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

San Juan Business Unit

ConocoPhillips Company
P.O. Box 4289
Farmington, NM 87499-4289

Burlington Resources Inc.
A wholly owned subsidiary of
ConocoPhillips

March 27, 2007

Bureau of Land Management (3)
Attn: Ms. Margie DuPree
1235 La Plata Highway
Farmington, NM 87401

State of New Mexico (2)
Commissioner of Public Lands
Attn: Mr. Pete Martinez
P.O. Box 1148
Santa Fe, NM 87501-1148

State of New Mexico (2)
Oil Conservation Division
Energy & Minerals Dept.
Attn: Ms. Lori Wrotenbery
1220 S. Saint Francis Dr.
Santa Fe, NM 87505

RE: **HUERFANITO UNIT, - UA - I Sec. No. 943**
San Juan County, New Mexico
Pictured Cliffs Formation
THIRD EXPANSION, Effective 4/1/2006

Dear Sir or Madam:

Pursuant to Section 11(a) of the above referenced Unit Agreement, approved June 2, 1952, **Burlington Resources Oil & Gas Company LP** as **Unit Operator**, has determined that the following well is capable of producing unitized substances in paying quantities from the Pictured Cliffs formation, thereby should be admitted into the Pictured Cliffs Participating Area. Pursuant to BLM letter dated December 8, 2006, listed below is the well that has been deemed commercial.

THIRD EXPANSION - EFFECTIVE 4/1/06

<u>Well Name</u>	<u>Tract/Acres</u>	<u>Tr. Description</u>	<u>Compl. Date</u>
Huerfanito Unit #175	Tr. 7 / 160.00	SE/4, 26-27N-9W	3/7/06

The Schedule for the Third Expansion is enclosed. The schedule describes the Participating Area and shows the percentage of unitized substances allocated to the tracts according to the ownership within the tracts.

ConocoPhillips would appreciate consideration of this Expansion by written response. Please contact the undersigned at (505) 599-4030 if there are any questions regarding this matter. Copies of this letter and attachments are being furnished to the working interest owners on the attached list.

Sincerely,

Dawn Howell
Staff Land Technician

BURLINGTON RESOURCES OIL & GAS COMPANY LP

RECAPITULATION

THIRD EXPANDED PARTICIPATING AREA

HUERFANITO UNIT AREA

PICTURED CLIFFS FORMATION

EFFECTIVE 4/1/2006

DESCRIPTION OF COMMITTED LANDS IN PARTICIPATING AREA:

TOWNSHIP 26 NORTH, RANGE 9 WEST

SECTION 1: LOTS 1 (40.01), 2 (40.05), 3 (40.07), 4 (40.11), S/2, S/2N/2 (ALL)
SECTION 2: LOTS 1 (40.15), 2 (40.20), 3 (40.26), 4 (40.31), S/2, S/2N/2 (ALL)
SECTION 3: LOTS 1 (40.36), 2 (40.39), 3 (40.43), 4 (40.46), S/2, S/2N/2 (ALL)
SECTION 4: LOTS 1 (40.52), 2 (40.60), 3 (40.68), 4 (40.76), S/2, S/2N/2 (ALL)
SECTION 10: N/2
SECTION 11: N/2
SECTION 12: ALL

TOWNSHIP 27 NORTH, RANGE 9 WEST

SECTION 22 ALL
SECTION 23 ALL
SECTION 24 W/2
SECTION 25 W/2
SECTION 26 E/2, SW/4
SECTION 27 ALL
SECTION 28 E/2
SECTION 33 ALL
SECTION 34 ALL
SECTION 35 ALL
SECTION 36 ALL

TOTAL ACRES COMMITTED: 9,765.36

TOTAL NUMBER OF ACRES IN PARTICIPATING AREA: 9,765.36

TOTAL NON-COMMITTED: 0.00

BURLINGTON RESOURCES OIL & GAS COMPANY LP - OPERATOR
THIRD EXPANDED PARTICIPATING AREA FOR PICTURED CLIFFS FORMATION
HUEFANTO UNIT AREA
SAN JUAN COUNTY, NEW MEXICO
EFFECTIVE 4/01/06

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	GW/	NRI PERCENTAGE	PARTICIPATION FACTOR
NM-03491	T26N R9W SEC 4 S/2N/2, S/2 LOT 1 (40.52) LOT 2 (40.60) LOT 3 (40.68) LOT 4 (40.76)	642.56	ORRI: ROYALTY: WORKING INTEREST: GLENN MARY E SENIER THOMAS S MAST MAYDELL MILLER TRUST T H MCELVAIN OIL & GAS GAY CHARLES W HACKER LORRAYN GAY J&M RAYMOND LTD BURLINGTON RESOURCES O&G CO LP	TRACT 001	0.000000 0.000000 2.083333 2.083333 0.260417 3.125000 0.130208 0.130209 2.604166 89.583334	5.000000 12.500000 1.718749 1.718749 0.214846 2.578123 0.107425 0.107420 2.148435 73.906253	6.579993%
	TOTAL				100.000000	100.000000	
SF-078081	T27N R9W SEC 28 E/2 SEC 33 ALL	960.00	ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP	TRACT 002	0.000000 0.000000 100.000000	15.000000 12.500000 72.500000	9.830667%
	TOTAL				100.000000	100.000000	
SF-078135	T26N R9W SEC 3 S/2NE/4, SE/4 LOT 1 (40.36) LOT 2 (40.39)	320.75	ORRI: ROYALTY: WORKING INTEREST: BURLINGTON RESOURCES O&G CO LP	TRACT 003	0.000000 0.000000 100.000000	15.500000 12.500000 72.000000	3.284569%
	TOTAL				100.000000	100.000000	

BURLINGTON RESOURCES OIL & GAS COMPANY LP - OPERATOR
 THIRD EXPANDED PARTICIPATING AREA FOR PICTURED CLIFFS FORMATION

892000943B

HUERFANTO UNIT AREA
 SAN JUAN COUNTY, NEW MEXICO
 EFFECTIVE 4/01/06

SERIAL	NUMBER	DESCRIPTION	OF ACRES	OWNERSHIP	DRLING	GWI	NRI	PARTICIPATION
NUMBER					BLOCK	PERCENTAGE	PERCENTAGE	FACTOR
SF-078135	T26N R9W	SEC 1	1921.13		TRACT 003A			19.672905%
		LOT 1 (40.01)		ORRI:		0.000000	15.500000	
		LOT 2 (40.05)		ROYALTY:		0.000000	12.500000	
		LOT 3 (40.07)		WORKING INTEREST:				
		LOT 4 (40.11)		BURLINGTON RESOURCES O&G CO LP		100.000000	72.000000	
	SEC 3	S/2NW/4, SW/4		TOTAL		100.000000	100.000000	
		LOT 3 (40.43)						
		LOT 4 (40.46)						
	SEC 10	N/2						
	T27N R9W							
	SEC 34	S/2						
	SEC 35	S/2						
SF-078356	T27N R9W		1280.00		TRACT 004			13.107556%
	SEC 22	ALL		ORRI:		0.000000	3.000000	
	SEC 23	ALL		ROYALTY:		0.000000	12.500000	
				WORKING INTEREST:				
				FOUR STAR OIL & GAS		100.000000	84.500000	
	TOTAL					100.000000	100.000000	
SF-078356	T27N R9W		160.00		TRACT 004A			1.638444%
	SEC 24	NW/4		ORRI:		0.000000	3.000000	
				ROYALTY:		0.000000	12.500000	
				WORKING INTEREST:				
				FOUR STAR OIL & GAS		100.000000	84.500000	
	TOTAL					100.000000	100.000000	

BURLINGTON RESOURCES OIL & GAS COMPANY LP - OPERATOR
 THIRD EXPANDED PARTICIPATING AREA FOR PICTURED CLIFFS FORMATION
 HUERFANITO UNIT AREA
 SAN JUAN COUNTY, NEW MEXICO
 EFFECTIVE 4/01/06

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	GW/	NRI PERCENTAGE	PARTICIPATION FACTOR
SF-078356-A	T27N R9W SEC 26 NE/4	160.00		TRACT 005			1.638444%
	ORRI:				0.000000	21.875000	
	ROYALTY:				0.000000	12.500000	
	WORKING INTEREST:						
	BURLINGTON RESOURCES O&G LP				100.000000	65.625000	
	TOTAL				100.000000	100.000000	
SF-078356-B	T27N R9W SEC 27 N/2SW/4, N/2	400.00		TRACT 006			4.096111%
	ORRI:				0.000000	14.500000	
	ROYALTY:				0.000000	12.500000	
	WORKING INTEREST:						
	BURLINGTON RESOURCES O&G LP				100.000000	73.000000	
	TOTAL				100.000000	100.000000	
SF-078358	T27N R9W SEC 26 SE/4	160.00		TRACT 007			1.638444%
	ORRI:				0.000000	21.875000	
	ROYALTY:				0.000000	12.500000	
	WORKING INTEREST:						
	BURLINGTON RESOURCES O&G LP				100.000000	65.625000	
	TOTAL				100.000000	100.000000	
SF-078388	T26N R9W SEC 11 N/2 SEC 12 N/2, SW/4, W/2SE/4	880.00		TRACT 008			9.011445%
	ORRI:				0.000000	14.500000	
	ROYALTY:				0.000000	12.500000	
	WORKING INTEREST:						
	BURLINGTON RESOURCES O&G LP				100.000000	73.000000	
	TOTAL				100.000000	100.000000	

BURLINGTON RESOURCES OIL & GAS COMPANY LP - OPERATOR
THIRD EXPANDED PARTICIPATING AREA FOR PICTURED CLIFFS FORMATION

892000943B

HUERFANITO UNIT AREA
SAN JUAN COUNTY, NEW MEXICO
EFFECTIVE 4/01/06

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DILLING BLOCK	GWI PERCENTAGE	NRI PERCENTAGE	PARTICIPATION FACTOR
SF-078434	T26N R9W SEC 12 E/2SE/4	80.00		TRACT 009			0.819222%
	ORRI:				0.000000	20.812500	
	ROYALTY:				0.000000	12.500000	
	WORKING INTEREST:						
	BURLINGTON RESOURCES OIL & GAS CO LP				67.500002	45.014063	
	TOTAL				67.500002	78.326563	
SF-080117	T27N R9W SEC 26 SW/4 SEC 27 SE/4, S/2SW/4 SEC 34 N/2 SEC 35 N/2	1040.00		TRACT 010			10.649889%
	ORRI:				0.000000	14.500000	
	ROYALTY:				0.000000	12.500000	
	WORKING INTEREST:						
	BURLINGTON RESOURCES O&G LP				100.000000	73.000000	
	TOTAL				100.000000	100.000000	
E-5379-2	T26N R9W SEC 2 SW/4NE/4, SE/4NW/4, NW/4SW/4	120.00		TRACT 011			1.228833%
	ORRI:				0.000000	12.500000	
	ROYALTY:				0.000000	12.500000	
	WORKING INTEREST:						
	BURLINGTON RESOURCES OIL & GAS CO LP				100.000000	75.000000	
	TOTAL				100.000000	100.000000	
B-9320-11	T26N R9W SEC 2 SE/4 LOT 1 (40.15) LOT 3 (40.26)	240.41		TRACT 012			2.461865%
	ORRI:				0.000000	15.500000	
	ROYALTY:				0.000000	12.500000	
	WORKING INTEREST:						
	BURLINGTON RESOURCES OIL & GAS CO LP				100.000000	72.000000	
	TOTAL				100.000000	100.000000	

BURLINGTON RESOURCES OIL & GAS COMPANY LP - OPERATOR
THIRD EXPANDED PARTICIPATING AREA FOR PICTURED CLIFFS FORMATION

892000943B

HUERFANITO UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

EFFECTIVE 4/01/06

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	GWI PERCENTAGE	NRI PERCENTAGE	PARTICIPATION FACTOR
B-11122-2	T26N R9W SEC 2 SE/4NE/4, SW/4NW/4, S/2SW/4 LOT 2 (40.20) LOT 4 (40.31)	240.51					2.462889%
			ORRI:		0.000000	12.500000	
			ROYALTY:		0.000000	12.500000	
			WORKING INTEREST:				
			BURLINGTON RESOURCES OIL & GAS CO LP		100.000000	75.000000	
			TOTAL		100.000000	100.000000	
B-11370-52	T27N R9W SEC 36 SE/4SW/4	40.00					0.409611%
			ORRI:		0.000000	15.500000	
			ROYALTY:		0.000000	12.500000	
			WORKING INTEREST:				
			BURLINGTON RESOURCES OIL & GAS CO LP		100.000000	72.000000	
			TOTAL		100.000000	100.000000	
E-5116-8	T26N R9W SEC 2 NE/4SW/4	40.00					0.409611%
			ORRI:		0.000000	15.500000	
			ROYALTY:		0.000000	12.500000	
			WORKING INTEREST:				
			BURLINGTON RESOURCES OIL & GAS CO LP		100.000000	72.000000	
			TOTAL		100.000000	100.000000	
E-1119-10	T27N R9W SEC 36 NE/4NW/4, NE/4SW/4, W/2W/2	240.00					2.457667%
			ORRI:		0.000000	9.550000	
			ROYALTY:		0.000000	12.500000	
			WORKING INTEREST:				
			BURLINGTON RESOURCES OIL & GAS CO LP		100.000000	77.950000	
			TOTAL		100.000000	100.000000	

BURLINGTON RESOURCES OIL & GAS COMPANY LP - OPERATOR
THIRD EXPANDED PARTICIPATING AREA FOR PICTURED CLIFFS FORMATION

892000943B

HUERFANITO UNIT AREA
SAN JUAN COUNTY, NEW MEXICO
EFFECTIVE 4/01/06

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	OWNERSHIP	DRILLING BLOCK	GWI PERCENTAGE	NRI PERCENTAGE	PARTICIPATION FACTOR
E-1119-1	T27N R9W SEC 36 NE/4	160.00		TRACT 016A	0.000000 0.000000	6.250000 12.500000	1.638444%
			ORRI:				
			ROYALTY:				
			WORKING INTEREST:				
			BURLINGTON RESOURCES OIL & GAS CO LP		100.000000	81.250000	
			TOTAL		100.000000	100.000000	
E-3148-21	T27N R9W SEC 36 SE/4NW/4	40.00		TRACT 017	0.000000 0.000000	15.500000 12.500000	0.409611%
			ORRI:				
			ROYALTY:				
			WORKING INTEREST:				
			BURLINGTON RESOURCES OIL & GAS CO LP		100.000000	72.000000	
			TOTAL		100.000000	100.000000	
NO-G-0652-1132	T27N R9W SEC 24 SW/4	160.00		TRACT 018	0.000000 0.000000	12.500000 12.500000	1.638444%
			ORRI:				
			ROYALTY:				
			WORKING INTEREST:				
			BURLINGTON RESOURCES OIL & GAS CO LP		100.000000	75.000000	
			TOTAL		100.000000	100.000000	
NO-G-0955-1134	T27N R9W SEC 36 SE/4	160.00		TRACT 019	0.000000 0.000000	6.250000 12.500000	1.638444%
			ORRI:				
			ROYALTY:				
			WORKING INTEREST:				
			BURLINGTON RESOURCES OIL & GAS CO LP		100.000000	81.250000	
			TOTAL		100.000000	100.000000	
149-IND-8473	T27N R9W SEC 25 W/2	320.00		TRACT 020	0.000000 0.000000	21.875000 12.500000	3.276889%
			ORRI:				
			ROYALTY:				
			WORKING INTEREST:				
			BURLINGTON RESOURCES OIL & GAS CO LP		100.000000	65.625000	
			TOTAL		100.000000	100.000000	



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

Huerfanito Unit Pictured Cliffs PA
3162.7 (21110)

December 8, 2006

Ms. Dawn Howell
ConocoPhillips Company
P.O. Box 4289
Farmington, NM 87499-4289

RE: Huerfanito Unit
Commerciality Determination
Pictured Cliffs Formation
San Juan County, NM

Dear Ms. Howell:

In response to your letter dated October 27, 2006, the Farmington Field Office has reviewed the data you submitted for a commerciality determination for the following well completed in the Pictured Cliffs formation.

Well Name & Number	Dedication	Lease	Completion Date	Determination
Huerfanito Unit #175	SE/4 Sec. 26, T27N, R9W	NMSF078358	3/7/2006	Commercial

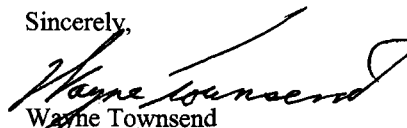
After completing our economic evaluation, we are in concurrence with the above determination.

The Pictured Cliffs formation in this well is determined to be commercial and is to be included in the Pictured Cliffs participating area. It is required that a revision be submitted to include this well in the Huerfanito Unit Pictured Cliffs Participating Area.

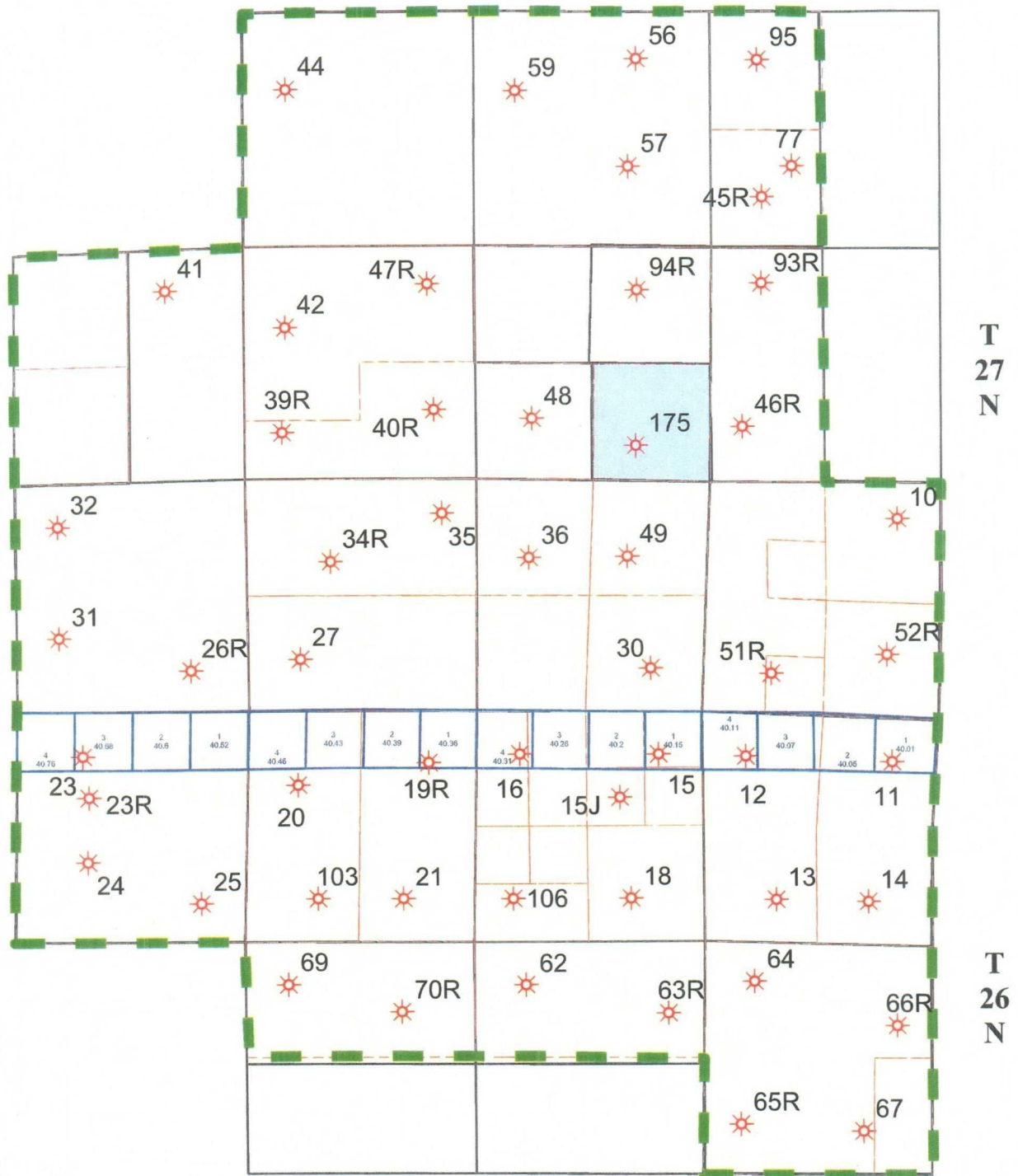
Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-92000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions concerning this matter, please contact Wayne Townsend at the above address or telephone (505) 599-6359.

Sincerely,


Wayne Townsend
Petroleum Engineer
Branch of Petroleum Management

R9W



Huerfanito Unit

Pictured Cliffs PA

- Approved 2nd Expansion, Effective 7/1/1959
- Proposed 3rd Expan., Effective 4/1/2006

Well Formation

PICTURED CLIFFS

BURLINGTON
RESOURCES

Inventory Management
San Juan Business Unit
Farmington, New Mexico
3/07

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

CHARLES A & NANCIE A GREER TRUST
C/O BENSON-MONTIN GREER DRLG
4900 COLLEGE BLVD

FARMINGTON, NM 87402

CHARLES W GAY
C/O JAMES M RAYMOND-POA
PO BOX 291445
KERRVILLE, TX 780291445

CONOCOPHILLIPS COMPANY
CHIEF LANDMAN SAN JUAN/ROCKIES
PO BOX 2197

HOUSTON, TX 772522197

ELIZABETH J TURNER CALLOWAY
3609 HARVARD
DALLAS, TX 75205

FOUR STAR OIL & GAS COMPANY
ATTN BARBARA NELMS
PO BOX 36366
HOUSTON, TX 77236

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

J GLENN TURNER JR
TWO TURTLE CREEK VILLAGE
3838 OAK LAWN STE 1450
DALLAS, TX 752194517

J&M RAYMOND LTD
RAYMOND & SONS I LLC GEN PARTNER
PO BOX 291445
KERRVILLE, TX 780291445

JACK LONDON JR
6303 WATERFORD BLVD
STE 220
OKLAHOMA CITY, OK 731181115

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

LORRAYN GAY HACKER
C/O JAMES M RAYMOND-POA
PO BOX 291445
KERRVILLE, TX 780291445

MARY E GLENN
3392 ESPLANADE PL SE
RIO RANCHO, NM 871247629

MARY FRANCES TURNER JR TRUST
C/O THE CHASE MANHATTAN BANK
CC NO 1061 U/A 11-23-64
ATTN IRIS BRADLEY
PO BOX 660197
DALLAS, TX 752660197

MAYDELL MILLER MAST TRUST
JAMES M RAYMOND TRUSTEE
PO BOX 291445
KERRVILLE, TX 780291445

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

MICHAEL J LILLY
470 ROADRUNNER TRL
BERTRAM, TX 78605

T H MCELVAIN OIL & GAS LTD
PARTNERSHIP
1050 17TH ST STE 1800
DENVER, CO 80265

THOMAS S SENTER
2823 SW 347TH ST
FEDERAL WAY, WA 980233038