dakota formation
San Juan County, New Mexico

To Whom It May Concern:

This is a follow up letter to the above referenced Operating Agreement which covers from the top of the Mesaverde to the base of the Dakota formation and will be operated by Burlington Resources Oil & Gas Company, L.P. The initial letter and agreement were sent out February 28, 2012. Attached is a copy of the operating agreement and memorandum of operating agreement. I have flagged two pages for your execution.

Please send executed signature pages to the undersigned at your earliest convenience.

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Sincerely,

Richard Davis
Senior Land Analyst

Enclosure:
Operating Agreement



Burlington Resources Inc.
A wholly owned subsidiary of
ConocoPhillips

June 20, 2012

Lewis Chander Estate
12709 Sunlight Dr.
Dallas, TX 75230-1833

RE: **Joint Operating Agreement**
Houck Com 2 & 2N
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Top of the Mesaverde to the base of the Dakota formation
San Juan County, New Mexico

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Richard Davis
Land Analyst

Enclosure:
Operating Agreement



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

Burlington Resources Inc.
A wholly owned subsidiary of
ConocoPhillips

February 28, 2012

Ted M. White
PO Box 156
Anthony, TX 88021

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Richard Davis
Land Analyst

Enclosure:
Operating Agreement



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

Burlington Resources Inc.
A wholly owned subsidiary of
ConocoPhillips

May 21, 2012

Ted M. White
c/o Sylvia P. St. Jean
7114 Beverly Mae Dr.
San Antonio, TX 78229

RE: **Joint Operating Agreement**
Houck Com 2 & 2N
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Sincerely,

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Richard Davis
Land Analyst

Enclosure:
Operating Agreement

Davis, Richard T

From: Davis, Richard T
Sent: Wednesday, September 26, 2012 2:23 PM
To: 'Jonathan Pace'
Subject: Houck Com 2 & 2N Cost Estimate

Attachments: Houck Com 2 & 2N AFE.pdf

Mr. Pace,

Please see the attached cost estimate per our conversation.

Let me know if you have any questions.

Thank You,



Houck Com 2 & 2N
AFE.pdf (3 MB...

Richard Davis
Land Dept. - San Juan Business Unit
ConocoPhillips Company
3401 E. 30th St., Rm. 422
Farmington, NM 87402-8807
email: Richard.T.Davis@conocophillips.com
PH 505-326-9848 (W)
PH 505-326-9781 (FX)

Davis, Richard T

From: Jonathan Pace [jpace@pacelaw.net]
Sent: Wednesday, September 26, 2012 2:46 PM
To: Davis, Richard T
Subject: [EXTERNAL]Re: Houck Com 2 & 2N Cost Estimate

Thanks.

On Wed, Sep 26, 2012 at 3:22 PM, Davis, Richard T <Richard.T.Davis@conocophillips.com> wrote:

Mr. Pace,

Please see the attached cost estimate per our conversation.

Let me know if you have any questions.

Thank You,

Richard Davis
Land Dept. - San Juan Business Unit
ConocoPhillips Company
3401 E. 30th St., Rm. 422
Farmington, NM 87402-8807
email: Richard.T.Davis@conocophillips.com
PH 505-326-9848 (W)
PH 505-326-9781 (FX)

--

Jonathan A. Pace
Pace & Pace, L.L.P.
The Meadows Building
5646 Milton, Suite 840
Dallas, Texas 75206
TEL: 214-363-6633
FAX: 214-363-6770

This email message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient(s), please contact the sender by reply email and destroy all copies of the original message.

10/15/2012



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

Burlington Resources Inc.
*A wholly owned subsidiary of
ConocoPhillips*

June 20, 2012

Lewis Chander Estate
c/o Pace & Pace L.L.P.
Meadow Building, Suite 840
5646 Milton Street
Dallas, TX 75206

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Sincerely,

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Richard Davis
Senior Land Analyst

Enclosure:
Operating Agreement



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

Burlington Resources Inc.
*A wholly owned subsidiary of
ConocoPhillips*

February 28, 2012

Ted M. White
PO Box 156
Anthony, TX 88021

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Richard Davis
Land Analyst

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Operating Agreement



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

Burlington Resources Inc.
A wholly owned subsidiary of
ConocoPhillips

May 21, 2012

Ted M. White
c/o Sylvia P. St. Jean
7114 Beverly Mae Dr.
San Antonio, TX 78229

RE: **Joint Operating Agreement**
Houck Com 2 & 2N
N2 Sec. 7-T29N-R10W
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Sincerely,

Richard Davis
Land Analyst

Enclosure:
Operating Agreement

Davis, Richard T

From: Ruby, Terry
Sent: Wednesday, September 26, 2012 10:37 AM
To: Davis, Richard T
Subject: FW: R. Lewis Chandler Trust

TERRY RUBY
LAND SUPERVISOR
CONOCOPHILLIPS COMPANY
SAN JUAN BASIN LAND - FARMINGTON NEW MEXICO
505-326-9519

From: Lon Abadie [mailto:la@oilgaslaw.net]
Sent: Tuesday, September 25, 2012 4:05 PM
To: Ruby, Terry
Cc: Andrew Schill; Elise Smith
Subject: [EXTERNAL]FW: R. Lewis Chandler Trust

Terry,

Based upon the analysis below, if Lewis is deceased, the Trust's property reverts to his estate. If Lewis is alive, and the remaining Trustee is deceased, the Trust remains in existence. Do you want us to scan and send you a copy of the Trust Agreement?

Lon
Lon Abadie
Abadie & Schill, P.C.
1099 Main Avenue, Suite 315
Durango, CO 81301
970-385-4401
970-385-4901 (FAX)
la@oilgaslaw.net

This message, together with any attachment, is intended only for the use of the addressee and may contain information which is exempt from disclosure under applicable law. If you are not the addressee, you are hereby notified that any dissemination, distribution, or copying of this communication is prohibited. If you have received this communication in error, please notify me immediately by return e-mail. Thank you.

From: Andrew Schill <aschill@oilgaslaw.net>
Date: Tuesday, September 25, 2012 2:11 PM
To: Lon Abadie <la@oilgaslaw.net>
Subject: R. Lewis Chandler Trust

In 1972, Lewis Chandler owned a 1/10 of 50/80 interest in SF-078716-A (Referred to herein as OGL B) insofar as it covers Tract II, limited to the Dakota Formation. In 1962, Lewis Chandler owned a 1/10 of 3/8 interest in OGL B, insofar as it covers Tract II, limited to depths from the surface of the earth down to and including the base of the Pictured Cliffs Formation. By way of a Trust Agreement dated September 15, 1972, recorded in Book 710, at Page 198, Robert Lewis Chandler (aka Lewis Chandler)

9/26/2012

conveys all his right, title and interest in OGL B to Lewis Chandler and Bert J. Chenault, Trustees of the R. Lewis Chandler Trust, along with an interest in a production payment as reserved by Sale Agreement dated March 3, 1955 between Ted M. White, Alfred E. McLane and El Paso Natural Gas Company. (This production payment is later conveyed to El Paso Natural Gas Company by an Assignment dated effective June 1, 1985, recorded in Book 1016, at Page 410) The Trust Agreement or the R. Lewis Chandler Trust provides:

"Unless sooner terminated by action of the Grantor hereunder, this Trust shall terminate upon the death of the Grantor, and the Trustees shall deliver all assets of this Trust then held by them hereunder to the Grantor's duly qualified personal representative appointed by the Probate Court pursuant to his Will, and all the trust property thereafter shall be held pursuant to the terms of his Last Will and Testament." See Article I, Paragraph 4

"In the event a Trustee hereunder shall resign, die, or become incapable of acting as Trustee hereunder, the remaining Trustee shall select a Trustee in place of such Trustee who fails to act hereunder, and this shall be a continuing right of the acting Trustees, whether one or more. In the event, however, that there should come a time when no individual Trustee is authorized to act hereunder, then the Republic National Bank of Dallas shall become the sole Trustee hereunder and shall have all the powers of the Trustees herein named." See Article IV, Paragraph 2

By way of an Amendment to Trust Agreement recorded November 23, 1987, in Book 1082, at Page 150, Bert J. Chenault is removed as trustee and replaced by John W. Chandler.

Exhibit "D"

Cost Allocation Procedure

The entire costs, risk and expenses involved in drilling, testing, completing, equipping, reworking, deepening, plugging back and operating a well located on the Contract Area, in the event such well is completed in or proposed to be completed in two or more formations in which the working interest ownership differs, or in plugging and abandoning such well in one or more formations, shall be governed by the following provisions:

A. Definitions

- "Objective Formation" - the interval consisting of a zone, formation or horizon to be tested in a proposed operation, as stated in the AFE or notice whereby such operation was proposed.
- "Participating Interest" - the percentage of the costs and risks of conducting an operation under the applicable operating agreement that a Participating Party agrees, or is otherwise obligated, to pay and bear.
- "Participating Party" - with respect to a given formation, a Party that has approved a proposed operation or otherwise agreed, or become liable, to pay and bear a share of the costs and risks of conducting such operation under the applicable operating agreement.

References herein to multiple completion wells shall mean wells which are completed in, or proposed to be completed in, two or more formations, regardless of whether such formations are produced through separate tubing strings or commingled downhole.

B. Formula for Allocation of Drilling, Completing, and Equipping Costs

Whenever in this Agreement it is provided that costs will be borne by the Parties in accordance with this Section B, the following procedures will be used:

At the time a Party proposes the drilling of a well having two or more Objective Formations in which the working interest ownership differs, the proposing Party shall submit to the other Parties who are entitled to participate in the proposed operation, an estimate of the total costs of drilling, testing, completing and equipping said well to, and including, the wellhead in all Objective Formations. In a like manner, a Party which proposes to conduct a reworking, deepening, or plugging back operation on a well involving two or more formations in which the working interest ownership differs, shall submit to the other Parties entitled to participate in the proposed operation, an estimate of the total cost of the operation. The estimated costs shall be divided into the following categories:

- Costs to be incurred from the surface to the base of the shallowest Objective Formation, including pre-drilling costs that benefit all Objective Formations, but excluding those costs set forth in subsection B (5) hereof;
- Costs to be incurred from the base of the shallowest Objective Formation to the base of the next (second) shallowest Objective Formation, excluding those set forth in subsection B (5) hereof;
- Costs to be incurred from the base of the second shallowest Objective Formation to the base of the next (third) shallowest Objective Formation, excluding those set forth in subsection B (5) hereof;
- Costs incurred from the base of the second deepest Objective Formation to total depth;
- Costs attributable to testing and completing each formation, and the cost of equipping the well with respect to equipment that is used solely in connection with one formation; and
- Costs attributable to equipping the well beyond the wellhead, with respect to equipment that serves more than one formation.

Article XV. I (Cont.)
Page 2 of 7

The actual costs of drilling, testing, completing, and equipping the well will be apportioned among the Objective Formations, in accordance with the categories set forth above in this Section B, as follows:

- (1) Except as provided in Subsection B (5), pre-drilling costs that benefit all Objective Formations (including, but not limited to site surveys, site preparation, right-of-way and surface damage payments) shall be divided equally between all Objective Formations and charged to the Participating Parties therein, in accordance with their respective Participating Interest in such formations.
- (2) Except as provided in Subsection B (5), costs incurred from the surface to the base of the shallowest Objective Formation shall be divided between all Objective Formations as provided in Subsection B (6) and charged to the Participating Parties therein, in accordance with their respective Participating Interest in such formation.
- (3) Except as provided in Subsection B (5), costs incurred from the base of the shallowest Objective Formation to the base of the next shallowest (second) Objective Formation shall be divided between the second Objective Formation and all other deeper Objective Formations as provided in Subsection B (6) and charged to the Participating Parties therein in accordance with their respective Participating Interest in such formation. In a like manner, costs incurred from the base of the second Objective Formation to the base of the next shallowest (third) Objective Formation, other than those set forth in Subsection B (5), shall be divided between the third Objective Formation and all other deeper Objective Formations as provided in Subsection B (6) and charged to the Participating Parties therein, in accordance with their respective Participating Interest in such formation.
- (4) Costs incurred from the base of the second deepest Objective Formation to total depth shall be charged to the Participating Parties in the deepest formation, in accordance with their respective Participating Interest in such formation.
- (5) Costs attributable to logging, testing, perforating, treating, stimulating and abandoning a given formation shall be charged to the Participating Parties therein, in accordance with their respective Participating Interests in such formation. The cost of equipping the well, with respect to equipment that is used solely in connection with a given formation, shall be charged to the Participating Parties therein, in accordance with their respective Participating Interest in such formation.

The cost of acquiring and installing surface equipment beyond the wellhead that serves more than one formation shall be allocated equally to the formations served, except as otherwise provided in the "Taking Production in Kind" provision in the Operating Agreement. Equipping costs so allocated shall be charged to the Participating Parties in each such formation in accordance with their respective Participating Interest in such formation.

- (6) Except for those specific types of well completions identified in Subsection B (7), the cost of drilling, production casing, and tubing that serves more than one Objective Formation shall be allocated to the Participating Parties of each respective Objective Formation, pursuant to Subsections (2), (3), and (4) of this Section B, on a footage basis as follows:

n = number of Objective Formations
 I_1 = First, or shallowest Interval
 I_2 = Second shallowest Interval
 I_3 = Third shallowest Interval
 $Base_x$ = Footage at the base of the x Interval

Cost allocated to I_1 :
 $(1/n * Base_1) / \text{Total Depth}$

Cost allocated to I_2 :
 $[(1/n * \text{Base}_1) + ((1/(n-1)) * (\text{Base}_2 - \text{Base}_1))] / \text{Total Depth}$

Cost allocated to I_3 :
 $[(1/n * \text{Base}_1) + ((1/(n-1)) * (\text{Base}_2 - \text{Base}_1)) + ((1/(n-2)) * (\text{Base}_3 - \text{Base}_2))] / \text{Total Depth}$

If there are more than three (3) Objective Formations, costs shall be allocated to such other formations in a like manner.

- (7) If the Objective Formations are a combination of Fruitland Coal and Pictured Cliffs or a combination of the Mesaverde and Dakota, the Parties agree that, rather than calculating a unique set of factors for each well, the cost of drilling, production casing, and tubing that serves more than one Objective Formation shall be allocated based on the average relative footage for the following formations in the San Juan Basin, as set forth in the following table:

Formation	Base of Formation	FC/PC	MV/DAK
Fruitland Coal	2700'	47%	
Pictured Cliffs	2900'	53%	
Mesa Verde	5600'		40%
Dakota	7000'		60%

C. Drilling and Completing Wells in All Objective Formations

Costs of drilling, testing, completing, and equipping wells to, and including, the wellhead which are begun with the objective of multiple completions and which are completed in all Objective Formations shall be borne by the Participating Parties in each Objective Formation in accordance with the provisions of Section B. The material and equipment in the well and on the surface shall be owned by the Parties paying the cost thereof pursuant to Section B. As to any well which was begun with the objective of multiple completions, drilling overhead shall be charged as though the well were a single well to be drilled to test the deepest formation, and borne in accordance with Section B. The working interest owners shall own all oil and gas produced from their respective formations in accordance with the applicable operating agreement for such formation.

Upon abandonment of the well, if dry in all formations, the costs of plugging and abandoning shall be borne in accordance with the provisions of Section B.

D. Completion of Well in Fewer than All Objective Formations

In the event that a well begun with the objective of multiple completions is drilled to the deepest formation and results in discovery of oil and/or gas in paying quantities in one or more Objective Formations, but is dry in one or more Objective Formations, all costs of drilling, testing, and completing the well shall be borne by the Participating Parties in each Objective Formation in accordance with Section B. Likewise, all costs of equipping the well prior to the decision to abandon the dry formation(s) shall be borne by the Participating Parties in each Objective Formation in accordance with Section B. All costs of equipping the well subsequent to the decision to abandon the dry formation(s) shall be borne by the Participating Parties in the formation(s) being completed and if there are two or more formations being completed, the equipping costs shall be apportioned between such formations in accordance with Section B. Further, the Participating Parties as to the formation(s) being completed shall pay to the Participating Parties of the formation being abandoned the value of any salvable material and equipment paid for or furnished by such abandoning Parties which is used in connection with the formation being completed. Thereafter, the Participating Parties in the completed formation(s) shall own all materials and equipment acquired and installed in the drilling and completion of said well. The working interest owners in the completed formation(s) shall own all oil and gas produced from their respective formation in accordance with the applicable operating agreement, and shall bear all costs of operating,

reworking, and plugging and abandoning the well which accrue thereafter. Notwithstanding anything to the contrary herein, the cost of abandoning the dry formation shall be borne by the working interest owners of the formation(s) being abandoned, in accordance with the applicable operating agreement. If the formation being abandoned is the deepest formation, the working interest owners in the deepest formation shall bear the cost of abandoning the entire portion of the well below the base of the second deepest formation, in accordance with the applicable operating agreement.

E. Partial Abandonment After Completion of Well in Multiple Formations

In the event that, after completion of a well in two or more formations, the working interest owners of a given formation should decide to abandon the well as to their formation, the Participating Parties in the formation open to production ("Producible Formation") shall pay to the working interest owners of the formation to be abandoned ("Abandoning Parties"), the salvage value of any materials or equipment belonging to the Abandoning Parties that are used in connection with the Producible Formation. If there is more than one Producible Formation, such payment shall be apportioned between the Producible Formations so as to be consistent with the ownership of material and equipment as set forth in Section B. Upon making such payment, the Participating Parties as to the Producible Formation(s) shall own all of such materials and equipment. The working interest owners in the Producible Formation(s) shall own all oil and gas produced from their respective formation in accordance with the applicable operating agreement, and shall bear all cost of operating, reworking, and plugging and abandoning the well which accrue thereafter. Notwithstanding anything to the contrary herein, the cost of abandoning the formation to be abandoned shall be borne by the Abandoning Parties, in accordance with the applicable operating agreement. If the formation being abandoned is the deepest formation, the Abandoning Parties in the deepest formation shall bear the cost of abandoning the entire portion of the well below the base of the second deepest formation, in accordance with the applicable operating agreement.

F. Adding Completions and Commingling

Operations to deepen the well or recomplete the well at a shallower depth for the purpose of completing additional formations shall be proposed and approved by the Parties entitled to participate in the proposed completion attempt in accordance with the applicable operating agreement. Before any well which is completed in one or more formations may be deepened or recompleted at a shallower depth for the purpose of completing the well in an additional formation, such operation must have non-objection by all Participating Parties in each formation which is then capable of producing in paying quantities in such well. Failure of a Party owning an interest in a formation capable of producing in paying quantities to respond to a request for non-objection to a proposed deepening or recompletion within thirty (30) days after receipt of such request shall be deemed non-objection to such deepening or recompletion. Any Party owning a Participating Interest in a formation which is entitled to participate in the proposed deepening or recompletion shall have an election whether or not to participate in such deepening or recompletion operation that is separate from its non-objection to use of the wellbore. If the operation should result in an impairment of production from, or a loss of, the existing well, the provisions of Subsections H (4), (5) and (6) shall govern unless otherwise agreed.

As compensation for use of the wellbore the Participating Parties in the additional completion shall pay to said Participating Parties in each such formation then capable of producing in paying quantities ("Producing Parties") an amount calculated as set forth hereinbelow ("Wellbore Compensation"). Such Wellbore Compensation shall be equal to that portion of the Deemed Drilling Costs, depreciated as provided below, which the Participating Parties would have borne if they had originally participated in the drilling of the well under the terms of this Agreement. The Deemed Drilling Costs shall mean the applicable stated cost which corresponds to the deepest depth of the wellbore which will be used by the Participating Parties as follows: Fruitland Coal - \$220,000; Pictured Cliffs - \$200,000; and Mesa Verde - \$320,000. In the event that the additional completion is proposed in a formation other than those listed above, the Deemed Drilling Costs for such other formation shall be adjusted in the proportion that the depth and associated costs for such other formation reasonably bears to the depth and associated costs for the formations listed above. The applicable Deemed Drilling Costs shall be depreciated on a straight-line depreciation basis over a twenty (20) year period commencing as of the original completion date of the subject wellbore until the commencement date of operations for the additional completion.

If the estimated cost of commingling formations exceeds the Operator's expenditure limit under the Operating Agreement, the proposing Party shall submit an authority for expenditure to the Participating Parties in the formations proposed to be commingled. Notwithstanding anything to the contrary in the Operating Agreement, failure to respond to a proposal to commingle that does not include other operations in the well, within thirty (30) days after receipt of the proposal, shall be deemed approval of such commingling. The cost of the commingling operation shall be borne equally by all formations being commingled.

G. Allocation of Operating and Maintenance Costs

After completion of a well in two or more formations, the costs of producing operations shall be borne by the Participating Parties as to such formations as follows:

- (1) Notwithstanding anything to the contrary in the Accounting Procedure, each active completion, which is not commingled downhole shall be treated as a separate well for producing well overhead. Such expense shall be borne by the Participating Parties of the respective formations as a separate cost allocable to their interest. Active completions that are commingled shall be treated as one well for the purpose of charging producing well overhead and such charge shall be allocated to the Participating Parties in each commingled formation pursuant to the Allocation Formula most recently approved by the New Mexico Oil Conservation Division.
- (2) The Participating Parties as to each formation shall bear all costs of routine producing operations including costs of labor, repairs, maintenance and replacement of equipment attributable solely to such formation. For active completions which are not commingled downhole, all costs of operations performed for the joint benefit of two or more formations shall be borne equally by the formations benefiting from such operations and charged to the Participating Parties in each such formation in accordance with their respective Participating Interest in such formation. For active completions which are commingled downhole, all costs of operations performed for the joint benefit of such commingled formations shall be allocated to the Participating Parties in each commingled formation pursuant to the Allocation Formula most recently approved by the New Mexico Oil Conservation Division.

H. Allocation of Cost of Workover Operations

After completion of a well in two or more formations, a proposed workover, repair or other operation, excluding routine repair or maintenance work, shall be approved by the Parties owning a Participating Interest in all formations which are capable of producing in paying quantities, whether or not such formations are to undergo the proposed workover, repair or other operation. The costs and risk of any workover, repair or other operations on such well shall be borne by the Participating Parties in such workover, repair or other operation as follows:

- (1) The costs and risk of any workover, repair or other operation which is directly related to one formation, including but not limited to operations such as re-perforating the casing or stimulating the formation, shall be borne by the Participating Parties in the formation for which the workover, repair or other operation is performed.
- (2) All costs and risk of any workover, repair, or other operation not directly related to one formation, including but not limited to repair and correction of leaks which may result in communication between formations within the well bore shall be borne equally by the formations benefiting from such work, and charged to the owners of each such formation in accordance with their respective Participating Interests.
- (3) Any material and equipment acquired by any such expenditures provided for in Subsection H(1) and H(2) above shall be owned by the Participating Parties of the respective formations so as to be consistent with the ownership of the material and equipment as set forth in Section B.

- (4) The working interest owners of the formation undergoing the workover, repair or other operation shall not be liable to the working interest owners of the formation(s) not being worked upon for cessation of production during such operations for a period of time not exceeding a cumulative total of sixty (60) days. In the event cessation of production during such operations is for a longer period of time, the Parties participating in such workover, repair, or other operation, hereinafter referred to as Remedial Owners, shall pay to the Participating Parties as to the formation not being worked upon, hereinafter referred to as Damaged Owners, damages in such amount as shall be determined by Remedial Owners and Damaged Owners jointly for loss of production occurring for each day in excess of such sixty (60) cumulative day period until such production is restored. If the Parties are unable to reach agreement on damages within one hundred eighty (180) days after written request for damage payments, the matter shall be referred to mediation, pursuant to Section K.
- (5) If the producing capacity of the formation not undergoing the workover, repair or other operation is reduced in excess of twenty percent (20%) as a result of such workover, repair or other operation, damages will be deemed to have occurred. If damages have occurred, the Remedial Owners shall pay to the Damaged Owners, damages in such amount as shall be determined by Remedial Owners and Damaged Owners jointly for loss of producing capacity. If the Parties are unable to reach agreement on damages within one hundred eighty (180) days after written request for damage payments, the matter shall be referred to mediation, pursuant to Section K.
- (6) It is understood, however, that liability for loss or damages under Subsections H (4) and H (5) shall not accrue hereunder if: (1) such loss or damage existed prior to actual commencement of the operations or prior to penetration by workover equipment of the damaged formation, and (2) the evidence is conclusive that the loss or damage resulted solely from the previously existing poor mechanical condition of the well. In no event shall Remedial Owners be required to pay Damaged Owners an amount greater than the cost of drilling and completing a replacement well.

I. Payments

If the amount of any payment due by working interest owners of one formation to the working interest owners of another formation(s), pursuant to Sections D, E, F, or H above, is agreed to by Parties having at least seventy-five percent (75%) Participating Interest in each of the respective formations, such agreement shall be binding on all Parties. Within thirty (30) days after agreement as to the amount of payment due, Operator shall invoice the working interest owners owing such payment. Within thirty (30) days after receipt of the invoice, each Party owing such payment shall send its payment to the Operator. The Operator will distribute the payments so received, along with any payment owed by the Operator, to the owners of the formation to whom payment is due within sixty (60) days after the invoice is issued. The Operator shall make a good faith effort to collect any such payments owed by the non-operators. If, any non-operator fails to make a payment due hereunder, the Operator may, after making a good faith effort to collect, turn over the responsibility for collecting the payment to the Party to whom it is owed, and the Operator will have no further liability with regard to such payment.

J. Non-Consent Wells

Any payments made by owners of one formation to the owners of another formation(s) pursuant to Sections D, E, F, or H above, that would have been received by a Non-Consenting Party had it not relinquished its interest in the well, shall be credited against the total unreturned costs of the non-consent operation in determining when the interest of such Non-Consenting Party shall revert to it as provided in the applicable Operating Agreement; and if there is a credit balance, it shall be paid to such Non-Consenting Party. Likewise, any payments made by owners of a formation to owners of another formation(s) pursuant to Sections D, E, F or H above, that would have been made by a Non-Consenting Party had it not relinquished its interest in the well shall be deemed to be part of the cost of the non-consent operation and shall be added to the sums to be recouped by the Consenting Parties as provided in the applicable Operating Agreement.

K. Dispute Resolution

If a dispute arises between the Parties under this Agreement and is not resolved by negotiation, the dispute shall be submitted to mediation before any Party resorts to litigation. In such event, promptly following one Party's written request for mediation, the Parties to the dispute shall choose a mutually acceptable mediator and share the costs of mediation services equally. The Parties to the dispute shall each have present at the mediation at least one individual who has authority to settle the dispute. The Parties shall make reasonable efforts to ensure that the mediation commences within sixty (60) days of the date of the mediation request. Notwithstanding the above, any Party may file a complaint (1) if the Parties are unable after reasonable efforts, to commence mediation within sixty (60) days of the date of the mediation request, (2) for statute of limitations reasons, or (3) to seek a preliminary injunction or other provisional judicial relief, if in its sole judgment an injunction or other provisional relief is necessary to avoid irreparable damage or to preserve the status quo. Despite such actions, the Parties shall continue to try to resolve the dispute by negotiation or mediation as necessary.



Exhibit "E - 1"
AFE
Houck Com 2

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

October 15, 2012

RE: 2013 NEW DRILL PROPOSAL
Houck Com 2
AFE#: WAN.CDR.1055
API#: Applied For
San Juan County, New Mexico

Burlington Resources Oil & Gas Co LP, a subsidiary of ConocoPhillips Company and Operator of the above referenced project, proposes to drill, complete and equip the referenced Mesaverde and Dakota directional, comingled well for an estimated total of \$1,871,190.85, in 2013.

The details of the well are as follows:

Houck Com 2
Surface Location
1570' FNL & 1114' FWL
Section 7-T29N-R10W
(UL E) SWNW
Bottom Location
1970' FNL & 1115' FWL
Section 7-T29N-rR10W
(UL E) SWNW
Dedication – N/2, 308.28 acres
PROPOSED TD: 6,699'

Attached please find detailed cost estimates for your reference.

Terry Ruby,
Land Supervisor, NW

Well Capital Cost Estimate Summary by Zone

This document contains proposed and estimated project cost information which is proprietary and confidential to ConocoPhillips.

Well Name: HOUCK COM 2

Zone Name: BASIN DAKOTA (PRORATED GAS)

Cost Feature Code/Name:	Drilling \$\$	Completion \$\$	P & A \$\$	Facility \$\$
A000: CASING & TUBING	\$89,339.49	\$17,000.00	\$0.00	\$0.00
B000: WELLHEAD, XMAS TREE, & ASST EQUIPT	\$14,175.00	\$6,750.00	\$0.00	\$0.00
C000: COMPLETION EQUIPMENT & OTHER	\$2.00	\$2,625.00	\$0.00	\$70,735.50
D000: LOCATION (WELLSITE RELATED)	\$47,659.50	\$650.00	\$0.00	\$15,309.25
E000: RIGS AND RIG RELATED	\$130,320.00	\$24,150.00	\$0.00	\$0.00
F000: DRILLING & COMPLETION UTILITIES (ALL)	\$28,920.00	\$3,000.00	\$0.00	\$0.00
G000: FLUID AND CHEMICALS SERVICES	\$76,260.00	\$6,750.00	\$0.00	\$250.00
H000: DIRECTIONAL DRILLING / MWD / LWD	\$39,900.00	\$0.00	\$0.00	\$0.00
J000: CEMENTING MATERIALS, SVCS, & CSG ACCS	\$33,600.00	\$0.00	\$0.00	\$0.00
K000: FORMATION EVALUATION	\$5,400.00	\$6,750.00	\$0.00	\$0.00
M000: COMPLETION & TESTING	\$0.00	\$100.00	\$0.00	\$0.00
N000: FORMATION STIMULATION & TREATING	\$0.00	\$90,000.00	\$0.00	\$0.00
O000: CERTIFICATION, INSPECT, CONTROL & TEST	\$8,129.52	\$50.00	\$0.00	\$0.00
P000: TRANSPORTATION SUPPLY & DISPOSAL	\$48,275.00	\$18,700.00	\$0.00	\$0.00
Q000: DRLG TOOLS & EQPT RENTAL W/WO OPR	\$28,860.00	\$6,800.50	\$0.00	\$0.00
R000: BITS & MILLS	\$14,205.60	\$600.00	\$0.00	\$0.00
S000: SPECIAL SERVICES	\$31,512.00	\$47,625.00	\$0.00	\$0.00
T000: MISCELLANEOUS	\$34,300.00	\$14,800.00	\$0.00	\$31,131.50
U000: PERFORATING & SLICKLINE SERVICES	\$660.00	\$10,000.00	\$0.00	\$700.00
V000: ENG & CONSTRUCTION(E&C), CONSLT, R&D	\$0.00	\$0.00	\$0.00	\$600.00
W000: GENERAL FEES	\$3,900.00	\$0.00	\$0.00	\$0.00
X000: CONOCOPHILLIPS LABOR & OVERHEAD	\$15,150.00	\$5,000.00	\$0.00	\$8,000.00
Zone Tangibles:	\$103,516.49	\$26,375.00	\$0.00	\$70,735.50
Zone Intangibles:	\$547,051.62	\$234,975.50	\$0.00	\$55,990.75
BASIN DAKOTA (PRORATED GAS) Total:	\$650,568.11	\$261,350.50	\$0.00	\$126,726.25
BASIN DAKOTA (PRORATED GAS) Percent of Well Total:	59.09%	50.58%	0.00%	50.00%

Approved By: _____

Date: _____

Well Capital Cost Estimate Summary by Zone

This document contains proposed and estimated project cost information which is proprietary and confidential to ConocoPhillips.

Well Name: HOUCK COM 2

Zone Name: BLANCO MESAVERDE (PRORATED GAS)

Cost Feature Code/Name:	Drilling \$\$	Completion \$\$	P & A \$\$	Facility \$\$
A000: CASING & TUBING	\$59,559.66	\$17,000.00	\$0.00	\$0.00
B000: WELLHEAD, XMAS TREE, & ASST EQUIPT	\$9,975.00	\$6,750.00	\$0.00	\$0.00
C000: COMPLETION EQUIPMENT & OTHER	\$2.00	\$2,625.00	\$0.00	\$70,735.50
D000: LOCATION (WELLSITE RELATED)	\$47,379.50	\$650.00	\$0.00	\$15,309.25
E000: RIGS AND RIG RELATED	\$86,880.00	\$24,150.00	\$0.00	\$0.00
F000: DRILLING & COMPLETION UTILITIES (ALL)	\$19,280.00	\$3,000.00	\$0.00	\$0.00
G000: FLUID AND CHEMICALS SERVICES	\$50,840.00	\$6,750.00	\$0.00	\$250.00
H000: DIRECTIONAL DRILLING / MWD / LWD	\$26,600.00	\$0.00	\$0.00	\$0.00
J000: CEMENTING MATERIALS, SVCS, & CSG ACCS	\$22,400.00	\$0.00	\$0.00	\$0.00
K000: FORMATION EVALUATION	\$3,600.00	\$6,750.00	\$0.00	\$0.00
M000: COMPLETION & TESTING	\$0.00	\$100.00	\$0.00	\$0.00
N000: FORMATION STIMULATION & TREATING	\$0.00	\$80,000.00	\$0.00	\$0.00
O000: CERTIFICATION, INSPECT, CONTROL & TEST	\$5,419.68	\$50.00	\$0.00	\$0.00
P000: TRANSPORTATION SUPPLY & DISPOSAL	\$32,475.00	\$18,700.00	\$0.00	\$0.00
Q000: DRLG TOOLS & EQPT RENTAL W/WO OPR	\$19,240.00	\$6,800.50	\$0.00	\$0.00
R000: BITS & MILLS	\$9,470.40	\$600.00	\$0.00	\$0.00
S000: SPECIAL SERVICES	\$21,008.00	\$47,625.00	\$0.00	\$0.00
T000: MISCELLANEOUS	\$22,950.00	\$14,800.00	\$0.00	\$31,131.50
U000: PERFORATING & SLICKLINE SERVICES	\$440.00	\$14,000.00	\$0.00	\$700.00
V000: ENG & CONSTRUCTION(E&C), CONSLT, R&D	\$0.00	\$0.00	\$0.00	\$600.00
W000: GENERAL FEES	\$2,600.00	\$0.00	\$0.00	\$0.00
X000: CONOCOPHILLIPS LABOR & OVERHEAD	\$10,350.00	\$5,000.00	\$0.00	\$8,000.00
Zone Tangibles:	\$69,536.66	\$26,375.00	\$0.00	\$70,735.50
Zone Intangibles:	\$380,932.58	\$228,975.50	\$0.00	\$55,990.75
BLANCO MESAVERDE (PRORATED GAS) Total:	\$450,469.24	\$255,350.50	\$0.00	\$126,726.25
BLANCO MESAVERDE (PRORATED GAS) Percent of Well Total:	40.91%	49.42%	0.00%	50.00%

Approved By: _____

Date: _____

Well Capital Cost Estimate Summary by Zone

This document contains proposed and estimated project cost information which is proprietary and confidential to ConocoPhillips.

Well Name: HOUCK COM 2

Totals for Well:	Drilling \$\$	Completion \$\$	P & A \$\$	Facility \$\$
Well Tangibles:	\$173,053.15	\$52,750.00	\$0.00	\$141,471.00
Well Intangibles:	\$927,984.20	\$463,951.00	\$0.00	\$111,981.50
Well Total:	\$1,101,037.35	\$516,701.00	\$0.00	\$253,452.50

Well Total Tangibles: \$367,274.15

Well Total Intangibles: \$1,503,916.70

Well Grand Total: \$1,871,190.85



Exhibit "E- 2"
AFE
Houck Com 2N

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

October 15, 2012

RE: 2013 NEW DRILL PROPOSAL

Houck Com 2N

AFE#: WAN.CDR.1009

API#: Applied For

San Juan County, New Mexico

Burlington Resources Oil & Gas Co LP, a subsidiary of ConocoPhillips Company and Operator of the above referenced project, proposes to drill, complete and equip the referenced Mesaverde and Dakota directional, comingled well for an estimated total of \$1,870,702.90, in 2013.

The details of the well are as follows:

Houck Com 2N

Surface Location

1518' FNL & 1115' FWL

Section 7-T29N-R10W

(UL E) SWNW

Bottom Location

710' FNL & 710' FWL

Section 7-T29N-R10W

(UL D) NWNW

Dedication – N/2, 308.28 acres

PROPOSED TD: 6,706'

Attached please find detailed cost estimates for your reference.

Terry Ruby,
Land Supervisor, NW

Well Capital Cost Estimate Summary by Zone

San Juan Business Unit

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Well Name: HOUCK COM 2N

Zone Name: BASIN DAKOTA (PRORATED GAS)

Cost Feature Code/Name:	Drilling \$\$	Completion \$\$	P & A \$\$	Facility \$\$
A000: CASING & TUBING	\$89,539.92	\$17,000.00	\$0.00	\$0.00
B000: WELLHEAD, XMAS TREE, & ASST EQUIPT	\$14,175.00	\$6,750.00	\$0.00	\$0.00
C000: COMPLETION EQUIPMENT & OTHER	\$2.00	\$2,625.00	\$0.00	\$70,735.50
D000: LOCATION (WELLSITE RELATED)	\$47,519.50	\$650.00	\$0.00	\$15,309.25
E000: RIGS AND RIG RELATED	\$130,320.00	\$24,150.00	\$0.00	\$0.00
F000: DRILLING & COMPLETION UTILITIES (ALL)	\$28,920.00	\$3,000.00	\$0.00	\$0.00
G000: FLUID AND CHEMICALS SERVICES	\$75,720.00	\$6,750.00	\$0.00	\$250.00
H000: DIRECTIONAL DRILLING / MWD / LWD	\$39,900.00	\$0.00	\$0.00	\$0.00
J000: CEMENTING MATERIALS, SVCS, & CSG ACCS	\$33,600.00	\$0.00	\$0.00	\$0.00
K000: FORMATION EVALUATION	\$5,400.00	\$6,750.00	\$0.00	\$0.00
M000: COMPLETION & TESTING	\$0.00	\$100.00	\$0.00	\$0.00
N000: FORMATION STIMULATION & TREATING	\$0.00	\$90,000.00	\$0.00	\$0.00
O000: CERTIFICATION, INSPECT, CONTROL & TEST	\$8,147.52	\$50.00	\$0.00	\$0.00
P000: TRANSPORTATION SUPPLY & DISPOSAL	\$43,775.00	\$18,700.00	\$0.00	\$0.00
Q000: DRLG TOOLS & EQPT RENTAL W/WO OPR	\$28,860.00	\$6,800.50	\$0.00	\$0.00
R000: BITS & MILLS	\$14,234.40	\$600.00	\$0.00	\$0.00
S000: SPECIAL SERVICES	\$31,512.00	\$47,625.00	\$0.00	\$0.00
T000: MISCELLANEOUS	\$34,300.00	\$14,800.00	\$0.00	\$31,131.50
U000: PERFORATING & SLICKLINE SERVICES	\$660.00	\$10,000.00	\$0.00	\$700.00
V000: ENG & CONSTRUCTION(E&C), CONSLT, R&D	\$0.00	\$0.00	\$0.00	\$600.00
W000: GENERAL FEES	\$3,250.00	\$0.00	\$0.00	\$0.00
X000: CONOCOPHILLIPS LABOR & OVERHEAD	\$14,750.00	\$5,000.00	\$0.00	\$8,000.00
Zone Tangibles:	\$103,716.92	\$26,375.00	\$0.00	\$70,735.50
Zone Intangibles:	\$540,868.42	\$234,975.50	\$0.00	\$55,990.75
BASIN DAKOTA (PRORATED GAS) Total:	\$644,585.34	\$261,350.50	\$0.00	\$126,726.25
BASIN DAKOTA (PRORATED GAS) Percent of Well Total:	58.57%	50.58%	0.00%	50.00%

Approved By: _____

Date: _____

Well Capital Cost Estimate Summary by Zone

This document contains proposed and estimated project cost information which is proprietary and confidential to ConocoPhillips.

Well Name: HOUCK COM 2N

Zone Name: BLANCO MESAVERDE (PRORATED GAS)

Cost Feature Code/Name:	Drilling \$\$	Completion \$\$	P & A \$\$	Facility \$\$
A000: CASING & TUBING	\$59,693.28	\$17,000.00	\$0.00	\$0.00
B000: WELLHEAD, XMAS TREE, & ASST EQUIPT	\$9,975.00	\$6,750.00	\$0.00	\$0.00
C000: COMPLETION EQUIPMENT & OTHER	\$2.00	\$2,625.00	\$0.00	\$70,735.50
D000: LOCATION (WELLSITE RELATED)	\$47,519.50	\$650.00	\$0.00	\$15,309.25
E000: RIGS AND RIG RELATED	\$86,880.00	\$24,150.00	\$0.00	\$0.00
F000: DRILLING & COMPLETION UTILITIES (ALL)	\$19,280.00	\$3,000.00	\$0.00	\$0.00
G000: FLUID AND CHEMICALS SERVICES	\$50,480.00	\$6,750.00	\$0.00	\$250.00
H000: DIRECTIONAL DRILLING / MWD / LWD	\$26,600.00	\$0.00	\$0.00	\$0.00
J000: CEMENTING MATERIALS, SVCS, & CSG ACCS	\$22,400.00	\$0.00	\$0.00	\$0.00
K000: FORMATION EVALUATION	\$3,600.00	\$6,750.00	\$0.00	\$0.00
M000: COMPLETION & TESTING	\$0.00	\$100.00	\$0.00	\$0.00
N000: FORMATION STIMULATION & TREATING	\$0.00	\$80,000.00	\$0.00	\$0.00
O000: CERTIFICATION, INSPECT, CONTROL & TEST	\$5,431.68	\$50.00	\$0.00	\$0.00
P000: TRANSPORTATION SUPPLY & DISPOSAL	\$36,975.00	\$18,700.00	\$0.00	\$0.00
Q000: DRLG TOOLS & EQPT RENTAL WWO OPR	\$19,240.00	\$6,800.50	\$0.00	\$0.00
R000: BITS & MILLS	\$9,489.60	\$600.00	\$0.00	\$0.00
S000: SPECIAL SERVICES	\$21,008.00	\$47,625.00	\$0.00	\$0.00
T000: MISCELLANEOUS	\$22,950.00	\$14,800.00	\$0.00	\$31,131.50
U000: PERFORATING & SLICKLINE SERVICES	\$440.00	\$14,000.00	\$0.00	\$700.00
V000: ENG & CONSTRUCTION(E&C), CONSLT, R&D	\$0.00	\$0.00	\$0.00	\$600.00
W000: GENERAL FEES	\$3,250.00	\$0.00	\$0.00	\$0.00
X000: CONOCOPHILLIPS LABOR & OVERHEAD	\$10,750.00	\$5,000.00	\$0.00	\$8,000.00
Zone Tangibles:	\$69,670.28	\$26,375.00	\$0.00	\$70,735.50
Zone Intangibles:	\$386,293.78	\$228,975.50	\$0.00	\$55,990.75
BLANCO MESAVERDE (PRORATED GAS) Total:	\$455,964.06	\$255,350.50	\$0.00	\$126,726.25
BLANCO MESAVERDE (PRORATED GAS) Percent of Well Total:	41.43%	49.42%	0.00%	50.00%

Approved By: _____

Date: _____

Well Capital Cost Estimate Summary by Zone

This document contains proposed and estimated project cost information which is proprietary and confidential to ConocoPhillips.

Well Name: HOUCK COM 2N

Totals for Well:	Drilling \$\$	Completion \$\$	P & A \$\$	Facility \$\$
Well Tangibles:	\$173,387.20	\$52,750.00	\$0.00	\$141,471.00
Well Intangibles:	\$927,162.20	\$463,951.00	\$0.00	\$111,981.50
Well Total:	\$1,100,549.40	\$516,701.00	\$0.00	\$253,452.50

Well Total Tangibles: \$367,608.20

Well Total Intangibles: \$1,503,094.70

Well Grand Total: \$1,870,702.90