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

September 2, 2011 11:45

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: San Juan 27-4 Unit (#14-08-001-1054)
Commerciality Determination
Dakota Formation
Rio Arriba County, New Mexico

Gentlemen:

Pursuant to the provisions of Section 11(a) of the San Juan 27-4 Unit Agreement, #14-08-001-1054, approved, September 3, 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 Dakota Formation. Burlington is seeking confirmation of the well determination enclosed.

Well Name	Dedication	Lease No.	Comp. Date	Determination
SJ 27-4 Unit #154N	E/2 14-27N-4W	SF-080672	9/28/2010	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, the non-commercial well will continue to be reported on a lease basis.

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 326-9848.

Sincerely,

Richard Davis
Land Analyst

SJ 27-4 Unit, 4.2

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET SAN JUAN 27-4 154N

WELL INFORMATION

LEASE SAN JUAN 27-4 154N
 LOCATION 14027N004WF
 COUNTY, STATE RIO ARriba, NM
 FORMATION DAKOTA
 PROJECT TYPE NEWDRILL
 WELL TYPE GAS WELL
 OPERATOR CONOCOPHILLIPS CO
 SPUD DATE 7/20/2010
 COMP DATE 9/28/2010
 1ST DELIVERY 9/30/2010
 COMM GWI % 100.00
 COMM NRI % 87.50
 BOARD RATE % 10.00

PRODUCTION TAXES

TAXES FOR: RIO ARriba, NM
 2003 - 2004 Commerciality
 GAS % OF REVENUE

SEVERANCE:
 Severance, School, Conservation 7.93

AD VALOREM:
 Production, Equipment 1.40

TOTAL %: 9.33

AVERAGE HEAT CONTENT

298 MMBtu / Mcf

WELL COST AND ECONOMICS

1,478.00 M\$ AVERAGE WELL COST
 262.32 MCMCF ULT. GROSS GAS RESERVES
 114.52 MCFD INITIAL GAS RATE
 0.00 % RATE OF RETURN
 -0.58 P/L DISC. @ 10.00 %
 -852.51 M\$ NET PRESENT VALUE, DISC. @ 10.00 %
 0.00 YRS PAYOUT

SAN JUAN 27-4 154N

CASH FLOW SUMMARY															
	Gas1	Gas1	Net Gas	Net Cond	Net Oth	Gas1	Gas	Cond	Oth	Net	Prod	Total	Total	Total	Total
Date	Rate	Volume	Volume	Volume	Volume	Price	Price	Price	Price	Revenue	Taxes	Opcosts	Oper Inc	Capital	BT Cash
mc/fd	MMSCF	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET

SAN JUAN 27-4 154N

CASH FLOW SUMMARY

Date	Gas1 Rate	Gas1 Volume	Net Gas Volume	Net Cond Volume	Net Oh Volume	Gas1 Price	Gas Price	Cond Price	Oh Price	Net Revenue	Prod Taxes	Total Opcosts	Total Oper Inc	Total Capital	Total BT Cash
	me/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	MS	MS	MS	MS	MS	MS
2010 10	35.6	1.1	0.79	0.00	0.11	4.86	4.86	35.51	22.66	6.0	0.61	1.07	4.34	1,478.00	-1,473.66
2010 11	174.4	5.2	3.74	0.00	0.52	4.86	4.86	35.51	22.66	28.5	2.89	1.07	24.54	0.00	24.54
2010 12	135.4	4.2	3.00	0.00	0.42	4.86	4.86	35.51	22.66	22.9	2.32	1.07	19.48	0.00	19.48
2011 01	118.4	3.7	2.62	0.00	0.37	4.86	4.86	35.51	22.66	20.0	2.02	1.07	16.90	0.00	16.90
2011 02	95.0	2.7	1.90	0.00	0.26	4.86	4.86	35.51	22.66	14.5	1.47	1.07	11.95	0.00	11.95
2011 03	33.9	1.1	0.75	0.00	0.10	4.86	4.86	35.51	22.66	5.7	0.58	1.07	4.08	0.00	4.08
2011 04	78.0	2.3	1.67	0.00	0.23	4.86	4.86	35.51	22.66	12.7	1.29	1.07	10.39	0.00	10.39
2011 05	74.8	2.3	1.66	0.00	0.23	4.86	4.86	35.51	22.66	12.6	1.28	1.07	10.28	0.00	10.28
2011 06	76.6	2.3	1.64	0.00	0.23	4.86	4.86	35.51	22.66	12.5	1.27	1.07	10.18	0.00	10.18
2011 07	73.5	2.3	1.63	0.00	0.23	4.86	4.86	35.51	22.66	12.4	1.26	1.07	10.09	0.00	10.09
2011 08	72.9	2.3	1.61	0.00	0.22	4.86	4.86	35.51	22.66	12.3	1.25	1.07	9.99	0.00	9.99
2011 09	74.6	2.2	1.60	0.00	0.22	4.86	4.86	35.51	22.66	12.2	1.23	1.07	9.89	0.00	9.89
2011 10	71.6	2.2	1.59	0.00	0.22	4.86	4.86	35.51	22.66	12.1	1.22	1.07	9.79	0.00	9.79
2011 11	73.3	2.2	1.57	0.00	0.22	4.86	4.86	35.51	22.66	12.0	1.21	1.07	9.70	0.00	9.70
2011 12	70.3	2.2	1.56	0.00	0.22	4.86	4.86	35.51	22.66	11.9	1.20	1.07	9.60	0.00	9.60
2012(12)	67.5	24.7	17.66	0.00	2.46	4.86	4.86	35.51	22.66	134.6	13.63	12.80	108.14	0.00	108.14
2013(12)	60.9	22.2	15.88	0.00	2.21	4.86	4.86	35.51	22.66	121.0	12.26	12.80	95.96	0.00	95.96
2014(12)	54.8	20.0	14.28	0.00	1.99	4.86	4.86	35.51	22.66	108.8	11.02	12.80	85.01	0.00	85.01
2015(12)	49.2	18.0	12.84	0.00	1.79	4.86	4.86	35.51	22.66	97.9	9.91	12.80	75.16	0.00	75.16
2016(12)	44.2	16.2	11.55	0.00	1.61	4.86	4.86	35.51	22.66	88.0	8.91	12.80	66.30	0.00	66.30
Sub.	---	139.3	99.56	0.00	13.86	---	---	---	---	758.6	76.83	80.03	601.78	1,478.00	-876.22
Rem.	---	123.0	87.90	0.00	12.24	---	---	---	---	669.8	67.84	230.47	371.51	0.00	371.51
Total	---	262.3	187.46	0.00	26.10	---	---	---	---	1,428.4	144.67	310.50	973.29	1,478.00	-504.71

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

SAN JUAN 27-4 154N

WELL INFORMATION

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 FORMATION DAKOTA
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TOTAL %: 9.33

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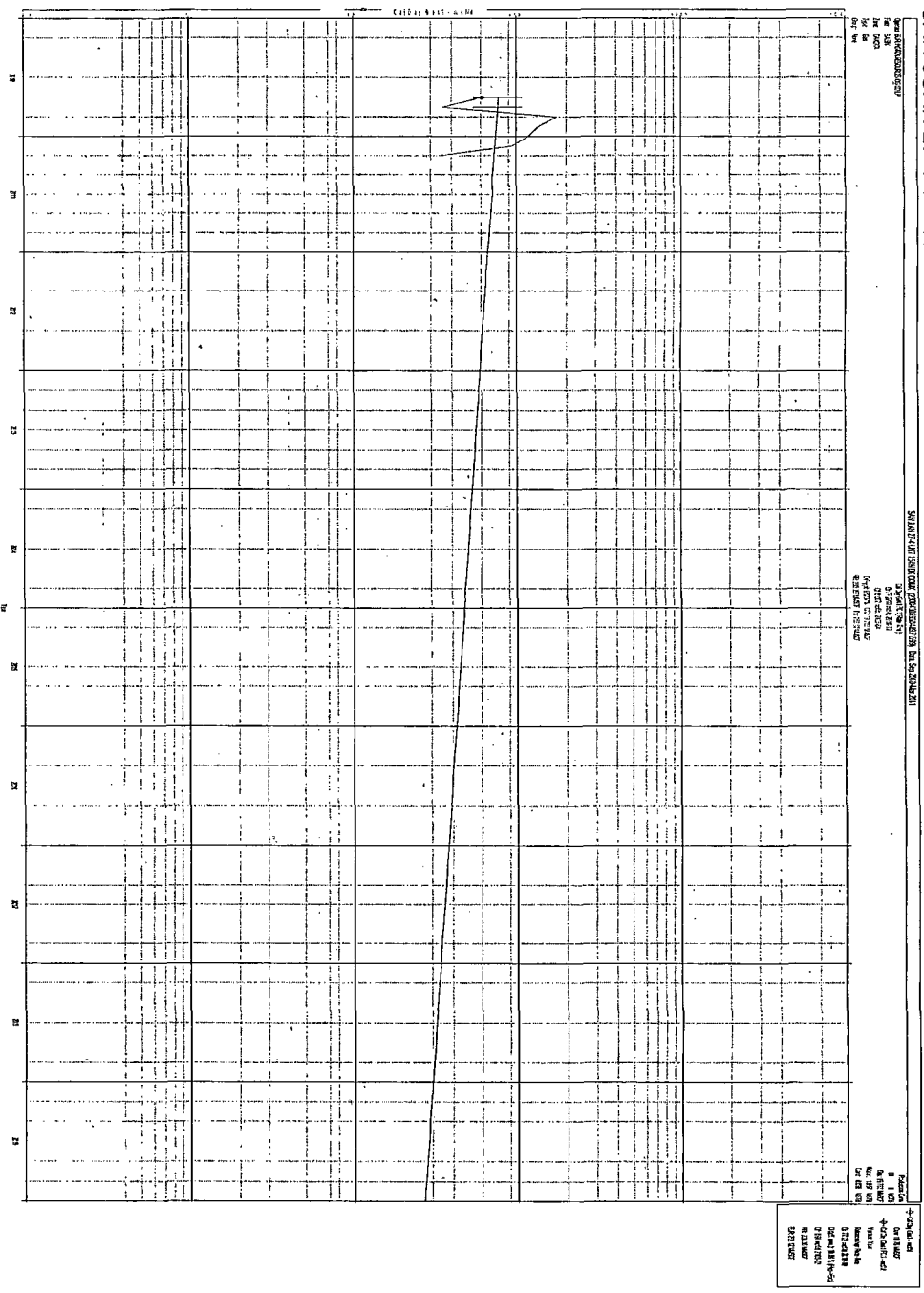
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2011 10	71.6	2.2	1.59	0.00	0.22	4.86	4.86	35.51	22.66	12.1	1.22	1.07	9.79	0.00	9.79
2011 11	73.3	2.2	1.57	0.00	0.22	4.86	4.86	35.51	22.66	12.0	1.21	1.07	9.70	0.00	9.70
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2015(12)	49.2	18.0	12.84	0.00	1.79	4.86	4.86	35.51	22.66	97.9	9.91	12.80	75.16	0.00	75.16
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