

PATRICK H. LYONS COMMISSIONER

State of New Mexico Commissioner of Public Lyands 310 Old SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760 Fax (505) 827-5766 www.nmstatelands.org

April 23, 2007

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

Attention: Ms. Dawn Howell

Re: Huerfano Unit

Commercial Well Determination

Fruitland Coal Formation

Huerfano Unit Well No. 34, W/2 Sec. 8-26N-9W Huerfano Unit Well No. 37, E/2 Sec. 18-26N-9W

San Juan County, New Mexico

Dear Ms. Howell:

We are in receipt of your letters of October 30, 2006 and January 9, 2007 and a copy of the Bureau of Land Management's letters of December 18, 2006 and January 29, 2007 regarding the referenced commercial determination for the Huerfano Unit Well Nos. 34 and 37.

We concur with the Bureau of Land Management's determination that the Huerfano Unit Well Nos. 34 and 37 are commercial wells in the Fruitland Coal formation and are entitled to be included in the Fruitland Coal Participating Area.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS

COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director

Oil, Gas and Minerals Division

(505) 827-5744 PL/JB/pm

pc:

Reader File

BLM-Farmington Attn: Mr. Wayne Townsend OCD-Santa Fe Attn: Mr. David Catanach

TRD-Attn: Mr. Valdean Severson

RMD-Linda Vieira