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ConocoPhillips

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San Juan Business Unit  
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ConocoPhillips Company  
3401 E. 30<sup>th</sup> St.  
Farmington, NM 87402  
Off: 505.326.9878  
terry.simcoe@conocophillips.com

November 14, 2011

Working Interest Owners

Re: **NOTIFICATION OF ELECTION**

Compulsory Pooling

Well: Huerfano Unit Com 311, Unit I, **API #30-045-35291**

Dedication: E/2 equivalent of Section 2, T25N, R9W, NMPM

San Juan County, New Mexico

NMOCD Case 14734

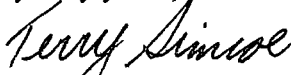
Dear Working Interest Owner:

On behalf of Burlington Resources Oil & Gas Company and in accordance with the terms of the New Mexico Oil Conservation Division Order R-13471, copy enclosed, I am providing you with notice of your right to elect to participate in the drilling, completion and production of this well into the Dakota and Mesaverde formations pursuant to this order.

Burlington's records indicate that you have a working interest ownership in these 320-acre spacing units for all formations from the surface to the base of the Dakota formation in this well. Should you desire to participate in this well and avoid the payment of the 200% risk factor out of its share of production, then within thirty days of the date you receive this letter, Burlington Resources Oil & Gas Company, 3401 East 30<sup>th</sup> Street, Farmington, NM 87402 must receive a cashier's check for your percentage of the completed well costs and a letter signed by you agreeing to participate in this well pursuant to this pooling order. Enclosed is a copy of the AFE for this well, which is the same as the AFE introduced at the hearing. Alternatively, you may execute the operating agreement that was previously sent to you and return it with your election to participate or not participate, in which case you will be removed from the provisions of this force pooling order.

If you decide not to participate or execute the operating agreement, then you need do nothing further. In that event, Burlington will pay your share of the costs of drilling and completing the well and will recover your share out of production plus an additional 200 percent.

Very truly yours,



Terry Simcoe, CPL

✓cc: Director NMOCD-Santa Fe

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✓ JRB Investments, LLC  
c/o Reynolds, Hix & Co, PA  
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✓ Las Colinas Minerals, L.P.  
125 E. John Carpenter  
Suite 660  
Irving, TX 75062  
Certified Mailing #7008 2810 0001 9142 4590

✓ Koch Exploration Company  
Attn: Morgan J. Connor  
9777 Pyramid Court  
Englewood, CO 80112  
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# Well Capital Cost Estimate Summary by Zone

This document contains proposed and estimated project cost information which is proprietary and confidential to ConocoPhillips.

**Well Name: HUERFANO UNIT COM 311**

**Zone Name: BASIN DAKOTA (PRORATED GAS)**

Cost Feature Code/Name:	Drilling \$\$	Completion \$\$	P & A \$\$	Facility \$\$
A000: CASING & TUBING	\$78,788.80	\$17,000.00	\$0.00	\$0.00
B000: WELLHEAD, XMAS TREE, & ASST EQUIPT	\$7,700.00	\$6,500.00	\$0.00	\$0.00
C000: COMPLETION EQUIPMENT & OTHER	\$0.00	\$2,650.00	\$0.00	\$57,050.00
D000: LOCATION (WELLSITE RELATED)	\$25,300.00	\$1,000.00	\$0.00	\$25,000.00
E000: RIGS AND RIG RELATED	\$124,135.00	\$25,350.00	\$0.00	\$0.00
F000: DRILLING & COMPLETION UTILITIES (ALL)	\$17,545.00	\$3,000.00	\$0.00	\$0.00
G000: FLUID AND CHEMICALS SERVICES	\$64,900.00	\$30,000.00	\$0.00	\$0.00
H000: DIRECTIONAL DRILLING / MWD / LWD	\$0.00	\$0.00	\$0.00	\$0.00
J000: CEMENTING MATERIALS, SVCS, & CSG ACCS	\$26,950.00	\$0.50	\$0.00	\$0.00
K000: FORMATION EVALUATION	\$27,555.00	\$2,500.50	\$0.00	\$0.00
M000: COMPLETION & TESTING	\$0.00	\$0.00	\$0.00	\$0.00
N000: FORMATION STIMULATION & TREATING	\$0.00	\$85,120.50	\$0.00	\$0.00
O000: CERTIFICATION, INSPECT, CONTROL & TEST	\$7,700.00	\$50.00	\$0.00	\$0.00
P000: TRANSPORTATION SUPPLY & DISPOSAL	\$30,250.00	\$45,512.50	\$0.00	\$0.00
Q000: DRLG TOOLS & EQPT RENTAL WWO OPR	\$9,900.00	\$10,650.00	\$0.00	\$0.00
R000: BITS & MILLS	\$12,650.00	\$600.00	\$0.00	\$0.00
S000: SPECIAL SERVICES	\$19,442.50	\$39,951.00	\$0.00	\$0.00
T000: MISCELLANEOUS	\$16,456.00	\$14,300.00	\$0.00	\$12,150.00
U000: PERFORATING & SLICKLINE SERVICES	\$550.00	\$12,300.00	\$0.00	\$700.00
V000: ENG & CONSTRUCTION(E&C), CONSLT, R&D	\$0.00	\$0.00	\$0.00	\$600.00
W000: GENERAL FEES	\$3,575.55	\$0.00	\$0.00	\$0.00
X000: CONOCOPHILLIPS LABOR & OVERHEAD	\$14,520.00	\$2,000.00	\$0.00	\$2,000.10
Y000: TOTALS, CONTINGENCY & MISCELLANEOUS	\$2,750.55	\$0.00	\$0.00	\$0.00
Zone Tangibles:	\$86,488.80	\$26,150.00	\$0.00	\$57,050.00
Zone Intangibles:	\$404,179.60	\$272,335.00	\$0.00	\$40,450.10
BASIN DAKOTA (PRORATED GAS) Total:	\$490,668.40	\$298,485.00	\$0.00	\$97,500.10
BASIN DAKOTA (PRORATED GAS) Percent of Well Total:	55.00%	41.30%	0.00%	50.00%

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_

# Well Capital Cost Estimate Summary by Zone

San Juan Business Unit

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**Well Name: HUERFANO UNIT COM 311**

**Zone Name: GALLUP (RCO532)**

Cost Feature Code/Name:	Drilling \$\$	Completion \$\$	P & A \$\$	Facility \$\$
A000: CASING & TUBING	\$64,463.56	\$17,000.00	\$0.00	\$0.00
B000: WELLHEAD, XMAS TREE, & ASST EQUIPT	\$6,300.00	\$6,500.00	\$0.00	\$0.00
C000: COMPLETION EQUIPMENT & OTHER	\$0.00	\$5,650.00	\$0.00	\$57,050.00
D000: LOCATION (WELLSITE RELATED)	\$20,700.00	\$1,000.00	\$0.00	\$25,000.00
E000: RIGS AND RIG RELATED	\$101,565.00	\$25,350.00	\$0.00	\$0.00
F000: DRILLING & COMPLETION UTILITIES (ALL)	\$14,355.00	\$3,000.00	\$0.00	\$0.00
G000: FLUID AND CHEMICALS SERVICES	\$53,100.00	\$30,000.00	\$0.00	\$0.00
H000: DIRECTIONAL DRILLING / MWD / LWD	\$0.00	\$0.00	\$0.00	\$0.00
J000: CEMENTING MATERIALS, SVCS, & CSG ACCS	\$22,050.00	\$0.50	\$0.00	\$0.00
K000: FORMATION EVALUATION	\$22,545.00	\$2,500.50	\$0.00	\$0.00
M000: COMPLETION & TESTING	\$0.00	\$12,000.00	\$0.00	\$0.00
N000: FORMATION STIMULATION & TREATING	\$0.00	\$150,120.50	\$0.00	\$0.00
O000: CERTIFICATION, INSPECT, CONTROL & TEST	\$6,300.00	\$50.00	\$0.00	\$0.00
P000: TRANSPORTATION SUPPLY & DISPOSAL	\$24,750.00	\$45,512.50	\$0.00	\$0.00
Q000: DRLG TOOLS & EQPT RENTAL W/WO OPR	\$8,100.00	\$10,650.00	\$0.00	\$0.00
R000: BITS & MILLS	\$10,350.00	\$600.00	\$0.00	\$0.00
S000: SPECIAL SERVICES	\$15,907.50	\$39,951.00	\$0.00	\$0.00
T000: MISCELLANEOUS	\$13,464.00	\$14,300.00	\$0.00	\$12,150.00
U000: PERFORATING & SLICKLINE SERVICES	\$450.00	\$58,000.00	\$0.00	\$700.00
V000: ENG & CONSTRUCTION(E&C), CONSLT, R&D	\$0.00	\$0.00	\$0.00	\$600.00
W000: GENERAL FEES	\$2,925.45	\$0.00	\$0.00	\$0.00
X000: CONOCOPHILLIPS LABOR & OVERHEAD	\$11,880.00	\$2,000.00	\$0.00	\$2,000.10
Y000: TOTALS, CONTINGENCY & MISCELLANEOUS	\$2,250.45	\$0.00	\$0.00	\$0.00
Zone Tangibles:	\$70,763.56	\$29,150.00	\$0.00	\$57,050.00
Zone Intangibles:	\$330,692.40	\$395,035.00	\$0.00	\$40,450.10
GALLUP (RCO532) Total:	\$401,455.96	\$424,185.00	\$0.00	\$97,500.10
GALLUP (RCO532) Percent of Well Total:	45.00%	58.70%	0.00%	50.00%

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_

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San Juan Business Unit

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**Well Name: HUERFANO UNIT COM 311**

Totals for Well:	Drilling \$\$	Completion \$\$	P & A \$\$	Facility \$\$
Well Tangibles:	\$157,252.36	\$55,300.00	\$0.00	\$114,100.00
Well Intangibles:	\$734,872.00	\$667,370.00	\$0.00	\$80,900.20
Well Total:	\$892,124.36	\$722,670.00	\$0.00	\$195,000.20

Well Total Tangibles: \$326,652.36

Well Total Intangibles: \$1,483,142.20

Well Grand Total: \$1,809,794.56