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Burlington Resources Inc.
A wholly owned subsidiary

January 6, 2014

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

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
Gallup/Mancos 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, determined that the well listed below is not capable of producing unitized substances in paying quantities from the Gallup/Mancos Formation. Burlington is seeking confirmation of the well determination enclosed.

Well Name	Dedication	Dedicated Lease	Compl. Date	Determination
Huerfano Unit Com #311	E/2 2-25N-9W	State Lease	7-20-12	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 State Communitization Agreement to which it is assigned.

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 Shara Graham at 326-9819, all other questions to the undersigned at 599-4030.

Sincerely,

Dawn Howell, CPLTA
Senior Land Analyst

Huerfano Unit 4.3 File

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
HUERFANO UNIT COM 311

WELL INFORMATION

LEASE	HUERFANO UNIT COM 311
LOCATION	225N09WI
COUNTY, STATE	SAN JUAN, NM
FORMATION	GALLUP
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS CO
SPUD DATE	4/3/2012
COMP DATE	7/20/2012
1ST DELIVERY	7/20/2012
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

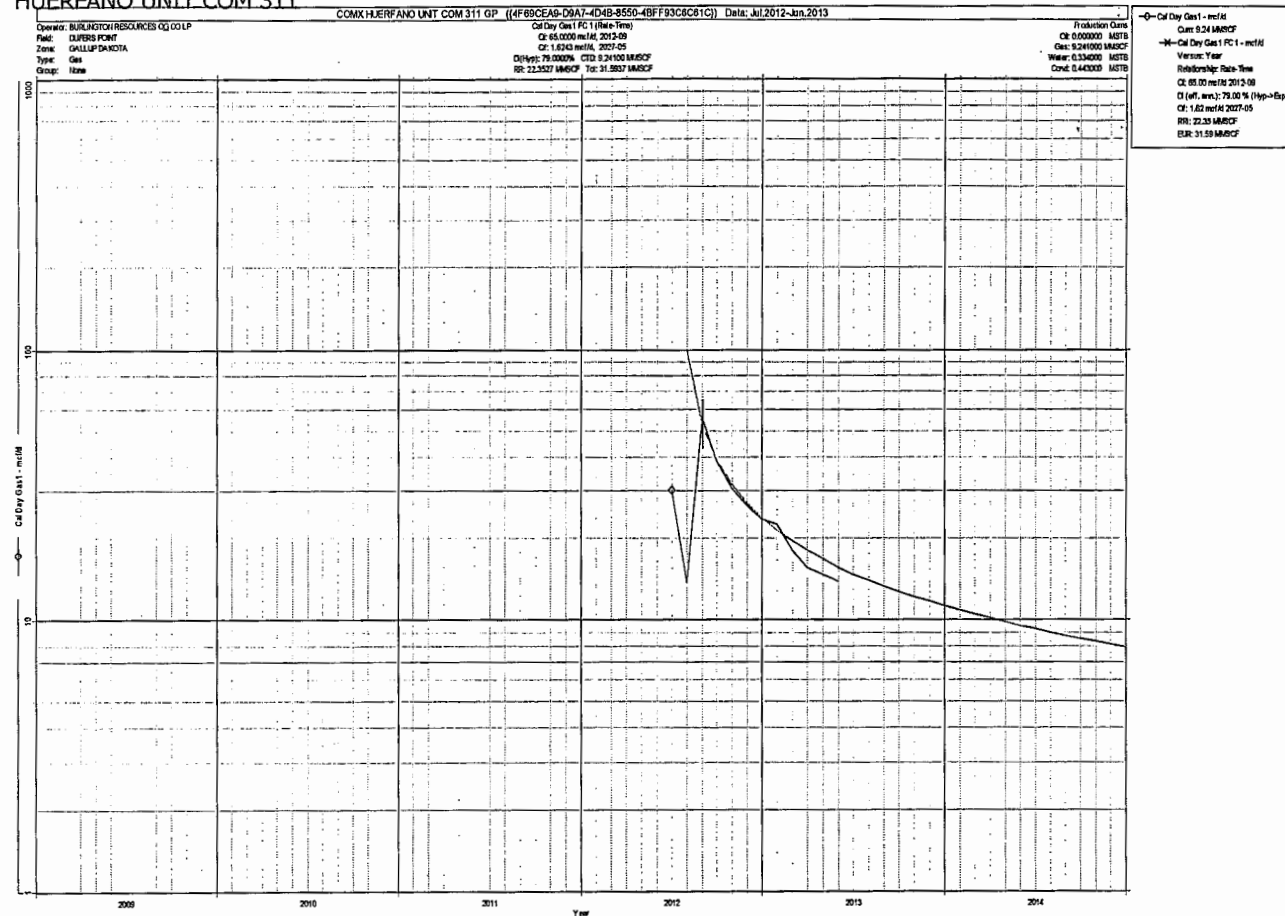
PRODUCTION TAXES

TAXES FOR:	SAN JUAN, NM
	2012 - 2013 Commerciality
	<u>GAS % OF REVENUE</u>
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.26
TOTAL %:	9.19

WELL COST AND ECONOMICS

915.34	M\$	AVERAGE WELL COST
30.23	MMCF	ULT. GROSS GAS RESERVES
56.10	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.91	\$/ \$	P/I, DISC. @ 10.00 %
-835.08	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.00	YRS	PAYOUT

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET HUERFANO UNIT COM 311



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 09	56.1	1.7	1.00	0.07	0.28	3.87	3.87	81.16	33.37	16.8	1.61	0.85	14.29	915.34	-901.05

Peep 2011.1

12/20/2013

BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
HUERFANO UNIT COM 311

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	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2013 02	22.5	0.6	0.37	0.03	0.10	3.87	3.87	81.16	33.37	6.8	0.65	0.85	5.29	0.00	5.29
2013 03	18.0	0.6	0.33	0.03	0.09	3.87	3.87	81.16	33.37	6.3	0.60	0.85	4.83	0.00	4.83
2013 04	15.6	0.5	0.28	0.02	0.08	3.87	3.87	81.16	33.37	4.6	0.44	0.85	3.30	0.00	3.30
2013 05	14.8	0.5	0.27	0.03	0.08	3.87	3.87	81.16	33.37	5.2	0.50	0.85	3.82	0.00	3.82
2013 06	13.9	0.4	0.25	0.02	0.07	3.87	3.87	81.16	33.37	4.5	0.43	0.85	3.17	0.00	3.17
2013 07	14.5	0.5	0.27	0.01	0.07	3.87	3.87	81.16	33.37	4.1	0.39	0.85	2.83	0.00	2.83
2013 08	13.8	0.4	0.25	0.01	0.07	3.87	3.87	81.16	33.37	3.8	0.37	0.85	2.60	0.00	2.60
2013 09	13.5	0.4	0.24	0.01	0.07	3.87	3.87	81.16	33.37	3.6	0.35	0.85	2.39	0.00	2.39
2013 10	12.5	0.4	0.23	0.01	0.06	3.87	3.87	81.16	33.37	3.4	0.33	0.85	2.22	0.00	2.22
2013 11	12.3	0.4	0.22	0.01	0.06	3.87	3.87	81.16	33.37	3.2	0.31	0.85	2.06	0.00	2.06
2013 12	11.5	0.4	0.21	0.01	0.06	3.87	3.87	81.16	33.37	3.1	0.30	0.85	1.92	0.00	1.92
2014 01	11.0	0.3	0.20	0.01	0.06	3.87	3.87	81.16	33.37	2.9	0.28	0.85	1.80	0.00	1.80
2014 02	11.8	0.3	0.20	0.01	0.05	3.87	3.87	81.16	33.37	2.8	0.27	0.85	1.69	0.00	1.69
2014 03	10.3	0.3	0.19	0.01	0.05	3.87	3.87	81.16	33.37	2.7	0.26	0.85	1.59	0.00	1.59
2014 04	10.3	0.3	0.18	0.01	0.05	3.87	3.87	81.16	33.37	2.6	0.25	0.85	1.50	0.00	1.50
Sub.	---	11.6	6.86	0.47	1.90	---	---	---	---	115.1	11.08	17.02	86.95	915.34	-828.39
Rem.	---	18.7	11.06	0.17	3.06	---	---	---	---	144.4	14.01	231.47	-101.05	0.00	-101.05
Total	---	30.2	17.92	0.64	4.96	---	---	---	---	259.5	25.09	248.49	-14.10	915.34	-929.44