



286

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

April 27, 2009

Bureau of Land Management
Farmington Resource Area
Attn: Mr. Wayne Townsend
1235 La Plata Highway
Farmington, NM 87401

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: Huerfanito Unit (#I Sec. No. 943)
Commerciality Determination
Fruitland Coal Formation
San Juan County, New Mexico

RECEIVED
2009 APR 29 AM 11 52

Gentlemen:

Pursuant to the provisions of Section 11(a) of the Huerfanito Unit Agreement, #I Sec. No. 943, approved June 2, 1952, 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 Fruitland Coal Formation. Burlington is seeking confirmation of the paying well determination enclosed.

Well Name	Dedication	Dedicated Lse.	Compl. Date	Determination
Huerfanito Unit #47S	E/2 27-27N-9W	NMSF-078356-B	6-09-08	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 Susan Rainbolt at 326-9574, all other questions to the undersigned at 599-4030.

Sincerely,

Dawn Howell
Staff Land Technician

Huerfanito Unit 4.5

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
HUERFANITO UNIT 47S

WELL INFORMATION

LEASE	HUERFANITO UNIT 47S
LOCATION	27027N009W
COUNTY, STATE	SAN JUAN, NEW MEXICO
FORMATION	FRUITLAND COAL
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS CO
SPUD DATE	3/25/2008
COMP DATE	6/9/2008
1ST DELIVERY	6/9/2008
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES

TAXES FOR: SAN JUAN, NEW MEXICO
2003 - 2004 Commerciality

GAS % OF REVENUE

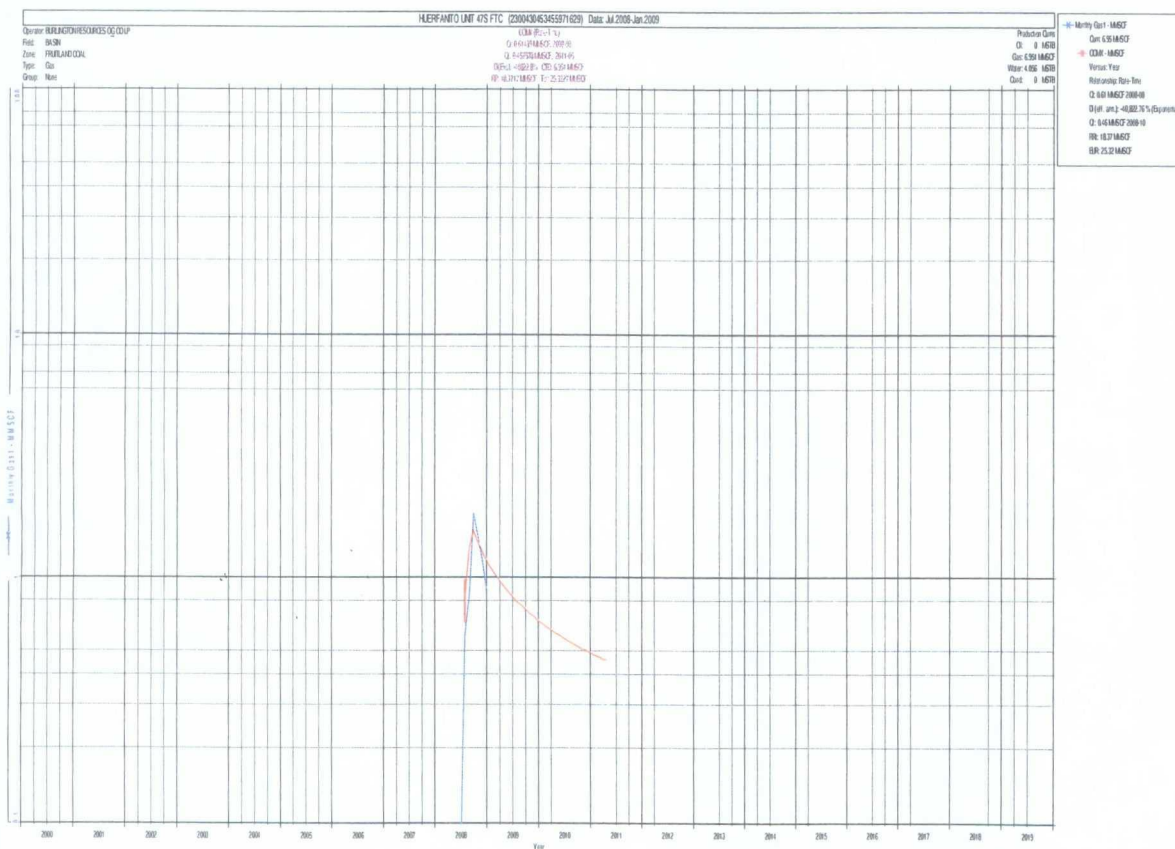
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.40
TOTAL %:	9.33

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

840.00	M\$	AVERAGE WELL COST
25.32	MMCF	ULT. GROSS GAS RESERVES
32.91	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.97	\$/\$	P/I, DISC. @ 10.00 %
-817.62	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.00	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
HUERFANITO UNIT 47S

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\$
2008(12)	32.9	6.1	4.27	0.00	0.23	4.63	4.63	35.51	22.66	24.2	2.50	11.50	10.23	840.00	-829.77
2009(12)	28.4	10.4	7.30	0.00	0.38	4.63	4.63	35.51	22.66	41.4	4.28	22.99	14.17	0.00	14.17
2010(12)	18.9	6.9	4.86	0.00	0.26	4.63	4.63	35.51	22.66	27.6	2.85	22.99	1.75	0.00	1.75
2011(12)	11.1	2.0	1.42	0.00	0.07	4.63	4.63	35.51	22.66	8.1	0.83	11.50	-4.26	0.00	-4.26
Total	---	25.3	17.86	0.00	0.94	---	---	---	---	101.3	10.47	68.98	21.89	840.00	-818.11

**WORKING INTEREST OWNERS
HUERFANITO UNIT
FRUITLAND COAL FORMATION**

AJM LLC
BURLINGTON RESOURCES OIL & GAS
FRANKLIN P LILLY
MCCONNELL LTD CO
MICHAEL J LILLY