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c:541

541

Burlington Resources Inc.
A wholly owned subsidiary

February 10, 2016

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

State of New Mexico
Commissioner of Public Lands
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: Canyon Largo Unit (14-08-001-1059)
Commerciality Determination
Gallup Formation
Rio Arriba County, New Mexico

Gentlemen:

Pursuant to the provisions of Section 11(a) of the Canyon Largo Unit Agreement, #14-08-001-1059, approved, September 18, 1953, 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
Canyon Largo 2506 11 #2H	ALL 11-25N-6W	SF-078885	1/6/15	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 Shara De Velder at 326-9819, all other questions to the undersigned at 599-4030.

Sincerely,

Dawn Howell, CPLTA
Senior Land Analyst

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
CANYON LARGO UNIT 2506 11 2H

WELL INFORMATION

LEASE	CANYON LARGO UNIT 2506 11 2H
LOCATION	1125N06WH
COUNTY, STATE	RIO ARRIBA, NM
FORMATION	GALLUP
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	HUNTINGTON ENERGY LLC
SPUD DATE	9/3/2014
COMP DATE	1/6/2015
1ST DELIVERY	1/9/2015
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

AVERAGE HEAT CONTENT

1,000	MMBtu / Mcf
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PRODUCTION TAXES

TAXES FOR:	RIO ARRIBA, 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

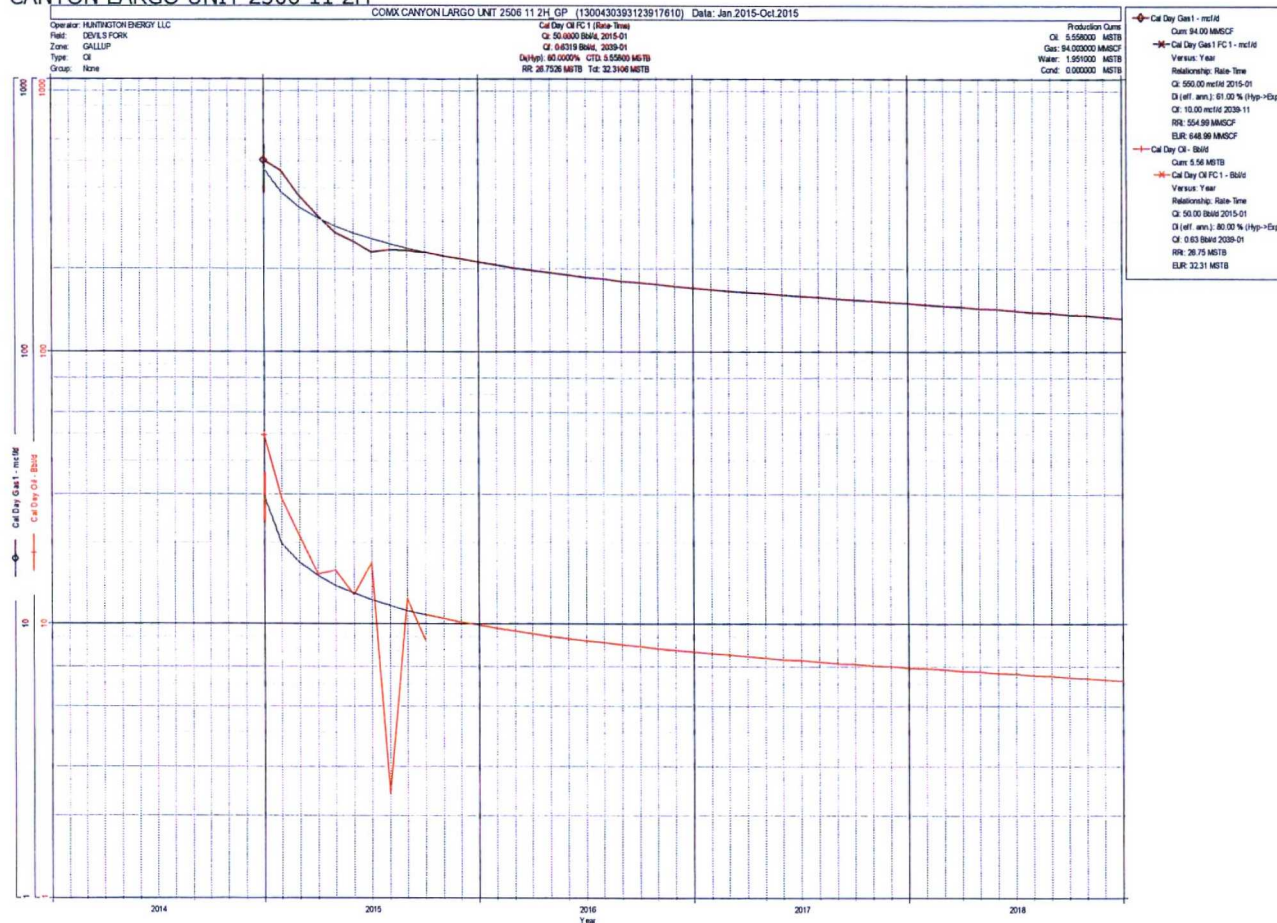
9,115.80	M\$	AVERAGE WELL COST
648.99	MMCF	ULT. GROSS GAS RESERVES
503.00	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.85	\$/ \$	P/I, DISC. @ 10.00 %
-7,710.22	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.00	YRS	PAYOUT

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

CANYON LARGO UNIT 2506 11 2H



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\$

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
CANYON LARGO UNIT 2506 11 2H

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 Op costs	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2015 01	503.0	15.6	10.54	1.53	1.67	2.43	2.43	35.69	16.36	97.3	8.58	2.98	85.71	9,115.80	-9,030.09
2015 02	459.5	12.9	8.70	0.81	1.38	2.43	2.43	35.69	16.36	66.2	5.90	2.98	57.27	0.00	57.27
2015 03	372.5	11.5	7.81	0.65	1.23	2.43	2.43	35.69	16.36	57.0	5.10	2.98	48.92	0.00	48.92
2015 04	314.5	9.4	6.38	0.46	1.01	2.43	2.43	35.69	16.36	44.2	3.97	2.98	37.26	0.00	37.26
2015 05	272.4	8.4	5.71	0.49	0.90	2.43	2.43	35.69	16.36	42.0	3.76	2.98	35.27	0.00	35.27
2015 06	253.0	7.6	5.13	0.38	0.81	2.43	2.43	35.69	16.36	36.1	3.24	2.98	29.86	0.00	29.86
2015 07	230.5	7.1	4.83	0.52	0.76	2.43	2.43	35.69	16.36	39.0	3.46	2.98	32.53	0.00	32.53
2015 08	234.9	7.3	4.92	0.07	0.78	2.43	2.43	35.69	16.36	25.4	2.34	2.98	20.10	0.00	20.10
2015 09	233.5	7.0	4.73	0.37	0.75	2.43	2.43	35.69	16.36	33.8	3.03	2.98	27.83	0.00	27.83
2015 10	229.0	7.1	4.80	0.27	0.76	2.43	2.43	35.69	16.36	30.9	2.79	2.98	25.16	0.00	25.16
2015 11	226.9	6.8	4.60	0.32	0.73	2.43	2.43	35.69	16.36	31.5	2.84	2.98	25.72	0.00	25.72
2015 12	213.5	6.6	4.47	0.31	0.71	2.43	2.43	35.69	16.36	30.6	2.75	2.98	24.91	0.00	24.91
2016 01	207.9	6.4	4.36	0.30	0.69	2.43	2.43	35.69	16.36	29.8	2.68	2.98	24.17	0.00	24.17
2016 02	217.0	6.3	4.25	0.29	0.67	2.43	2.43	35.69	16.36	29.1	2.62	2.98	23.51	0.00	23.51
2016 03	198.4	6.2	4.16	0.29	0.66	2.43	2.43	35.69	16.36	28.5	2.56	2.98	22.91	0.00	22.91
2016 04	200.7	6.0	4.07	0.28	0.64	2.43	2.43	35.69	16.36	27.8	2.50	2.98	22.36	0.00	22.36
2016 05	190.4	5.9	3.99	0.27	0.63	2.43	2.43	35.69	16.36	27.3	2.45	2.98	21.86	0.00	21.86
2016 06	193.1	5.8	3.92	0.27	0.62	2.43	2.43	35.69	16.36	26.8	2.41	2.98	21.39	0.00	21.39
2016 07	183.6	5.7	3.85	0.26	0.61	2.43	2.43	35.69	16.36	26.3	2.36	2.98	20.95	0.00	20.95
2016 08	180.5	5.6	3.78	0.26	0.60	2.43	2.43	35.69	16.36	25.9	2.32	2.98	20.55	0.00	20.55
Sub.	---	155.3	105.00	8.41	16.61	---	---	---	---	755.5	67.68	59.62	628.24	9,115.80	-8,487.56
Rem.	---	458.9	310.23	22.17	49.07	---	---	---	---	2,148.7	193.02	605.14	1,350.57	0.00	1,350.57
Total	---	614.2	415.23	30.58	65.69	---	---	---	---	2,904.3	260.70	664.76	1,978.81	9,115.80	-7,136.99