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January 17, 2014

540

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

Burlington Resources Inc.
A wholly owned subsidiary

Bureau of Land Management
Farmington Resource Area
Attn: Mr. Wayne Townsend
6251 College Blvd., 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

State of New Mexico
Oil Conservation Division
Attn: Ms. Lori Wrotenbery
1220 S. Saint Francis Drive
Santa Fe, NM 87505-4000

RE: San Juan 27-5 Unit (14-08-001-950)
Commercial Determination
Mancos Formation
Rio Arriba County, New Mexico

Gentlemen:

Pursuant to the provisions of Section 11(a) of the San Juan 27-5 Unit Agreement, 14-08-001-950, approved April 21, 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 Mancos formation. Burlington Resources is seeking confirmation of the paying well determination enclosed.

Well Name	Dedication	Lease No.	Completion	Determination
San Juan 27-5 Unit 128N	S/2 Sec. 27-T27N-R5W	NMSF 079403	Mancos	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 formal Participating Area Schedules will be prepared and submitted.

Copies of this letter are being sent to the working interest owners on the attached sheet. If you have any questions or need any additional information, please contact the undersigned at (505) 326-9860.

Sincerely,

Valerie Wells,
Land Analyst

encl.



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

San Juan 27-5 Unit

Working Interest Owners

BARTON RESOURCES LLC
BP AMERICA PRODUCTION COMPANY
BURLINGTON RESOURCES O&G CO LP
CHAPPELL FAMILY TR UTA DTD JUNE 4 98
CHARLES W GAY
CROSS TIMBERS ENERGY LLC
DUGAN PRODUCTION CORP
HARCO LIMITED PARTNERSHIP
HARRINGTON ENERGY RESOURCES LP
HARRINGTON SOUTHWEST ENERGY LP
J&M RAYMOND LTD
JABCO LLP
LANGDON D HARRISON REVOC TRUST B
LORRAYN GAY HACKER
MAR OIL & GAS CORPORATION
NAVATEX ENERGY LP
OMIMEX PETROLEUM INC
PROVIDENCE MINERALS LLC
RIO ARIBAGAS LTD
RIO ARRIBA LIMITED PARTNERSHIP
RUTH ZIMMERMAN TRUST
T H MCELVAIN OIL AND GAS PROP
TAMACAM LLC
TEMPE LIMITED PARTNERSHIP
THOMAS P TINNIN
TIERRA POBRE LLC
TINMIL A NM LLC

BURLINGTON RESOURCES
 COMMERCIALITY DETERMINATION
 BLM DATA SHEET
 SAN JUAN 27-5 UNIT 128N

<u>WELL INFORMATION</u>	
LEASE	SAN JUAN 27-5 UNIT 128N
LOCATION	2727N05WI
COUNTY, STATE	RIO ARriba, NM
FORMATION	MANCOS
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS CO
PUD DATE	5/25/2012
COMP DATE	8/27/2012
1ST DELIVERY	8/23/2012
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

<u>PRODUCTION TAXES</u>	
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

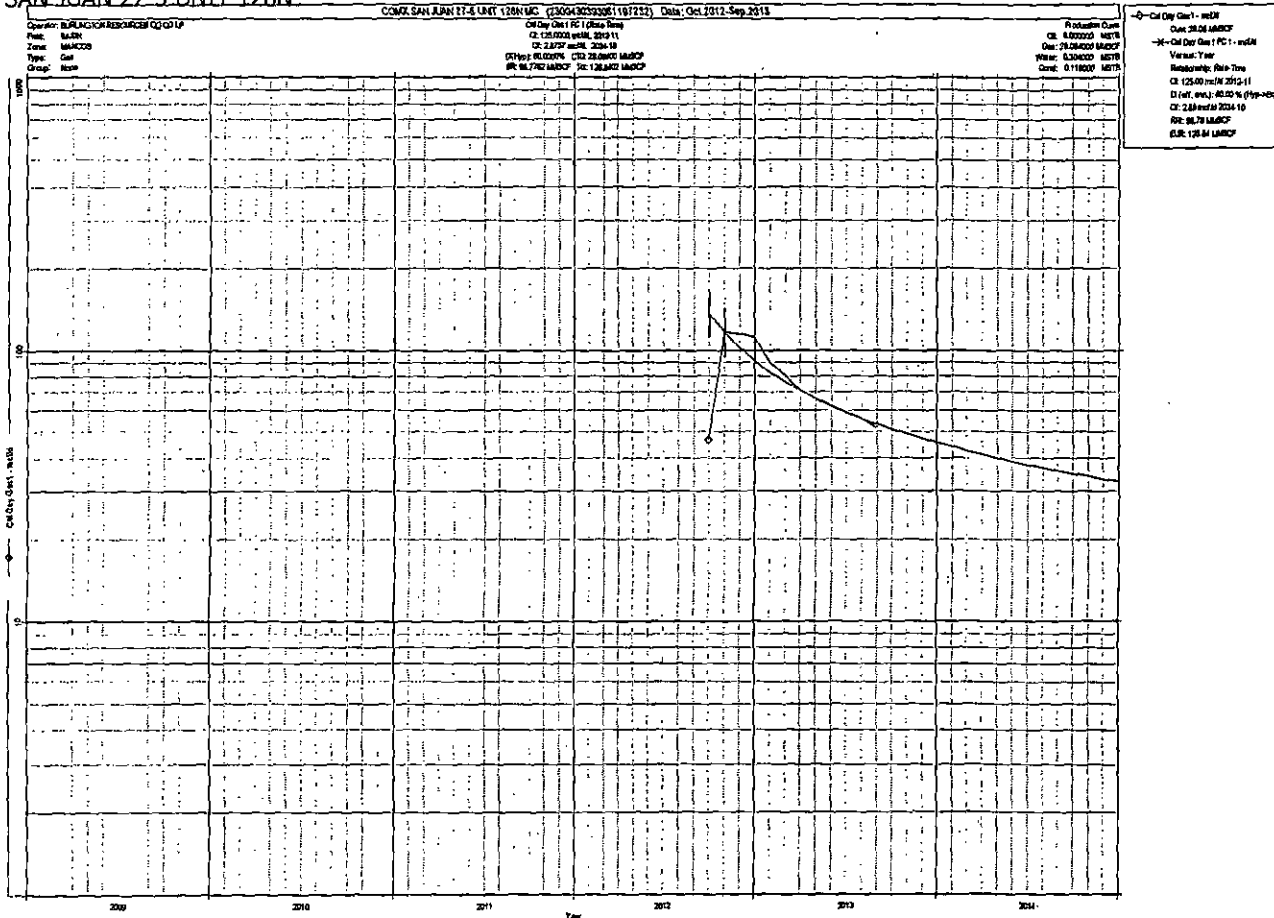
AVERAGE HEAT CONTENT

1,000	MMBtu / Mcf
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<u>WELL COST AND ECONOMICS</u>		
671.00	M\$	AVERAGE WELL COST
125.40	MMCF	ULT. GROSS GAS RESERVES
115.50	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.51	\$/ \$	P/I, DISC. @ 10.00 %
-343.43	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.00	YRS	PAYOUT

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION

BLM DATA SHEET SAN JUAN 27-5 UNIT 128N



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 11	115.5	3.5	2.54	0.02	0.31	3.87	3.87	81.16	33.37	21.3	2.12	0.88	18.34	671.00	-652.66

Peep 2011.1

SHARA GRAHAM

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BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 27-5 UNIT 128N

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 12	114.3	3.5	2.60	0.02	0.31	3.87	3.87	81.16	33.37	21.6	2.15	0.88	18.59	0.00	18.59
2013 01	111.0	3.4	2.52	0.02	0.30	3.87	3.87	81.16	33.37	21.1	2.09	0.88	18.09	0.00	18.09
2013 02	90.9	2.5	1.87	0.00	0.23	3.87	3.87	81.16	33.37	14.2	1.42	0.88	11.92	0.00	11.92
2013 03	80.3	2.5	1.83	0.01	0.22	3.87	3.87	81.16	33.37	14.8	1.47	0.88	12.42	0.00	12.42
2013 04	70.8	2.1	1.56	0.01	0.19	3.87	3.87	81.16	33.37	12.8	1.27	0.88	10.64	0.00	10.64
2013 05	66.0	2.0	1.50	0.01	0.18	3.87	3.87	81.16	33.37	12.1	1.20	0.88	10.00	0.00	10.00
2013 06	61.8	1.9	1.36	0.01	0.16	3.87	3.87	81.16	33.37	11.2	1.11	0.88	9.20	0.00	9.20
2013 07	59.2	1.8	1.35	0.00	0.16	3.87	3.87	81.16	33.37	10.7	1.06	0.88	8.72	0.00	8.72
2013 08	55.7	1.7	1.27	0.00	0.15	3.87	3.87	81.16	33.37	9.4	0.94	0.88	7.54	0.00	7.54
2013 09	51.8	1.6	1.14	0.01	0.14	3.87	3.87	81.16	33.37	10.3	1.02	0.88	8.37	0.00	8.37
2013 10	50.1	1.6	1.14	0.00	0.14	3.87	3.87	81.16	33.37	9.1	0.90	0.88	7.29	0.00	7.29
2013 11	49.7	1.5	1.09	0.00	0.13	3.87	3.87	81.16	33.37	8.7	0.86	0.88	6.93	0.00	6.93
2013 12	46.3	1.4	1.05	0.00	0.13	3.87	3.87	81.16	33.37	8.3	0.83	0.88	6.61	0.00	6.61
2014 01	44.6	1.4	1.01	0.00	0.12	3.87	3.87	81.16	33.37	8.0	0.80	0.88	6.32	0.00	6.32
2014 02	47.7	1.3	0.98	0.00	0.12	3.87	3.87	81.16	33.37	7.7	0.77	0.88	6.06	0.00	6.06
2014 03	41.6	1.3	0.95	0.00	0.11	3.87	3.87	81.16	33.37	7.4	0.74	0.88	5.82	0.00	5.82
2014 04	41.7	1.3	0.92	0.00	0.11	3.87	3.87	81.16	33.37	7.2	0.72	0.88	5.60	0.00	5.60
2014 05	39.1	1.2	0.89	0.00	0.11	3.87	3.87	81.16	33.37	7.0	0.70	0.88	5.39	0.00	5.39
2014 06	39.3	1.2	0.87	0.00	0.10	3.87	3.87	81.16	33.37	6.8	0.67	0.88	5.20	0.00	5.20
Sub.	---	38.8	28.43	0.14	3.43	---	---	---	---	229.6	22.86	17.66	189.06	671.00	-481.94
Rem.	---	86.6	63.58	0.09	7.66	---	---	---	---	481.4	48.07	238.41	194.89	0.00	194.89
Total	---	125.4	92.01	0.22	11.09	---	---	---	---	710.9	70.92	256.07	383.95	671.00	-287.05