



RECEIVED
2008 FEB 27 PM 12 50

286

ConocoPhillips Company
PO Box 4289
Farmington NM 87499-4289
505-326-9700

February 25, 2008

Bureau of Land Management
Farmington Resource Area
Attn: Mr. Wayne Townsend
1235 La Plata Highway
Farmington, NM 87401

RE: Huerfanito Unit (#1 Sec. No. 943)
Commerciality Determination
Fruitland Coal Formation
San Juan County, New Mexico

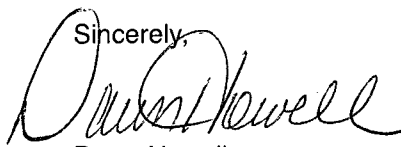
Gentlemen:

Pursuant to the provisions of Section 11(a) of the Huerfano Unit Agreement, #1 Sec. No. 943, approved June 2, 1952, Burlington Resources Oil & Gas Company LP, as Operator, has determined that one of the wells listed below is capable of producing unitized substances in paying quantities from the Fruitland Coal Formation. Burlington is seeking confirmation of the paying well determinations enclosed.

Well Name	Dedication	Dedicated Lse.	Completion Date	Determination
Huerfanito Unit #39R	W/2 27-27N-9W	NMSF-080117	3-16-07	Commercial
Huerfanito Unit #47R	E/2 27-27N-9W	NMSF-078356-B	1-10-07	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 for the commercial well. The non-commercial well will continue to be carried on a lease basis.

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
Staff Land Technician

Huerfanito Unit 4.5

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

State of New Mexico
Commissioner of Public Lands
Attn: Mr. Pete Martinez
P.O. Box 1148
Santa Fe, NM 87504-1148

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
HUERFANITO UNIT 39R

WELL INFORMATION	
LEASE	HUERFANITO UNIT 39R
LOCATION	27027N009W
COUNTY, STATE	RIO ARriba, NEW MEXICO
FORMATION	FRUITLAND COAL
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	BURLINGTON RESOURCES O&G CO LP
SPUD DATE	9/18/2006
COMP DATE	2/17/2007
1ST DELIVERY	3/16/2007
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES	
TAXES FOR:	RIO ARriba, 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

450.00	M\$	AVERAGE WELL COST
421.06	MMCF	ULT. GROSS GAS RESERVES
85.69	MCFD	INITIAL GAS RATE
23.11	%	RATE OF RETURN
0.61	\$/	P/I, DISC. @ 10.00 %
275.03	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
4.05	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
HUERFANITO UNIT 39R

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\$
2007(12)	85.7	23.6	16.62	0.00	0.88	4.63	4.63	35.51	22.66	94.3	9.74	4.08	80.48	450.00	-369.52
2008(12)	96.3	35.3	24.86	0.00	1.31	4.63	4.63	35.51	22.66	141.1	14.57	5.44	121.06	0.00	121.06
2009(12)	89.0	32.5	22.91	0.00	1.21	4.63	4.63	35.51	22.66	130.0	13.43	5.44	111.13	0.00	111.13
2010(12)	81.9	29.9	21.07	0.00	1.11	4.63	4.63	35.51	22.66	119.6	12.35	5.44	101.80	0.00	101.80
2011(12)	75.3	27.5	19.39	0.00	1.02	4.63	4.63	35.51	22.66	110.0	11.36	5.44	93.22	0.00	93.22
2012(12)	69.1	25.3	17.84	0.00	0.94	4.63	4.63	35.51	22.66	101.2	10.45	5.44	85.33	0.00	85.33
2013(12)	63.8	23.3	16.41	0.00	0.86	4.63	4.63	35.51	22.66	93.1	9.62	5.44	78.07	0.00	78.07
2014(12)	58.7	21.4	15.10	0.00	0.80	4.63	4.63	35.51	22.66	85.7	8.85	5.44	71.39	0.00	71.39
2015(12)	54.0	19.7	13.89	0.00	0.73	4.63	4.63	35.51	22.66	78.8	8.14	5.44	65.24	0.00	65.24
2016(12)	49.5	18.1	12.78	0.00	0.67	4.63	4.63	35.51	22.66	72.5	7.49	5.44	59.59	0.00	59.59
2017(12)	45.7	16.7	11.76	0.00	0.62	4.63	4.63	35.51	22.66	66.7	6.89	5.44	54.39	0.00	54.39
2018(12)	42.0	15.3	10.82	0.00	0.57	4.63	4.63	35.51	22.66	61.4	6.34	5.44	49.60	0.00	49.60
2019(12)	38.7	14.1	9.95	0.00	0.52	4.63	4.63	35.51	22.66	56.5	5.83	5.44	45.20	0.00	45.20
2020(12)	35.5	13.0	9.15	0.00	0.48	4.63	4.63	35.51	22.66	51.9	5.37	5.44	41.15	0.00	41.15
2021(12)	32.7	11.9	8.42	0.00	0.44	4.63	4.63	35.51	22.66	47.8	4.94	5.44	37.42	0.00	37.42
2022(12)	30.1	11.0	7.75	0.00	0.41	4.63	4.63	35.51	22.66	44.0	4.54	5.44	33.99	0.00	33.99
2023(12)	27.7	10.1	7.13	0.00	0.38	4.63	4.63	35.51	22.66	40.5	4.18	5.44	30.84	0.00	30.84
2024(12)	25.4	9.3	6.56	0.00	0.35	4.63	4.63	35.51	22.66	37.2	3.84	5.44	27.94	0.00	27.94
2025(12)	23.4	8.6	6.03	0.00	0.32	4.63	4.63	35.51	22.66	34.2	3.54	5.44	25.27	0.00	25.27
2026(12)	21.6	7.9	5.55	0.00	0.29	4.63	4.63	35.51	22.66	31.5	3.25	5.44	22.81	0.00	22.81
Sub.	---	374.3	263.97	0.00	13.91	---	---	---	---	1,498.0	154.72	107.36	1,235.91	450.00	785.91
Rem.	---	46.7	32.94	0.00	1.74	---	---	---	---	186.9	19.31	47.57	120.08	0.00	120.08
Total	---	421.1	296.91	0.00	15.65	---	---	---	---	1,684.9	174.03	154.93	1,355.99	450.00	905.99

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

HUERFANITO UNIT 47R

WELL INFORMATION

LEASE	HUERFANITO UNIT 47R
LOCATION	27027N009W
COUNTY, STATE	RIO ARRIBA, NEW MEXICO
FORMATION	FRUITLAND COAL
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	BURLINGTON RESOURCES O&G CO LP
SPUD DATE	9/16/2006
COMP DATE	1/10/2007
1ST DELIVERY	2/21/2007
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES

TAXES FOR:	RIO ARRIBA, NEW MEXICO
	2003 - 2004 Commerciality

GAS % OF REVENUE

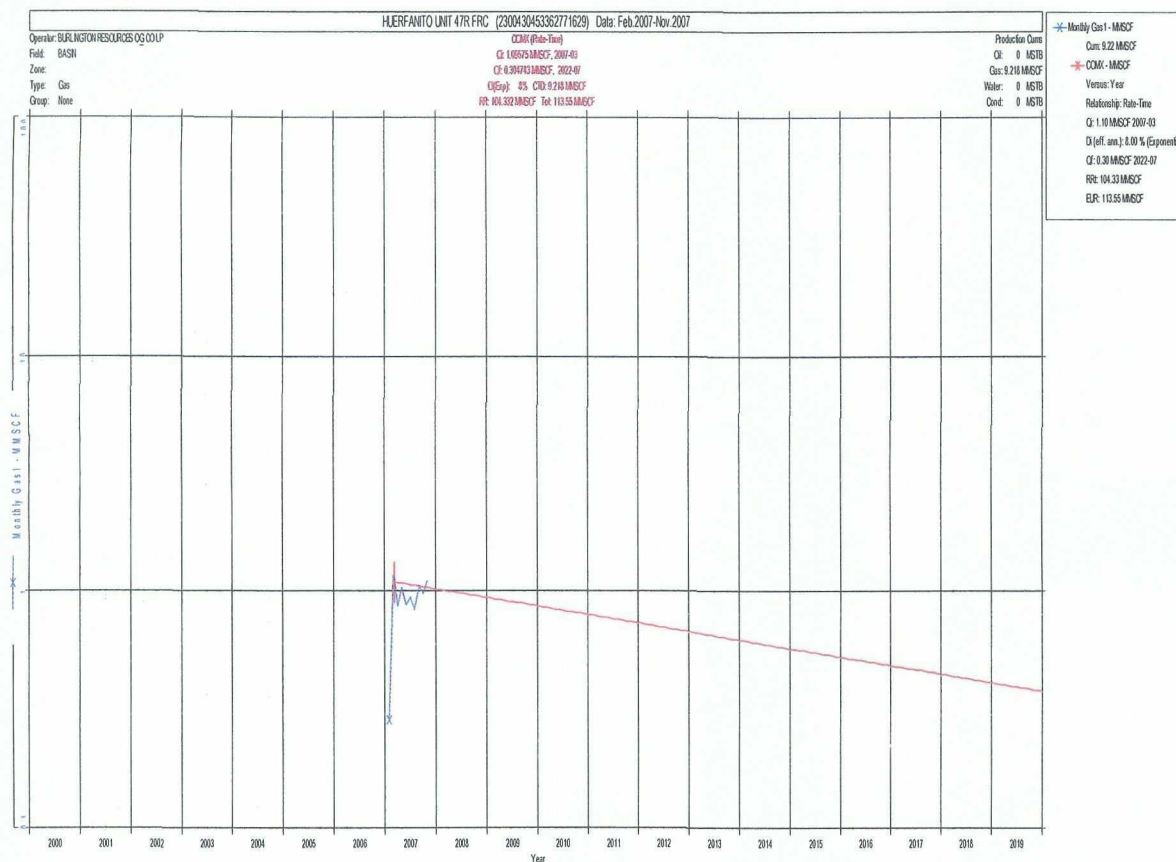
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.40
TOTAL %:	9.33

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

450.00	M\$	AVERAGE WELL COST
113.27	MMCF	ULT. GROSS GAS RESERVES
32.55	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.54	\$/	P/I, DISC. @ 10.00 %
-244.64	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.00	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
HUERFANITO UNIT 47R

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 Op costs	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2007(12)	32.6	10.0	7.02	0.00	0.37	4.63	4.63	35.51	22.66	39.9	4.12	4.53	31.21	450.00	-418.79
2008(12)	32.2	11.8	8.30	0.00	0.44	4.63	4.63	35.51	22.66	47.1	4.86	5.44	36.80	0.00	36.80
2009(12)	29.7	10.8	7.64	0.00	0.40	4.63	4.63	35.51	22.66	43.3	4.48	5.44	33.42	0.00	33.42
2010(12)	27.3	10.0	7.02	0.00	0.37	4.63	4.63	35.51	22.66	39.9	4.12	5.44	30.31	0.00	30.31
2011(12)	25.1	9.2	6.46	0.00	0.34	4.63	4.63	35.51	22.66	36.7	3.79	5.44	27.45	0.00	27.45
2012(12)	23.0	8.4	5.95	0.00	0.31	4.63	4.63	35.51	22.66	33.7	3.48	5.44	24.82	0.00	24.82
2013(12)	21.3	7.8	5.47	0.00	0.29	4.63	4.63	35.51	22.66	31.0	3.21	5.44	22.40	0.00	22.40
2014(12)	19.6	7.1	5.03	0.00	0.27	4.63	4.63	35.51	22.66	28.6	2.95	5.44	20.17	0.00	20.17
2015(12)	18.0	6.6	4.63	0.00	0.24	4.63	4.63	35.51	22.66	26.3	2.71	5.44	18.12	0.00	18.12
2016(12)	16.5	6.0	4.26	0.00	0.22	4.63	4.63	35.51	22.66	24.2	2.50	5.44	16.24	0.00	16.24
2017(12)	15.2	5.6	3.92	0.00	0.21	4.63	4.63	35.51	22.66	22.2	2.30	5.44	14.50	0.00	14.50
2018(12)	14.0	5.1	3.60	0.00	0.19	4.63	4.63	35.51	22.66	20.5	2.11	5.44	12.91	0.00	12.91
2019(12)	12.9	4.7	3.32	0.00	0.17	4.63	4.63	35.51	22.66	18.8	1.94	5.44	11.44	0.00	11.44
2020(12)	11.8	4.3	3.05	0.00	0.16	4.63	4.63	35.51	22.66	17.3	1.79	5.44	10.09	0.00	10.09
2021(12)	10.9	4.0	2.81	0.00	0.15	4.63	4.63	35.51	22.66	15.9	1.65	5.44	8.85	0.00	8.85
2022(12)	10.3	1.9	1.32	0.00	0.07	4.63	4.63	35.51	22.66	7.5	0.77	2.72	3.99	0.00	3.99
Total	---	113.2	79.80	0.00	4.21	---	---	---	---	452.8	46.77	83.35	322.71	450.00	-127.29

**HUERFANITO UNIT
WORKING INTEREST OWNERS**

AJM LLC
ALBERT R GREER
BENSON MONTIN GREER
BURLINGTON RESOURCES O&G Co LP
CHARLES AND NANCY GREER
CHARLES W GAY
ELIZABETH J TURNER CALLOWAY
CHEVRON TEXACO
FRANKLIN P LILLY
J GLENN TURNER JR
J&M RAYMOND LTD
JACK LONDON JR
LA PLATA GATHERING SYSTEMS INC
LORRAYN GAY HACKER
MARY E GLENN
MARY FRANCES TURNER JR TRUST
MAYDELL MILLER MAST TRUST
MCCONNELL LTD CO
MICHAEL J LILLY
TH MCELVAIN OIL & GAS LTD
THOMAS S SENTER