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

September 15, 2009

195
Bureau of Land Management
Farmington Resource Area
Attn: Mr. Wayne Townsend
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

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

RE: Huerfano Unit (I Sec. No. 731)
Commerciality Determination
Dakota 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 not capable of producing unitized substances in paying quantities from the Dakota formation. Burlington is seeking confirmation of the paying well determination enclosed.

Well Name	Dedication	Dedicated Lse.	Compl. Date	Determination
Huerfano Unit #305	W/2 33-26N-9W	NMSF-078060-A	7-21-08	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 the 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 Susan Rainbolt at 326-9574, all other questions to the undersigned at 599-4030.

Sincerely,

Dawn Howell, CPLTA
Staff Land Technician

Huerfano Unit 4.3

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET HUERFANO UNIT 305

WELL INFORMATION

LEASE	HUERFANO UNIT 305
LOCATION	33926N009W
COUNTY, STATE	SAN JUAN, NEW MEXICO
FORMATION	DAKOTA
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	BURLINGTON RESOURCES O&G CO LP
SPUD DATE	5/12/2008
COMP DATE	7/21/2008
1ST DELIVERY	8/6/2008
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	1.26
TOTAL %:	9.19

AVERAGE HEAT CONTENT

1,000	MMBtu / Mcf
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WELL COST AND ECONOMICS

1,155.00	M\$	AVERAGE WELL COST
69.62	MMCF	ULT. GROSS GAS RESERVES
127.27	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.88	\$/\$	P/I, DISC. @ 10.00 %
-1,021.12	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.00	YRS	PAYOUT

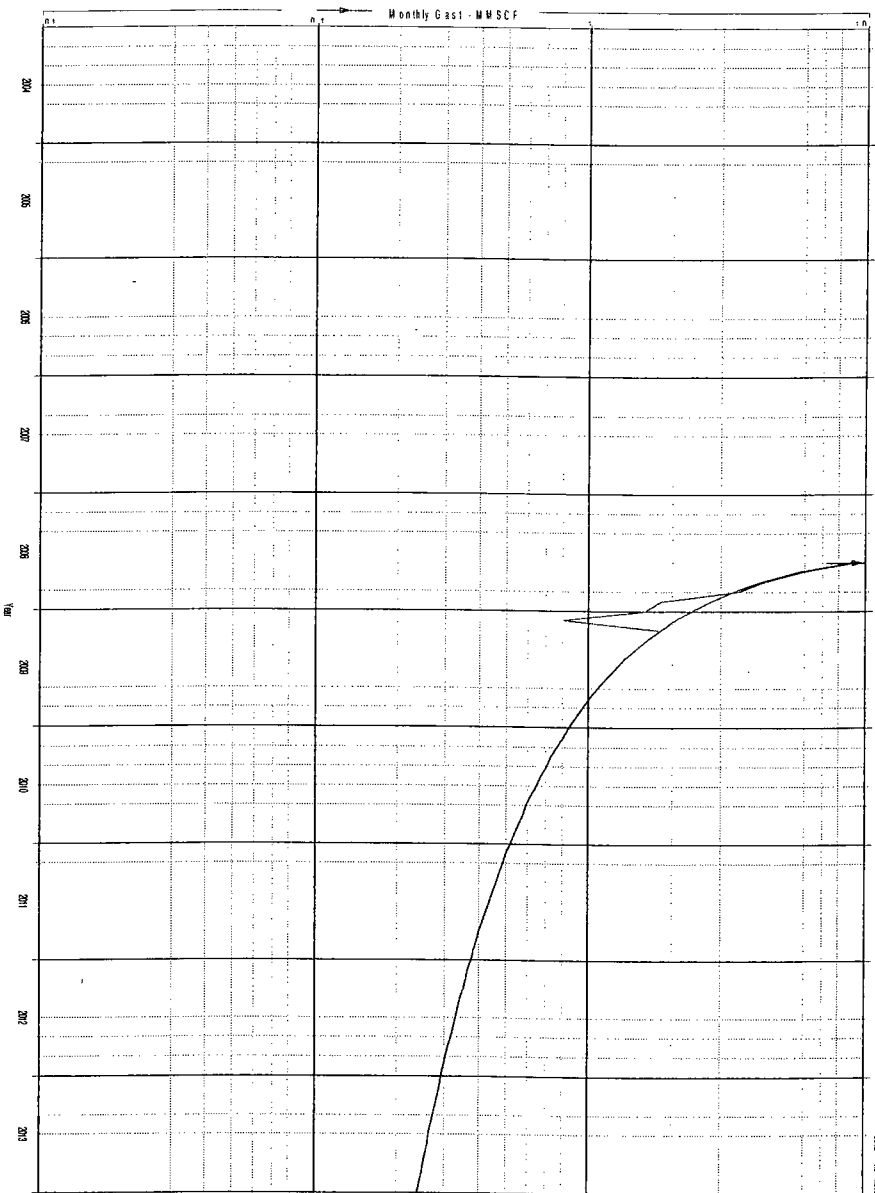
**BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET**

HLERF AND UNIT 315 DK/COMO (2310433453463971599) Date: Aug 2008-Mar 2009

[illegible]

Production Units	Production Rate/Ton
CR 0 MS13	-P- North Coast MMSF
CR 2575 MMSF	CR 2575 MMSF
CR 2575 MMSF	-P- COA MMSF
Wharf 4344 MMSF	Versus Cost
CR 15 MS13	

C₁₂H₁₄N₂O₂ 200.10
 D (lit., anal.) 20.0% (440–450)
 C₁₂H₁₄N₂O₂ 200.10
 IR 3300 (NH), 1650 (C=O)
 ELEM. ANAL. Calcd. for C₁₂H₁₄N₂O₂: C, 65.98%; H, 7.05%; N, 6.37%. Found: C, 65.8%; H, 7.2%; N, 6.5%.



CASH FLOW SUMMARY

Date	Gas1	Gas1	Net Gas	Net Cond	Net Oth	Gas1	Gas	Cond	Oth	Net	Prod	Total	Total	Total
	Rate	Volume	Volume	Volume	Volume	Price	Price	Price	Price	Revenue	Taxes	Opcosts	Oper Inc	Capital
mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU		\$/mcf	\$/bbl	\$/bbl	\$/M	\$/M	\$/M	\$/M	\$/M

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET HUERFANO UNIT 305

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\$
2008(12)	127.3	15.5	11.10	0.00	1.08	4.86	4.86	35.51	22.66	75.3	7.61	5.28	62.42	1,155.00	-1,092.58
2009(12)	41.0	15.0	10.70	0.00	1.04	4.86	4.86	35.51	22.66	72.6	7.34	15.84	49.43	0.00	49.43
2010(12)	22.1	8.1	5.76	0.00	0.56	4.86	4.86	35.51	22.66	39.1	3.95	15.84	19.29	0.00	19.29
2011(12)	14.6	5.3	3.81	0.00	0.37	4.86	4.86	35.51	22.66	25.9	2.62	15.84	7.41	0.00	7.41
2012(12)	11.0	3.7	2.64	0.00	0.26	4.86	4.86	35.51	22.66	17.9	1.81	14.52	1.59	0.00	1.59
Total	---	47.6	34.00	0.00	3.31	---	---	---	---	230.8	23.33	67.32	140.15	1,155.00	-1,014.85

**WORKING INTEREST OWNERS
HUERFANO UNIT
DAKOTA FORMATION**

AJM LLC
Benson Montin Greer
Betty T Johnson
Burlington Resources
Carolyn Beamon Tilley
Cathryn Beamon
ConocoPhillips Company
Eula May Johnston Trust
Franklin P Lilly
Grayfore Partners LP
Gross Resources LTD
James Robert Beamon
Kelly Minerals Interests
Langdon Harrison Trust
Linda Jeanne Lundell
MacDonald Halberstadt Rev
Marcia Claudia Gilmer Lundell
Maryann Klinger Tr.
McConnell LTD CO
Michael J Lilly
Michael R Dimond
Production Gathering Co
Robert Beamon
Robert Walter Lundell
Rogers-Gibbard Trust
Sharon Beamon Burns
Sunland Refining Corp
Susan Beamon Porter
Thomas H Yates Jr
V A Johnston Ltd
William J Green Estate
XTO Energy
ZZZ Kelly & Trust