



January 18, 2013

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

New Mexico Oil Conservation Division
Energy Minerals & Natural Resources
Attn: Ms. Lori Wrotenbery
1220 S. Saint Francis Drive
Santa Fe, NM 87505-4000

RE: San Juan 28-4 Unit (#14-08-001-933)
Commerciality Determination
Dakota Formation
Rio Arriba County, New Mexico

Gentlemen:

Pursuant to the provisions of Section 11(a) of the San Juan 28-4 Unit Agreement, #14-08-001-933, approved, July 24, 1953, Burlington Resources Oil & Gas Company, as Operator, has determined that the well listed below is not capable of producing unitized substances in paying quantities from the Dakota formation. Burlington is seeking confirmation of the paying well determination enclosed.

Well Name	Dedication	Lease No.	Comp. Date	Determination
SJ 28-4 Unit #17M	N/2 20-28N-04W	SF-079729	6-10-09	Non-Commercial

Upon receipt of response from the Bureau of Land Management and concurring response from the New Mexico Oil Conservation Division, this well will continue to be reported to 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 Graham at 326-9819, all other questions to the undersigned at 599-4030.

Sincerely,

Dawn Howell, CPLTA
Senior Land Analyst

SJ 28-4 Unit 4.3

**BURLINGTON RESOURCES
 COMMERCIALITY DETERMINATION
 BLM DATA SHEET
 SAN JUAN 28-4 17M DK**

WELL INFORMATION

LEASE	SAN JUAN 28-4 17M DK
LOCATION	20028N004WF
COUNTY, STATE	RIO ARRIBA, NM
FORMATION	DAKOTA
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS CO
SPUD DATE	10/5/2008
COMP DATE	6/10/2009
1ST DELIVERY	6/30/2009
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES

TAXES FOR:	RIO ARRIBA, NM
	2012 - 2013 Commerciality
	<u>GAS % OF REVENUE</u>
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.40
TOTAL %:	9.33

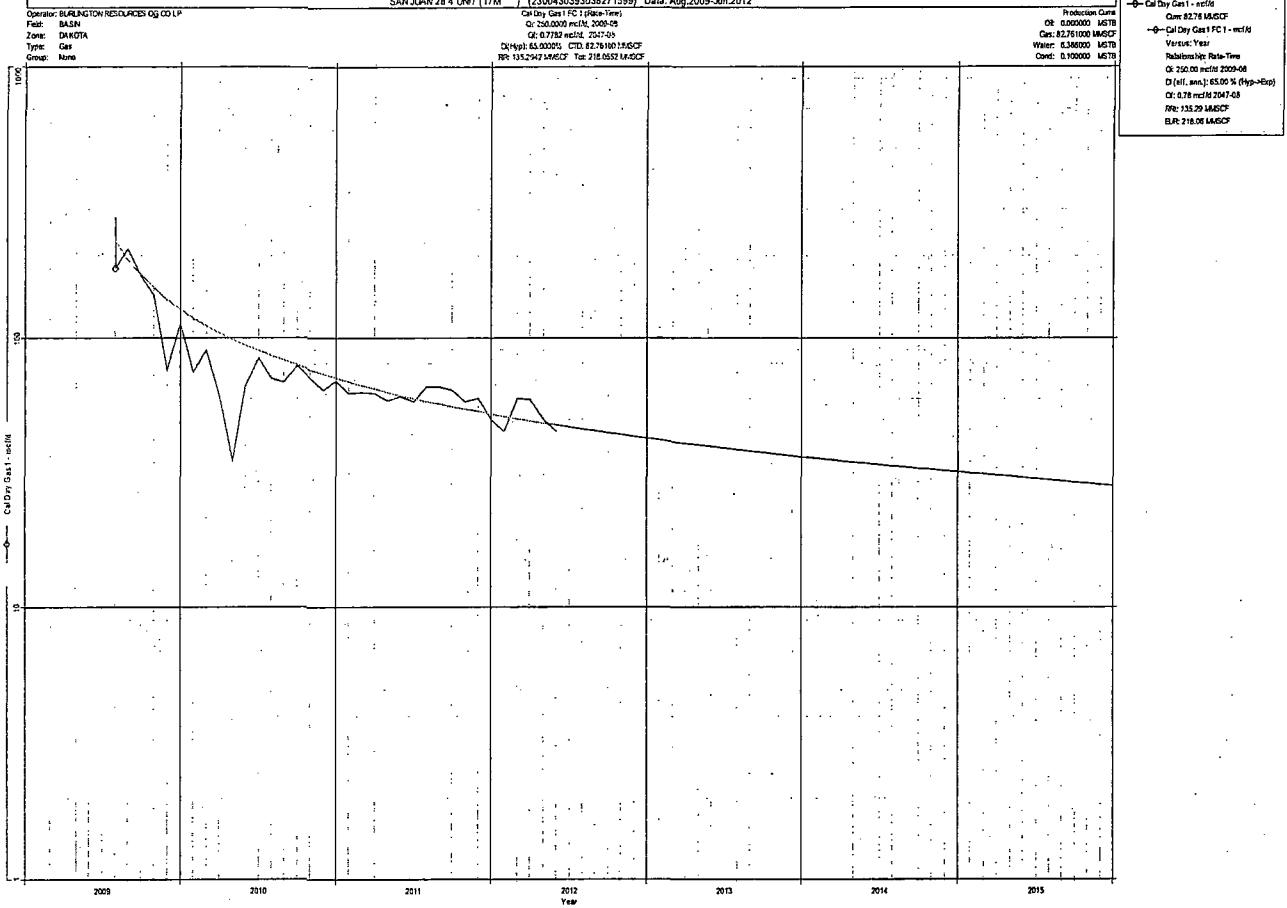
AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

918.80	M\$	AVERAGE WELL COST
208.81	MMCF	ULT. GROSS GAS RESERVES
155.50	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.62	\$/ \$	P/I, DISC. @ 10.00 %
-569.58	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.00	YRS	PAYOUT

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET SAN JUAN 28-4 17M DK



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\$
2009(12)	155.5	23.8	20.80	0.00	0.68	4.86	4.86	35.51	22.66	114.6	11.92	5.34	97.32	918.80	-821.48

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 28-4 17M DK

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\$
2010(12)	73.2	26.7	23.36	0.00	0.77	4.86	4.86	35.51	22.66	128.7	13.39	12.80	102.51	0.00	102.51
2011(12)	62.6	22.8	19.96	0.00	0.65	4.86	4.86	35.51	22.66	110.0	11.44	12.80	85.75	0.00	85.75
2012(12)	48.1	17.6	15.40	0.00	0.50	2.31	2.31	81.16	33.37	50.3	5.13	12.80	32.37	0.00	32.37
2013(12)	39.5	14.4	12.61	0.00	0.41	2.31	2.31	81.16	33.37	41.2	4.20	12.80	24.17	0.00	24.17
2014(12)	34.2	12.5	10.91	0.00	0.36	2.31	2.31	81.16	33.37	35.7	3.64	12.80	19.21	0.00	19.21
2015(12)	30.3	11.1	9.68	0.00	0.32	2.31	2.31	81.16	33.37	31.6	3.23	12.80	15.59	0.00	15.59
2016(12)	27.0	9.9	8.64	0.00	0.28	2.31	2.31	81.16	33.37	28.2	2.88	12.80	12.53	0.00	12.53
2017(12)	24.1	8.8	7.70	0.00	0.25	2.31	2.31	81.16	33.37	25.2	2.57	12.80	9.79	0.00	9.79
2018(12)	21.5	7.9	6.87	0.00	0.23	2.31	2.31	81.16	33.37	22.5	2.29	12.80	7.36	0.00	7.36
2019(12)	19.2	7.0	6.13	0.00	0.20	2.31	2.31	81.16	33.37	20.0	2.04	12.80	5.18	0.00	5.18
2020(12)	17.1	6.3	5.47	0.00	0.18	2.31	2.31	81.16	33.37	17.9	1.82	12.80	3.24	0.00	3.24
2021(12)	15.3	5.6	4.88	0.00	0.16	2.31	2.31	81.16	33.37	15.9	1.63	12.80	1.51	0.00	1.51
2022(12)	14.0	3.0	2.60	0.00	0.09	2.31	2.31	81.16	33.37	8.5	0.87	7.47	0.16	0.00	0.16
Total	---	177.3	155.02	0.00	5.08	---	---	---	---	650.2	67.05	166.45	416.68	918.80	-502.12

WORKING INTEREST OWNERS
SAN JUAN 28-4 UNIT

ANADARKO E & P COMPANY LP

BURLINGTON RESOURCES OIL & GAS CO LP

CONOCOPHILLIPS

CRITCHFIELD SANTA FE LP

WILLIAMS PRODUCTION COMPANY

XTO ENERGY INC.