



Burlington Resources Inc.
A wholly owned subsidiary

August 12, 2013

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

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: **Canyon Largo Unit (14-08-001-1059)**
Commerciality Determination
Dakota Formation
Rio Arriba County, New Mexico
Property Code A719165

RECEIVED OGD
2013 AUG 13 P 2:54

Gentlemen:

Pursuant to the provisions of Section 11(a) of the Canyon Largo Unit Agreement, #14-08-001-1059, approved, September 18, 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	Dedicated Lease	Compl. Date	Determination
CLU #506	W/2 33-25N-6W	NMSF-078875	6-26-12	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 its respected 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

CLU 4.3 File

BURLINGTON RESOURCES
 COMMERCIALITY DETERMINATION
 BLM DATA SHEET
 CANYON LARGO UNIT 506

WELL INFORMATION

LEASE	CANYON LARGO UNIT 506
LOCATION	3325N06WD
COUNTY, STATE	RIO ARRIBA, NM
FORMATION	DAKOTA
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS CO
SPUD DATE	4/14/2012
COMP DATE	6/26/2012
1ST DELIVERY	7/19/2012
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

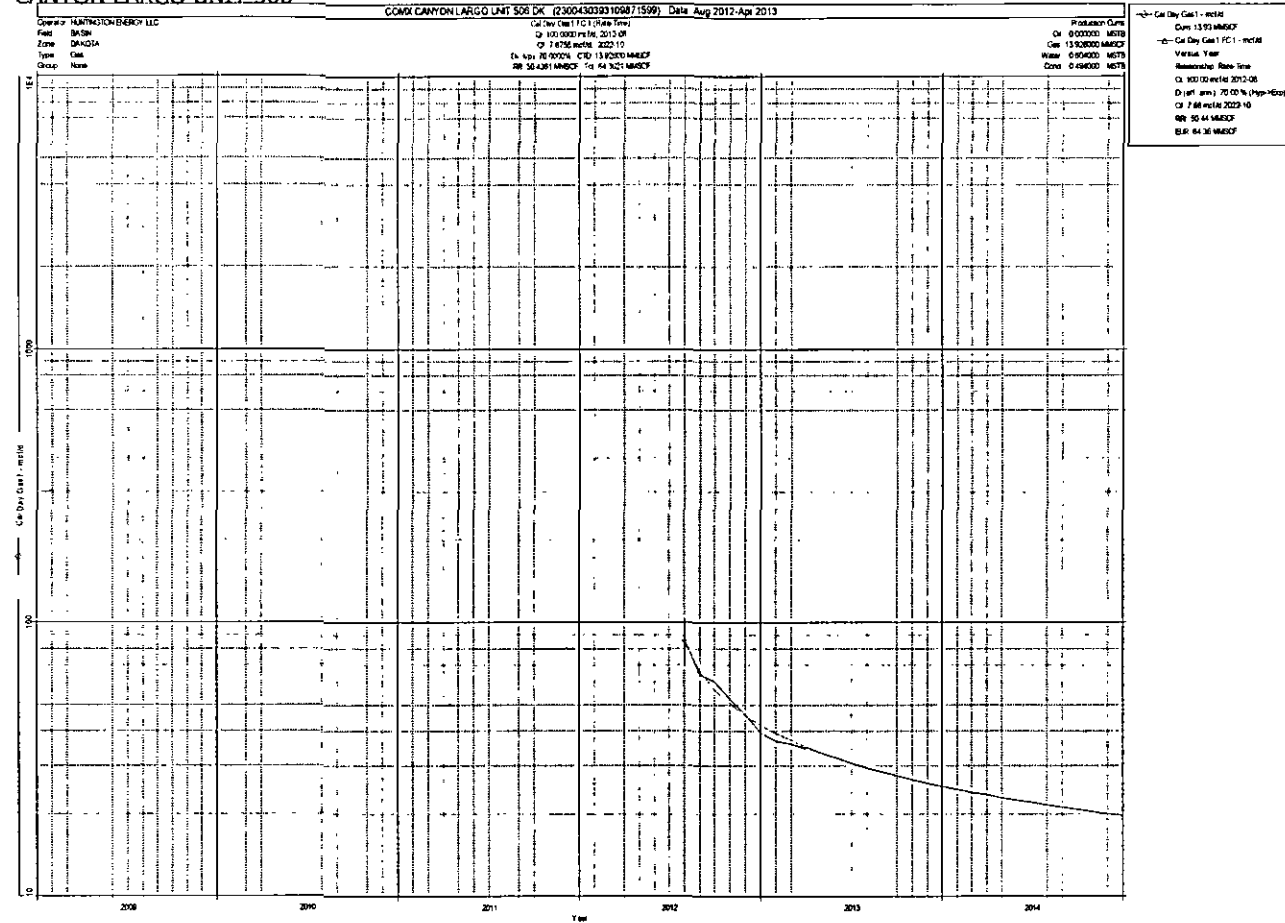
AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

1,454.00	M\$	AVERAGE WELL COST
64.36	MMCF	ULT. GROSS GAS RESERVES
86.68	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.92	\$/ \$	P/I, DISC. @ 10.00 %
-1,343.58	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.00	YRS	PAYOUT

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET CANYON LARGO UNIT 506



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\$
2012 08	86.7	2.7	1.80	0.00	0.31	2.31	2.31	81.16	33.37	13.1	1.28	1.33	10.48	1,454.00	-1,443.52

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BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
CANYON LARGO UNIT 506

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\$
2012 09	64.6	1.9	1.30	0.00	0.22	2.31	2.31	81.16	33.37	9.4	0.92	1.33	7.19	0.00	7.19
2012 10	60.8	1.9	1.26	0.00	0.21	2.31	2.31	81.16	33.37	9.2	0.90	1.33	6.96	0.00	6.96
2012 11	52.6	1.6	1.06	0.00	0.18	2.31	2.31	81.16	33.37	7.7	0.75	1.33	5.61	0.00	5.61
2012 12	46.2	1.4	0.96	0.00	0.16	2.31	2.31	81.16	33.37	7.0	0.68	1.33	4.97	0.00	4.97
2013 01	39.5	1.2	0.82	0.00	0.14	2.31	2.31	81.16	33.37	6.0	0.58	1.33	4.06	0.00	4.06
2013 02	36.9	1.0	0.69	0.00	0.12	2.31	2.31	81.16	33.37	5.0	0.49	1.33	3.22	0.00	3.22
2013 03	35.9	1.1	0.75	0.00	0.13	2.31	2.31	81.16	33.37	5.4	0.53	1.33	3.56	0.00	3.56
2013 04	34.4	1.0	0.69	0.00	0.12	2.31	2.31	81.16	33.37	5.0	0.49	1.33	3.21	0.00	3.21
2013 05	32.7	1.0	0.68	0.00	0.12	2.31	2.31	81.16	33.37	4.9	0.48	1.33	3.13	0.00	3.13
2013 06	32.3	1.0	0.65	0.00	0.11	2.31	2.31	81.16	33.37	4.7	0.46	1.33	2.94	0.00	2.94
2013 07	30.0	0.9	0.62	0.00	0.11	2.31	2.31	81.16	33.37	4.5	0.44	1.33	2.77	0.00	2.77
2013 08	28.9	0.9	0.60	0.00	0.10	2.31	2.31	81.16	33.37	4.4	0.43	1.33	2.61	0.00	2.61
2013 09	28.8	0.9	0.58	0.00	0.10	2.31	2.31	81.16	33.37	4.2	0.41	1.33	2.48	0.00	2.48
2013 10	27.0	0.8	0.56	0.00	0.10	2.31	2.31	81.16	33.37	4.1	0.40	1.33	2.35	0.00	2.35
2013 11	27.1	0.8	0.54	0.00	0.09	2.31	2.31	81.16	33.37	4.0	0.39	1.33	2.24	0.00	2.24
2013 12	25.4	0.8	0.53	0.00	0.09	2.31	2.31	81.16	33.37	3.8	0.38	1.33	2.14	0.00	2.14
2014 01	24.7	0.8	0.51	0.00	0.09	2.31	2.31	81.16	33.37	3.7	0.36	1.33	2.04	0.00	2.04
2014 02	26.7	0.7	0.50	0.00	0.09	2.31	2.31	81.16	33.37	3.6	0.36	1.33	1.96	0.00	1.96
2014 03	23.5	0.7	0.49	0.00	0.08	2.31	2.31	81.16	33.37	3.6	0.35	1.33	1.88	0.00	1.88
Sub.	---	23.3	15.63	0.00	2.65	---	---	---	---	113.4	11.08	26.54	75.80	1,454.00	-1,378.20
Rem.	---	34.2	22.94	0.00	3.89	---	---	---	---	166.5	16.26	100.85	49.40	0.00	49.40
Total	---	57.5	38.57	0.00	6.54	---	---	---	---	279.9	27.34	127.39	125.20	1,454.00	-1,328.80

**CANYON LARGO UNIT
WORKING INTEREST OWNERS
DAKOTA FORMATION**

Burlington Resources
ConocoPhillips Company
Carolyn Beamon Tilley
CB Lifeline Partnership
Claudia Marcia Gilmer
Four Star Oil & Gas
Huntington Canyon Largo LLC
James Robert Beamon
Jeanne Lundell Lindsey
Kimbell Oil Company
Omimex Petroleum Inc.
Richard Tully
Robert Beamon
Robert Walter Lundell
Susan Beamon Porter
Sharon Beamon Burns
Speerex Limited Partnership