



12'836
C:195

195

ConocoPhillips Company
San Juan Business Unit
3401 E. 30th St.
Farmington, NM 87402
P. O. Box 4289, 87499-4289

April 29, 2015

Burlington Resources Inc.
A wholly owned subsidiary

Bureau of Land Management
Farmington Resource Area
Attn: Mr. Dave Mankiewicz
6251 N College, Suite A
Farmington, NM 87402

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: Huerfano Unit HZMC 1H (I SEC. NO. 731)
Commerciality Determination
Gallup Formation
San Juan County, New Mexico

Gentlemen:

Pursuant to the provisions of Section 11(a) of the Huerfano Unit Agreement, #I SEC. NO. 731, approved, June 6, 1950, Burlington Resources Oil & Gas Company LP, as Operator, has determined that the well listed below is not capable of producing unitized substances in paying quantities from the Gallup Formation. Burlington is seeking confirmation of the well determination enclosed.

Well Name	Dedication	Dedicated Lease	Compl. Date	Determination
Huerfano Unit HZMC 1H	E/2 10-T26N-R10W	NMSF079658	03/27/13	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 Communitization Agreement, NMNM129462.

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 Shara Graham at 326-9819, all other questions to the undersigned at 505-324-6170.

Sincerely,


Yvonne Scott
Land Analyst

Enclosures
CC: Huerfano Unit 4.4 File

**Huerfano Unit
Gallup Formation
Working Interest Owners**

Benson Montin Greer Drilling Corp.
Burlington Resources Oil & Gas Company LP
Carolyn Beamon Tilley
CB Lifeline Partnership
Claudia Marcia Lundell Gilmer
ConocoPhillips Company
Cross Timbers Energy LLC
Franklin P. Lilly
Hanson McBride Petroleum Co. LLC
James R. Beamon
Kelly Minerals Interest JV
La Plata Gathering Systems Inc.
Langdon D. Harrison Revoc Trust B
Linda Jeanne Lundell Lindsey
Maryan Klinger Trust
McConnell LTD. Co.
Michael R. Dimond
Production Gathering Company LP
Robert E. Beamon
Robert Walter Lundell
Sharon Beamon Burns
Susan Beamon Porter
Thomas H. Yates Jr.
ZZZ Kelly & Trust LLC

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
 HUERFANO UNIT HZMC 1H

WELL INFORMATION

LEASE	HUERFANO UNIT HZMC 1H
LOCATION	1026N10WM
COUNTY, STATE	SAN JUAN, NM
FORMATION	GALLUP
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	BURLINGTON RESOURCES O&G CO
SPUD DATE	10/16/2012
COMP DATE	3/27/2013
1ST DELIVERY	4/17/2013
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

PRODUCTION TAXES

TAXES FOR:	SAN JUAN, NM
	2012 - 2013 Commerciality
	<u>GAS % OF REVENUE</u>
SEVERANCE:	
Severance, School, Conservation	7.94
AD VALOREM:	
Production, Equipment	0.21
TOTAL %:	8.15

WELL COST AND ECONOMICS

8,363.73	M\$	AVERAGE WELL COST
247.98	MMCF	ULT. GROSS GAS RESERVES
160.71	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.82	\$/ \$	P/I, DISC. @ 10.00 %
-6,820.34	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.00	YRS	PAYOUT

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
HUERFANO UNIT HZMC 1H

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\$
2013 06	175.8	5.3	3.24	0.49	0.84	4.23	4.23	79.54	29.50	69.6	6.13	0.99	62.45	0.00	62.45
2013 07	142.5	4.4	2.72	0.44	0.70	4.23	4.23	79.54	29.50	59.9	5.27	0.99	53.64	0.00	53.64
2013 08	114.5	3.5	2.18	0.40	0.56	4.23	4.23	79.54	29.50	51.8	4.55	0.99	46.31	0.00	46.31
2013 09	109.5	3.3	2.02	0.38	0.52	4.23	4.23	79.54	29.50	48.2	4.23	0.99	42.99	0.00	42.99
2013 10	116.9	3.6	2.23	0.39	0.57	4.23	4.23	79.54	29.50	51.4	4.51	0.99	45.89	0.00	45.89
2013 11	97.8	2.9	1.80	0.34	0.46	4.23	4.23	79.54	29.50	43.3	3.79	0.99	38.51	0.00	38.51
2013 12	91.8	2.8	1.75	0.32	0.45	4.23	4.23	79.54	29.50	41.6	3.65	0.99	36.96	0.00	36.96
2014 01	82.6	2.6	1.57	0.30	0.41	4.23	4.23	79.54	29.50	37.8	3.31	0.99	33.50	0.00	33.50
2014 02	13.7	0.4	0.24	0.04	0.06	4.23	4.23	79.54	29.50	5.1	0.45	0.99	3.70	0.00	3.70
2014 03	48.2	1.5	0.92	0.06	0.24	4.23	4.23	79.54	29.50	14.5	1.30	0.99	12.17	0.00	12.17
2014 04	49.2	1.5	0.91	0.59	0.23	4.23	4.23	79.54	29.50	50.9	4.34	0.99	45.62	0.00	45.62
2014 05	47.5	1.5	0.91	0.01	0.23	4.23	4.23	79.54	29.50	10.8	0.99	0.99	8.78	0.00	8.78
2014 06	53.2	1.6	0.98	0.21	0.25	4.23	4.23	79.54	29.50	25.4	2.22	0.99	22.22	0.00	22.22
2014 07	89.5	2.8	1.71	0.36	0.44	4.23	4.23	79.54	29.50	43.8	3.82	0.99	38.95	0.00	38.95
2014 08	65.5	2.0	1.25	0.22	0.32	4.23	4.23	79.54	29.50	28.7	2.52	0.99	25.19	0.00	25.19
2014 09	79.6	2.4	1.47	0.21	0.38	4.23	4.23	79.54	29.50	30.7	2.71	0.99	27.03	0.00	27.03
2014 10	96.5	3.0	1.84	0.27	0.47	4.23	4.23	79.54	29.50	38.9	3.43	0.99	34.45	0.00	34.45
2014 11	90.8	2.7	1.67	0.22	0.43	4.23	4.23	79.54	29.50	33.5	2.96	0.99	29.50	0.00	29.50
2014 12	81.4	2.5	1.55	0.22	0.40	4.23	4.23	79.54	29.50	32.0	2.83	0.99	28.17	0.00	28.17
Sub.	---	55.3	34.00	6.08	8.76	---	---	---	---	792.9	69.60	19.70	703.59	8,363.73	-7,660.14
Rem.	---	190.7	117.18	9.33	30.20	---	---	---	---	1,924.6	172.60	258.07	1,493.89	0.00	1,493.89
Total	---	246.0	151.18	15.41	38.97	---	---	---	---	2,717.5	242.20	277.77	2,197.49	8,363.73	-6,166.24