

286



San Juan Business Unit

ConocoPhillips Company  
P.O. Box 4289  
Farmington, NM 87499-4289

2007 APR 5 AM 6 57

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

April 3, 2007

Bureau of Land Management (3)  
Attn: Ms. Margie DuPree  
1235 La Plata Highway  
Farmington, NM 87401

State of New Mexico (2)  
Commissioner of Public Lands  
Attn: Mr. Pete Martinez  
P.O. Box 1148  
Santa Fe, NM 87501-1148

State of New Mexico (2)  
Oil Conservation Division  
Energy & Minerals Dept.  
Attn: Ms. Lori Wrotenbery  
1220 S. Saint Francis Dr.  
Santa Fe, NM 87505

RE: **HUERFANITO UNIT, - UA - I Sec. No. 943**  
San Juan County, New Mexico  
**Fruitland Coal Formation**  
EIGHTH EXPANSION, Effective 4/1/2006

Dear Sir or Madam:

Pursuant to Section 11(a) of the above referenced Unit Agreement, approved June 2, 1952, **Burlington Resources Oil & Gas Company LP** as **Unit Operator**, has determined that the following well is capable of producing unitized substances in paying quantities from the Fruitland Coal formation, thereby should be admitted into the Fruitland Coal Participating Area. Pursuant to BLM letter dated December 8, 2006, listed below is the well that has been deemed commercial.

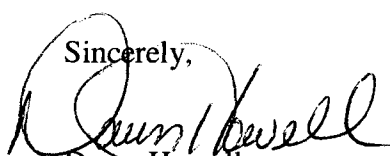
**EIGHTH EXPANSION - EFFECTIVE 4/1/06**

<b><u>Well Name</u></b>	<b><u>Tract/Acres</u></b>	<b><u>Tr. Description</u></b>	<b><u>Compl. Date</u></b>
Huerfanito Unit #175	Tr. 5 / 160.00	NE/4, 26-27N-9W	3/7/06
	TR. 7 / 160.00	SE/4, 26-27N-9W	

The Schedule for the Eighth Expansion is enclosed. The schedule describes the Participating Area and shows the percentage of unitized substances allocated to the tracts according to the ownership within the tracts.

ConocoPhillips would appreciate consideration of this Expansion by written response. Please contact the undersigned at (505) 599-4030 if there are any questions regarding this matter. Copies of this letter and attachments are being furnished to the working interest owners on the attached list.

Sincerely,

  
Dawn Howell  
Staff Land Technician

**BURLINGTON RESOURCES OIL & GAS COMPANY LP**

**RECAPITULATION**

**008 EXPANDED PARTICIPATING AREA  
HUERFANITO UNIT AREA  
FRUITLAND COAL FORMATION  
EFFECTIVE 4/1/2006**

**DESCRIPTION OF COMMITTED LANDS IN PARTICIPATING AREA:**

**TOWNSHIP 26 NORTH, RANGE 9 WEST**

SECTION 1:	LOTS 1 (40.01), 2 (40.05), 3 (40.07), 4 (40.11), S/2, S/2N/2 (ALL)
SECTION 2:	LOTS 1 (40.15), 2 (40.20), 3 (40.26), 4 (40.31), S/2, S/2N/2 (ALL)
SECTION 3:	LOTS 1 (40.36), 2 (40.39), 3 (40.43), 4 (40.46), S/2, S/2N/2 (ALL)
SECTION 10:	N/2
SECTION 11:	N/2
SECTION 12:	ALL

**TOWNSHIP 27 NORTH, RANGE 9 WEST**

SECTION 24	SW/4
SECTION 25	W/2
SECTION 26	E/2
SECTION 35	ALL
SECTION 36	ALL

TOTAL ACRES COMMITTED: 5,282.80

**TOTAL NUMBER OF ACRES IN PARTICIPATING AREA: 5,282.80**

TOTAL NON-COMMITTED: 0.00

**BURLINGTON RESOURCES OIL & GAS CO LP - OPERATOR**  
**008 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION**

892000943D

**HUERFANITO UNIT AREA**  
**SAN JUAN COUNTY, NEW MEXICO**  
**EFFECTIVE 4/01/06**

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DILLING BLOCK	GWI PERCENTAGE	NRI PERCENTAGE	PARTICIPATION FACTOR
SF-078135	T-026N R-009W	320.75		TRACT 3			6.071591%
	-----						
	SEC. 3 S/2 NE/4, SE/4		ORRI:		0.000000	15.500000	
	LOT 1 (40.36 acres)		ROYALTY:		0.000000	12.500000	
	LOT 2 (40.39 acres)		WORKING INTEREST:				
	BURLINGTON RESOURCES O&G CO LP				100.000000	72.000000	
	-----				-----	-----	
	Tract Remarks:						
	HUERFANITO UNIT #150, #29, #70, NP#68		TOTAL		100.000000	100.000000	
SF-078135	T-026N R-009W	1120.95		TRACT 3A			21.218661%
	-----						
	SEC. 1 S/2 NE/4, SE/4		ORRI:		0.000000	15.500000	
	LOT 1 (40.01 acres)		ROYALTY:		0.000000	12.500000	
	LOT 2 (40.05 acres)		WORKING INTEREST:				
	SEC. 3 S/2 NW/4, SW/4		BURLINGTON RESOURCES O&G CO LP		100.000000	72.000000	
	LOT 3 (40.43 acres)				-----	-----	
	LOT 4 (40.46 acres)		TOTAL		100.000000	100.000000	
	SEC. 10 N/2						
	T-027N R-009W						
	-----						
	SEC. 35 SW/4						
	Tract Remarks:						
	HUERFANITO UNIT #150, #29, #70, NP#68						
SF-078135	T-026N R-009W	480.18		TRACT 3B			9.089498%
	-----						
	SEC. 1 S/2 NW/4, SW/4		ORRI:		0.000000	15.500000	
	LOT 3 (40.07 acres)		ROYALTY:		0.000000	12.500000	
	LOT 4 (40.11 acres)		WORKING INTEREST:				
	BURLINGTON RESOURCES O&G CO LP				100.000000	72.000000	
	-----				-----	-----	
	T-027N R-009W		TOTAL		100.000000	100.000000	
	SEC. 35 SE/4						
	Tract Remarks:						
	HUERFANITO UNIT #98M, #152						

BURLINGTON RESOURCES OIL & GAS CO LP - OPERATOR  
008 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION  
HUERFANITO UNIT AREA  
SAN JUAN COUNTY, NEW MEXICO  
EFFECTIVE 4/01/06

892000943D

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DILLING BLOCK	GWI PERCENTAGE	NRI PERCENTAGE	PARTICIPATION FACTOR
SF-078356-A	T-027N R-009W	160.00		TRACT 5			3.028697%
	SEC. 26 NE/4		ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP		0.000000 0.000000 100.000000	21.875000 12.500000 65.625000	
	Tract Remarks: HUERFANITO UNIT #175				----- 100.000000	----- 100.000000	
	TOTAL				100.000000	100.000000	
SF-078358	T-027N R-009W	160.00		TRACT 7			3.028697%
	SEC. 26 SE/4		ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP		0.000000 0.000000 100.000000	21.875000 12.500000 65.625000	
	Tract Remarks: HUERFANITO UNIT #175				----- 100.000000	----- 100.000000	
	TOTAL				100.000000	100.000000	
SF-078388	T-026N R-009W	320.00		TRACT 8			6.057394%
	SEC. 11 N/2		ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP		0.000000 0.000000 100.000000	14.500000 12.500000 73.000000	
	Tract Remarks: HUERFANITO UNIT #155				----- 100.000000	----- 100.000000	
	TOTAL				100.000000	100.000000	
SF-078388	T-026N R-009W	560.00		TRACT 8A			10.600439%
	SEC. 12 W/2, NE/4, W/2 SE/4		ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP		0.000000 0.000000 100.000000	14.500000 12.500000 73.000000	
	Tract Remarks: HUERFANITO UNIT #65, #66, #29				----- 100.000000	----- 100.000000	
	TOTAL				100.000000	100.000000	

**BURLINGTON RESOURCES OIL & GAS CO LP - OPERATOR**  
**008 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION**

892000943D

**HUERFANITO UNIT AREA**  
**SAN JUAN COUNTY, NEW MEXICO**  
**EFFECTIVE 4/01/06**

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	GW PERCENTAGE	NRI PERCENTAGE	PARTICIPATION FACTOR
SF-078434	T-026N R-009W  ----- SEC. 12 E/2 SE/4  Tract Remarks: HUERFANITO UNIT #66	80.00	ORRI: ROYALTY: WORKING INTEREST: LILLY MICHAEL J MCCONNELL LTD CO AJM LLC BURLINGTON RESOURCES O&G CO LP  TOTAL	TRACT 9	0.000000 0.000000  0.284374 31.452281 0.478970 67.500002 ----- 100.000000	14.500000 12.500000  0.189639 20.974739 0.319414 45.014064 ----- 100.000000	1.514348%
SF-080117	T-027N R-009W  ----- SEC. 35 NE/4  Tract Remarks: HUERFANITO UNIT #98M	160.00	ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP  TOTAL	TRACT 10	0.000000 0.000000  100.000000 ----- 100.000000	14.500000 12.500000  73.000000 ----- 100.000000	3.028697%
SF-080117	T-027N R-009W  ----- SEC. 35 NW/4  Tract Remarks: HUERFANITO UNIT #29	160.00	ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP  TOTAL	TRACT 10A	0.000000 0.000000  100.000000 ----- 100.000000	14.500000 12.500000  73.000000 ----- 100.000000	3.028697%

**BURLINGTON RESOURCES OIL & GAS CO LP - OPERATOR**  
**008 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION**

892000943D

**HUERFANITO UNIT AREA**  
**SAN JUAN COUNTY, NEW MEXICO**  
**EFFECTIVE 4/01/06**

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	GW PERCENTAGE	NRI PERCENTAGE	PARTICIPATON FACTOR
E-5379-2	T-026N R-009W ----- SEC. 2 SE/4 NW/4, NW/4 SW/4  Tract Remarks: HUERFANITO UNIT #153	80.00	ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP	TRACT 11	0.000000 0.000000 ----- 100.000000	12.500000 12.500000 ----- 75.000000	1.514348%
E-5379-2	T-026N R-009W ----- SEC. 2 SW/4 NE/4  Tract Remarks: HUERFANITO UNIT #167	40.00	ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP	TRACT 11A	0.000000 0.000000 ----- 100.000000	12.500000 12.500000 ----- 75.000000	0.757174%
B-9320-11	T-026N R-009W ----- SEC. 2 LOT 3 (40.26 acres)  Tract Remarks: HUERFANITO UNIT #153	40.26	ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP	TRACT 12	0.000000 0.000000 ----- 100.000000	15.500000 12.500000 ----- 72.000000	0.762096%
B-9320-11	T-026N R-009W ----- SEC. 2 SE/4 LOT 1 (40.15 acres)  Tract Remarks: HUERFANITO UNIT #167	200.15	ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP	TRACT 12A	0.000000 0.000000 ----- 100.000000	15.500000 12.500000 ----- 72.000000	3.788711%
	TOTAL				100.000000	100.000000	

**BURLINGTON RESOURCES OIL & GAS CO LP - OPERATOR**  
**008 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION**

892000943D

**HUERFANITO UNIT AREA**  
**SAN JUAN COUNTY, NEW MEXICO**  
**EFFECTIVE 4/01/06**

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	GWI PERCENTAGE	NRI PERCENTAGE	PARTICIPATION FACTOR
B-11122-2	T-026N R-009W	160.31		TRACT 13			3.034565%
	-----						
	SEC. 2 SW/4 NW/4, S/2 SW/4		ORRI:		0.000000	12.500000	
	LOT 4 (40.31 acres)		ROYALTY:		0.000000	12.500000	
			WORKING INTEREST:				
			BURLINGTON RESOURCES O&G CO LP		100.000000	75.000000	
	Tract Remarks:				-----	-----	
	HUERFANITO UNIT #153		TOTAL		100.000000	100.000000	
B-11122-2	T-026N R-009W	80.20		TRACT 13A			1.518134%
	-----						
	SEC. 2 SE/4 NE/4		ORRI:		0.000000	12.500000	
	LOT 2 (40.20 acres)		ROYALTY:		0.000000	12.500000	
			WORKING INTEREST:				
			BURLINGTON RESOURCES O&G CO LP		100.000000	75.000000	
	Tract Remarks:				-----	-----	
	HUERFANITO UNIT #167		TOTAL		100.000000	100.000000	
B-11370-52	T-027N R-009W	40.00		TRACT 14			0.757174%
	-----						
	SEC. 36 SE/4SW/4		ORRI:		0.000000	15.500000	
			ROYALTY:		0.000000	12.500000	
			WORKING INTEREST:				
			BURLINGTON RESOURCES O&G CO LP		100.000000	72.000000	
	Tract Remarks:				-----	-----	
	HUERFANITO UNIT #51		TOTAL		100.000000	100.000000	
E-5116-8	T-026N R-009W	40.00		TRACT 15			0.757174%
	-----						
	SEC. 2 NE/4 SW/4		ORRI:		0.000000	15.500000	
			ROYALTY:		0.000000	12.500000	
			WORKING INTEREST:				
			BURLINGTON RESOURCES O&G CO LP		100.000000	72.000000	
	Tract Remarks:				-----	-----	
	HUERFANITO UNIT #153		TOTAL		100.000000	100.000000	

**BURLINGTON RESOURCES OIL & GAS CO LP - OPERATOR**  
**008 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION**

892000943D

**HUERFANITO UNIT AREA**  
**SAN JUAN COUNTY, NEW MEXICO**  
**EFFECTIVE 4/01/06**

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	GWI PERCENTAGE	NRI PERCENTAGE	PARTICIPATION FACTOR
E-1199-10	T-027N R-009W	240.00		TRACT 16			4.543045%
	SEC. 36 NE/4 NW/4, NE/4 SW/4, W/2 W/2		ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP		0.000000 0.000000  100.000000	9.550000 12.500000  77.950000	
	Tract Remarks: HUERFANITO UNIT #51				----- 100.000000	----- 100.000000	
	TOTAL				100.000000	100.000000	
E-1199-1	T-027N R-009W	160.00		TRACT 16A			3.028697%
	TRACT: 016A		ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP		0.000000 0.000000  100.000000	6.250000 12.500000  81.250000	
	Tract Remarks: HUERFANITO UNIT NP #51				----- 100.000000	----- 100.000000	
	TOTAL				100.000000	100.000000	
E-3148-21	T-027N R-009W	40.00		TRACT 17			0.757174%
	SEC. 36 SE/4 NW/4		ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP		0.000000 0.000000  100.000000	15.500000 12.500000  72.000000	
	Tract Remarks: HUERFANITO UNIT #51				----- 100.000000	----- 100.000000	
	TOTAL				100.000000	100.000000	
NO-G-0652-1132	T-027N R-009W	160.00		TRACT 18			3.028697%
	SEC. 24 SW/4		ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP		0.000000 0.000000  100.000000	12.500000 12.500000  75.000000	
	Tract Remarks: HUERFANITO UNIT COM #174				----- 100.000000	----- 100.000000	
	TOTAL				100.000000	100.000000	



BURLINGTON RESOURCES OIL & GAS CO LP - OPERATOR  
008 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION

892000943D

HUERFANITO UNIT AREA  
SAN JUAN COUNTY, NEW MEXICO  
EFFECTIVE 4/01/06

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	GWI PERCENTAGE	NRI PERCENTAGE	PARTICIPATION FACTOR
NO-G-0955-1134	T-0227N R-009W	160.00		TRACT 19			3.028697%
	SEC. 36 SE/4		ORRI:	0.000000	6.250000		
			ROYALTY:	0.000000	12.500000		
	Tract Remarks:		WORKING INTEREST:				
	HUERFANITO UNIT NP #151		BURLINGTON RESOURCES O&G CO LP	100.000000	81.250000		
			TOTAL	100.000000	100.000000		
149-IND8473	T-0227N R-009W	320.00		TRACT 20			6.057394%
	SEC. 25 W/2		ORRI:	0.000000	21.875000		
			ROYALTY:	0.000000	12.500000		
	Tract Remarks:		WORKING INTEREST:				
	HUERFANITO UNIT #93		BURLINGTON RESOURCES O&G CO LP	100.000000	65.625000		
			TOTAL	100.000000	100.000000		



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Farmington Field Office  
1235 La Plata Highway, Suite A  
Farmington, New Mexico 87401

IN REPLY REFER TO:

Huerfanito Unit Fruitland Coal PA  
3162.7 (21110)

December 8, 2006

Ms. Dawn Howell  
ConocoPhillips Company  
P.O. Box 4289  
Farmington, NM 87499-4289

RE: Huerfanito Unit  
Commerciality Determination  
Fruitland Coal Formation  
San Juan County, NM

Dear Ms. Howell:

In response to your letter dated October 27, 2006, the Farmington Field Office has reviewed the data you submitted for a commerciality determination for the following well completed in the Fruitland Coal formation.

Well Name & Number	Dedication	Lease	Completion Date	Determination
Huerfanito Unit #175	E/2 Sec. 26, T27N, R9W	NMSF078358	3/7/2006	Commercial

After completing our economic evaluation, we are in concurrence with the above determination.

The Fruitland Coal formation in this well is determined to be commercial and is to be included in the Fruitland Coal participating area. It is required that a revision be submitted to include this well in the Huerfanito Unit Fruitland Coal Participating Area.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-92000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions concerning this matter, please contact Wayne Townsend at the above address or telephone (505) 599-6359.

Sincerely,

Wayne Townsend  
Petroleum Engineer  
Branch of Petroleum Management

HUERFANITO UNIT  
FRUITLAND COAL FORMATION  
WORKING INTEREST OWNERS

BURLINGTON RESOURCES OIL & GAS CO LP

AJM LLC

FRANKLIN P LILLY

MICHAEL J LILLY

MCCONNELL LTD CO

R9W

T 27 N

T 26 N

# Huerfanito Unit

## Fruitland Coal PA

- Approved 7th Expan., Effective 7/1/2000
- Proposed 8th Expan., Effective 4/1/2006

### Well Formation

- ACTIVE
- INACTIVE

**BURLINGTON**  
RESOURCES

Inventory Management  
San Juan Business Unit  
Farmington, New Mexico  
4/07

