



San Juan Business Unit
P.O. Box 4289
Farmington, NM 87402-4289
(505) 326-9700

Burlington Resources Inc.
*A wholly owned subsidiary of
ConocoPhillips*

October 30, 2006

Bureau of Land Management
Attn: Mr. Wayne Townsend
Farmington Resource Area
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

RECEIVED

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

OCT 31 2006

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: Huerfano Unit (I Sec. No. 731)
Commerciality Determination
Fruitland Coal Formation
San Juan County, New Mexico

Gentlemen:

Pursuant to the provisions of Section 11(a) of the Huerfano Unit Agreement, #I Sec. No. 731, approved June 6, 1950, Burlington Resources Oil & Gas Company LP, as Operator, has determined that the well listed below is capable of producing unitized substances in paying quantities from the Fruitland Coal formation. Burlington is seeking confirmation of the well determination enclosed.

<u>BR's</u> <u>AIN #</u>	<u>Well Name</u> <u>& Number</u>	<u>Well</u> <u>Dedication</u>	<u>Dedicated</u> <u>Lease</u>	<u>Completion</u> <u>Date</u>	<u>Commerciality</u> <u>Determination</u>
85838201	Huerfano Unit #34	W/2 8-26N-9W	SF-077980-A	3-13-06	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 and enclosures are being sent to the working interest owners as listed on the attached page. Please contact Karen Stevens at 326-9754 for any technical questions, and all other questions to the undersigned at 599-4030.

Sincerely,

Dawn Howell
Sr. Land Technician

AJM LLC
PO BOX 406
LONE WOLF ,OK 73655

ALBERT R GREER
4900 COLLEGE BLVD
FARMINGTON ,NM 87402

BENSON MONTIN GREER
DRILLING CORP
4900 COLLEGE BLVD
FARMINGTON ,NM 87402

BETTY T JOHNSTON MARITAL TRUST
BETTY JOHNSTON/LEYLE CARBAUGH
PAUL M HARDWICK CO-TRUSTEES
245 COMMERCE GREEN BLVD STE280

CHASE OIL CORPORATION
PO BOX 1767
ARTESIA ,NM 882111767

CHEVRON MIDCONTINENT LP
ATTN NOJV MANAGER
MID CONTINENT BUSINESS UNIT
11111 S WILCREST
HOUSTON ,TX 770999043

SUGAR LAND ,TX 77478

CONOCOPHILLIPS COMPANY
CHIEF LANDMAN SAN JUAN/ROCKIES
PO BOX 2197

EDNA IONE HALL TRUST
EDNA IONE HALL SOLE TRUSTEE
C/O ELLIOTT OIL CO
BOX 1355
ROSWELL ,NM 88201

ENERGEN RESOURCES CORP
ATTN DAVID POAGE
2198 BLOOMFIELD HWY

HOUSTON ,TX 772522197

FARMINGTON ,NM 87401

EULA MAY JOHNSTON TRUST
BANK OF AMERICA NA TRUSTEE
PO BOX 2546

EVKO DEVELOPMENT COMPANY
PO BOX 245
SAUSALITO ,CA 94966

FRANK O ELLIOTT LIVING TRUST
FRANK O ELLIOTT TRUSTEE
PO BOX 1355
ROSWELL ,NM 88201

FT WORTH ,TX 761132546

FRANKLIN P LILLY
2629 OAK MEADOW DR
ROUND ROCK ,TX 78681

GROSS RESOURCES LTD PTSHP
FDR STATION
PO BOX 945
NEW YORK ,NY 10150

HANSON MCBRIDE PETROLEUM CO
PO BOX 1515
ROSWELL ,NM 882021515

JOHN SCOTT WESTEFELD
4831 SOUTHCHASE CT
IOWA CITY ,IA 52245

KELLY MINERALS INTERESTS JV
2709 WOLFF DR
ARLINGTON ,TX 760151020

LA PLATA GATHERING SYSTEM INC
ONE ENERGY SQUARE #852
4925 GREENVILLE AVENUE
DALLAS ,TX 752064079

LANGDON D HARRISON REVOC TRUST B
C/O ZIA DATA SEARCH
JACQUELINE M HARRISON SUCC TRUSTEE
PO DRAWER 2188

MACDONALD HALBERSTADT REVOCABLE
FAMILY TRUST DTD 2/21/02
1310 VIA CHRISTINA
VISTA ,CA 92084

MARYAN KLINGER TRUST
ROBERT KLINGER SUCC TRUSTEE
C/O ROBERT KLINGER
1788 MONTY CT
STOCKTON ,CA 952072402

ROSWELL ,NM 88202

MCCONNELL LTD CO
C/O JON BREED CPA
3430 FLORIDA NE
ALBUQUERQUE ,NM 87110

MICHAEL J LILLY
470 ROADRUNNER TRL
BERTRAM ,TX 78605

PRODUCTION GATHERING CO LP
8080 N CENTRAL EXPY STE 1090
DALLAS ,TX 75206

ROGERS-GIBBARD TRUST
C/O SUSAN R EVELAND
3630 RIVER OAKS COURT
TYLER ,TX 757071658

SUNLAND REFINING CORP
C/O WORLD OIL CORP
9302 GARFIELD AVE
SOUTH GATE ,CA 90280

THOMAS H YATES JR
C/O JIL OIL CORP
10500 HERITAGE ST STE 100
SAN ANTONIO ,TX 78216

V A JOHNSTON FAMILY TRUST
C/O DAVID A PREWITT & M A CHESSE
CO-TRUSTEES
PO BOX 825
RALLS ,TX 79357

WILLIAM J GREEN
P O BOX 1465
MIDLAND ,TX 79702

WILLIAMS PRODUCTION COMPANY
ONE WILLIAMS CENTER
PO BOX 3102 MD25-1
TULSA ,OK 74101

XTO ENERGY INC
810 HOUSTON ST STE 2000
FORT WORTH ,TX 761026298

ZZZ KELLY & TRUST LLC
LOUISIANA LTD LIABCO
535 ONEONTA ST
SHREVEPORT ,LA 711061619

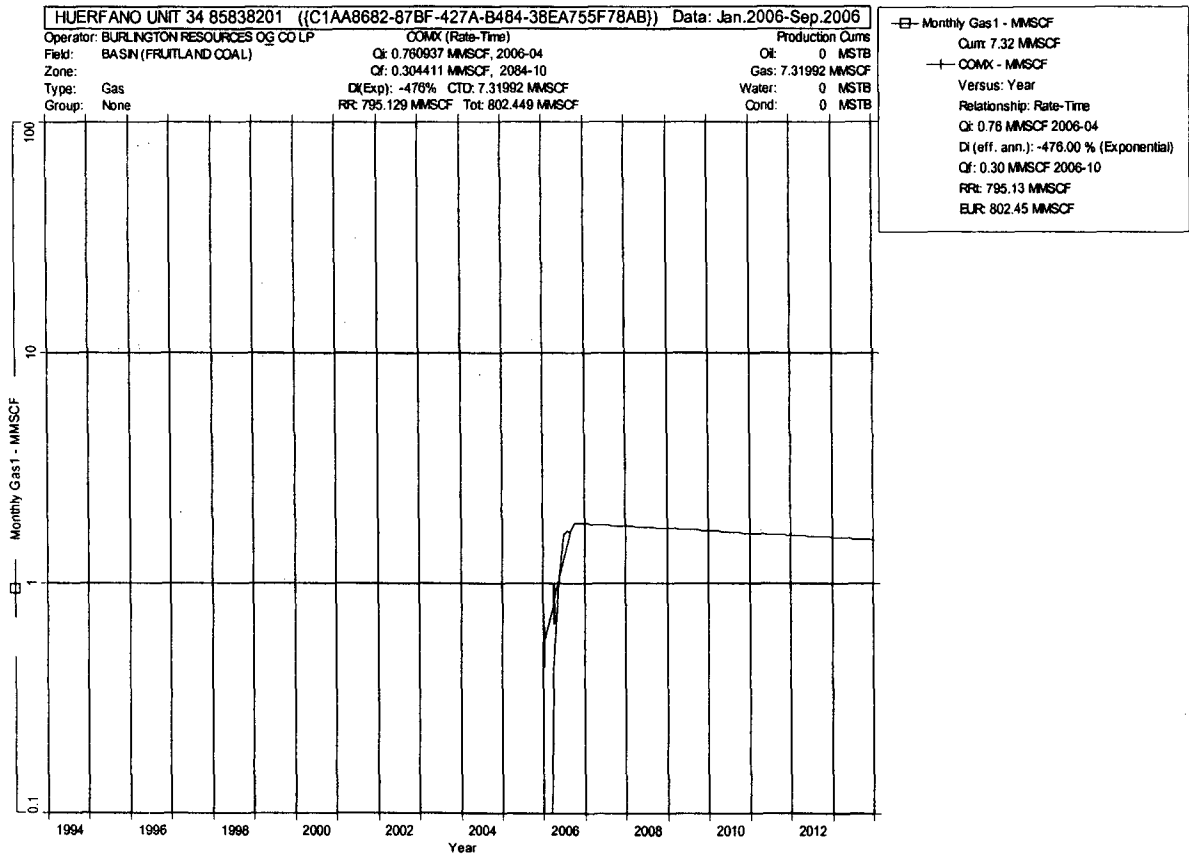
BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
HUERFANO UNIT 34

WELL INFORMATION	
LEASE	HUERFANO UNIT 34
LOCATION	08026N009WM
COUNTY, STATE	SAN JUAN, NEW MEXICO
FORMATION	FRUITLAND COAL
PROJECT TYPE	NEWDRIILL
WELL TYPE	GAS WELL
OPERATOR	BURLINGTON RESOURCES O&G CO LP
SPUD DATE	10/17/2005
COMP DATE	3/13/2006
1ST DELIVERY	3/29/2006
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES	
TAXES FOR:	SAN JUAN, NEW MEXICO 2003 - 2004 Commerciality
	GAS % OF REVENUE
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	
370.33	M\$ AVERAGE WELL COST
802.42	MMCF ULT. GROSS GAS RESERVES
46.42	MCFD INITIAL GAS RATE
17.03	% RATE OF RETURN
0.51	\$/ \$ P/I, DISC. @ 10.00 %
190.67	M\$ NET PRESENT VALUE, DISC. @ 10.00 %
5.91	YRS PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
 HUERFANO UNIT 34

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\$
2006(12)	46.4	12.8	9.00	0.00	0.49	4.63	4.63	35.51	22.66	51.3	5.30	8.10	37.92	370.33	-332.41
2007(12)	59.0	21.5	15.19	0.00	0.82	4.63	4.63	35.51	22.66	86.6	8.94	10.80	66.87	0.00	66.87
2008(12)	57.5	21.1	14.85	0.00	0.80	4.63	4.63	35.51	22.66	84.6	8.74	10.80	65.10	0.00	65.10
2009(12)	56.4	20.6	14.51	0.00	0.78	4.63	4.63	35.51	22.66	82.7	8.54	10.80	63.38	0.00	63.38
2010(12)	55.1	20.1	14.18	0.00	0.77	4.63	4.63	35.51	22.66	80.8	8.35	10.80	61.69	0.00	61.69
2011(12)	53.8	19.7	13.86	0.00	0.75	4.63	4.63	35.51	22.66	79.0	8.16	10.80	60.05	0.00	60.05
2012(12)	52.5	19.2	13.54	0.00	0.73	4.63	4.63	35.51	22.66	77.2	7.97	10.80	58.44	0.00	58.44
2013(12)	51.4	18.8	13.23	0.00	0.72	4.63	4.63	35.51	22.66	75.5	7.79	10.80	56.87	0.00	56.87
2014(12)	50.3	18.3	12.93	0.00	0.70	4.63	4.63	35.51	22.66	73.7	7.61	10.80	55.33	0.00	55.33
2015(12)	49.1	17.9	12.64	0.00	0.68	4.63	4.63	35.51	22.66	72.1	7.44	10.80	53.83	0.00	53.83
2016(12)	47.9	17.5	12.35	0.00	0.67	4.63	4.63	35.51	22.66	70.4	7.27	10.80	52.36	0.00	52.36
2017(12)	46.9	17.1	12.07	0.00	0.65	4.63	4.63	35.51	22.66	68.8	7.11	10.80	50.93	0.00	50.93
2018(12)	45.8	16.7	11.80	0.00	0.64	4.63	4.63	35.51	22.66	67.3	6.95	10.80	49.53	0.00	49.53
2019(12)	44.8	16.4	11.53	0.00	0.62	4.63	4.63	35.51	22.66	65.7	6.79	10.80	48.16	0.00	48.16
2020(12)	43.7	16.0	11.27	0.00	0.61	4.63	4.63	35.51	22.66	64.3	6.63	10.80	46.82	0.00	46.82
2021(12)	42.8	15.6	11.01	0.00	0.60	4.63	4.63	35.51	22.66	62.8	6.48	10.80	45.51	0.00	45.51
2022(12)	41.8	15.3	10.76	0.00	0.58	4.63	4.63	35.51	22.66	61.4	6.34	10.80	44.23	0.00	44.23
2023(12)	40.9	14.9	10.52	0.00	0.57	4.63	4.63	35.51	22.66	60.0	6.19	10.80	42.98	0.00	42.98
2024(12)	39.8	14.6	10.28	0.00	0.56	4.63	4.63	35.51	22.66	58.6	6.05	10.80	41.76	0.00	41.76
2025(12)	39.0	14.2	10.05	0.00	0.54	4.63	4.63	35.51	22.66	57.3	5.91	10.80	40.57	0.00	40.57
Sub.	---	348.3	245.58	0.00	13.27	---	---	---	---	1,400.2	144.55	213.30	1,042.31	370.33	671.98
Rem.	---	454.1	320.23	0.00	17.31	---	---	---	---	1,825.8	188.50	634.50	1,002.84	0.00	1,002.84
Total	---	802.4	565.81	0.00	30.58	---	---	---	---	3,226.0	333.05	847.80	2,045.15	370.33	1,674.82