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

April 3, 2012

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: San Juan 27-4 Unit (#14-08-001-1054)
Commerciality Determination
Dakota Formation
Rio Arriba County, New Mexico

Gentlemen:

Pursuant to Section 11(a) of the San Juan 27-4 Unit Agreement, #14-08-001-1054, approved May 4, 1953, Burlington Resources Oil & Gas Company, as Operator, has determined that the well listed below is 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	Lease No.	Completion	Determination
SJ 27-4 Unit 154N	E/2 Sec. 14-27N-4W	SF-080672	9/28/2010	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. If you have any technical questions or need any additional information, please contact Shara Graham at (505) 326-9819.

Sincerely,

Richard Davis
Land Analyst

SJ 27-4 Unit, 4.3

BURLINGTON RESOURCES COMMERCIALITY DETERMINATION BLM DATA SHEET SAN JUAN 27-4 154N

WELL INFORMATION	
LEASE	SAN JUAN 27-4 154N
LOCATION	14027N04WF
COUNTY, STATE	RIO ARriba, NM
FORMATION	DAKOTA
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	CONOCOPHILLIPS CO
SPUD DATE	7/20/2010
COMP DATE	9/28/2010
1ST DELIVERY	9/30/2010
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	10.00

PRODUCTION TAXES	
TAXES FOR:	RIO ARriba, NM 2003 - 2004 Commerciality
SEVERANCE:	
Severance, School, Conservation	7.93
AD VALOREM:	
Production, Equipment	1.40
TOTAL %:	9.33
GAS % OF REVENUE	

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

1,478.00	M\$	AVERAGE WELL COST
261.09	MMCF	ULT. GROSS GAS RESERVES
35.65	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.64	\$/S	P/I, DISC. @ 10.00 %
-939.27	M\$	NET PRESENT VALUE, DISC. @ 10.00 %
0.00	YRS	PAYOUT

**BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
SAN JUAN 27-4 154N**

CASH FLOW SUMMARY

Date	Gast Rate	Gast Volume	Net Gas Volume	Net Cond Volume	Net Oth Volume	Gast Price	Gas Price	Cond Price	Oth Price	Net Revenue	Prod Taxes	Total Opcostr	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	MSTB	MSTB	\$/MMBTU	\$/mcf	\$/Bbl	\$/Bbl	M\$	M\$	M\$	M\$	M\$	M\$
2011 01	118.4	3.7	2.62	0.00	0.26	4.86	4.86	35.51	22.66	17.8	1.82	1.07	14.92	0.00	14.92
2011 02	95.0	2.7	1.90	0.00	0.18	4.86	4.86	35.51	22.66	12.9	1.32	1.07	10.51	0.00	10.51
2011 03	33.9	1.1	0.75	0.00	0.07	4.86	4.86	35.51	22.66	5.1	0.52	1.07	3.51	0.00	3.51
2011 04	85.5	2.6	1.83	0.00	0.18	4.86	4.86	35.51	22.66	12.4	1.27	1.07	10.11	0.00	10.11
2011 05	69.5	2.2	1.54	0.00	0.15	4.86	4.86	35.51	22.66	10.4	1.07	1.07	8.31	0.00	8.31
2011 06	107.7	3.2	2.31	0.00	0.22	4.86	4.86	35.51	22.66	15.7	1.60	1.07	13.01	0.00	13.01
2011 07	71.2	2.2	1.58	0.00	0.15	4.86	4.86	35.51	22.66	10.7	1.09	1.07	8.54	0.00	8.54
2011 08	3.4	0.1	0.08	0.00	0.01	4.86	4.86	35.51	22.66	0.5	0.05	1.07	-0.61	0.00	-0.61
2011 09	74.6	2.2	1.60	0.00	0.16	4.86	4.86	35.51	22.66	10.9	1.11	1.07	8.68	0.00	8.68
2011 10	71.6	2.2	1.59	0.00	0.15	4.86	4.86	35.51	22.66	10.8	1.10	1.07	8.60	0.00	8.60
2011 11	73.3	2.2	1.57	0.00	0.15	4.86	4.86	35.51	22.66	10.7	1.09	1.07	8.51	0.00	8.51
2011 12	70.3	2.2	1.56	0.00	0.15	4.86	4.86	35.51	22.66	10.6	1.08	1.07	8.43	0.00	8.43
2012 01	69.7	2.2	1.54	0.00	0.15	4.86	4.86	35.51	22.66	10.5	1.07	1.07	8.34	0.00	8.34
2012 02	73.9	2.1	1.53	0.00	0.15	4.86	4.86	35.51	22.66	10.4	1.06	1.07	8.26	0.00	8.26
2012 03	68.5	2.1	1.52	0.00	0.15	4.86	4.86	35.51	22.66	10.3	1.05	1.07	8.18	0.00	8.18
2012 04	70.1	2.1	1.50	0.00	0.15	4.86	4.86	35.51	22.66	10.2	1.04	1.07	8.10	0.00	8.10
2012 05	67.3	2.1	1.49	0.00	0.14	4.86	4.86	35.51	22.66	10.1	1.03	1.07	8.02	0.00	8.02
Sub.	---	47.6	34.04	0.00	3.31	---	---	---	---	231.1	23.60	21.34	186.12	1,478.00	-1,291.88
Rem.	---	207.4	148.24	0.00	14.41	---	---	---	---	1,006.2	102.79	259.28	644.16	0.00	644.16
Total	---	255.1	182.28	0.00	17.72	---	---	---	---	1,237.3	126.40	280.62	830.29	1,478.00	-647.71

SAN JUAN 27-4 UNIT
WORKING INTEREST OWNERS
RIO ARriba COUNTY, NEW MEXICO

BURLINGTON RESOURCES OIL & GAS COMPANY
CHAPPELL FAMILY TRUST
HARCO LIMITED PARTNERSHIP
TEMPE LIMITED PARTNERSHIP
TIERRA POBRE LLC
