



San Juan Business Unit
P.O. Box 4289
Farmington, NM 87402-4289
(505) 326-9700

Burlington Resources Inc.
A wholly owned subsidiary of
ConocoPhillips

October 27, 2006

Bureau of Land Management
Attn: Mr. Wayne Townsend
Farmington Resource Area
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: Huerfanito Unit (#I Sec. No. 943)
Commerciality Determination
Pictured Cliffs Formation
San Juan County, New Mexico

Gentlemen:

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

<u>BROG's</u> <u>AIN No.</u>	<u>Well Name</u> <u>& Number</u>	<u>Well</u> <u>Dedication</u>	<u>Dedicated</u> <u>Leases</u>	<u>Completion</u> <u>Date</u>	<u>Commerciality</u> <u>Determination</u>
85211001	Huerfanito Unit #175	E/2 26-27N-9W	SF-078358	3-7-06	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.

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
Sr. Land Technician

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

HUERFANITO UNIT 175

WELL INFORMATION

LEASE HUERFANITO UNIT 175
 LOCATION 26027N009WO
 COUNTY, STATE SAN JUAN, NEW MEXICO
 FORMATION PICTURED CLIFFS
 PROJECT TYPE NEWDRILL
 WELL TYPE GAS WELL
 OPERATOR BURLINGTON RESOURCES O&G CO LP
 SPUD DATE 10/14/2005
 COMP DATE 3/7/2006
 1ST DELIVERY 3/17/2006
 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

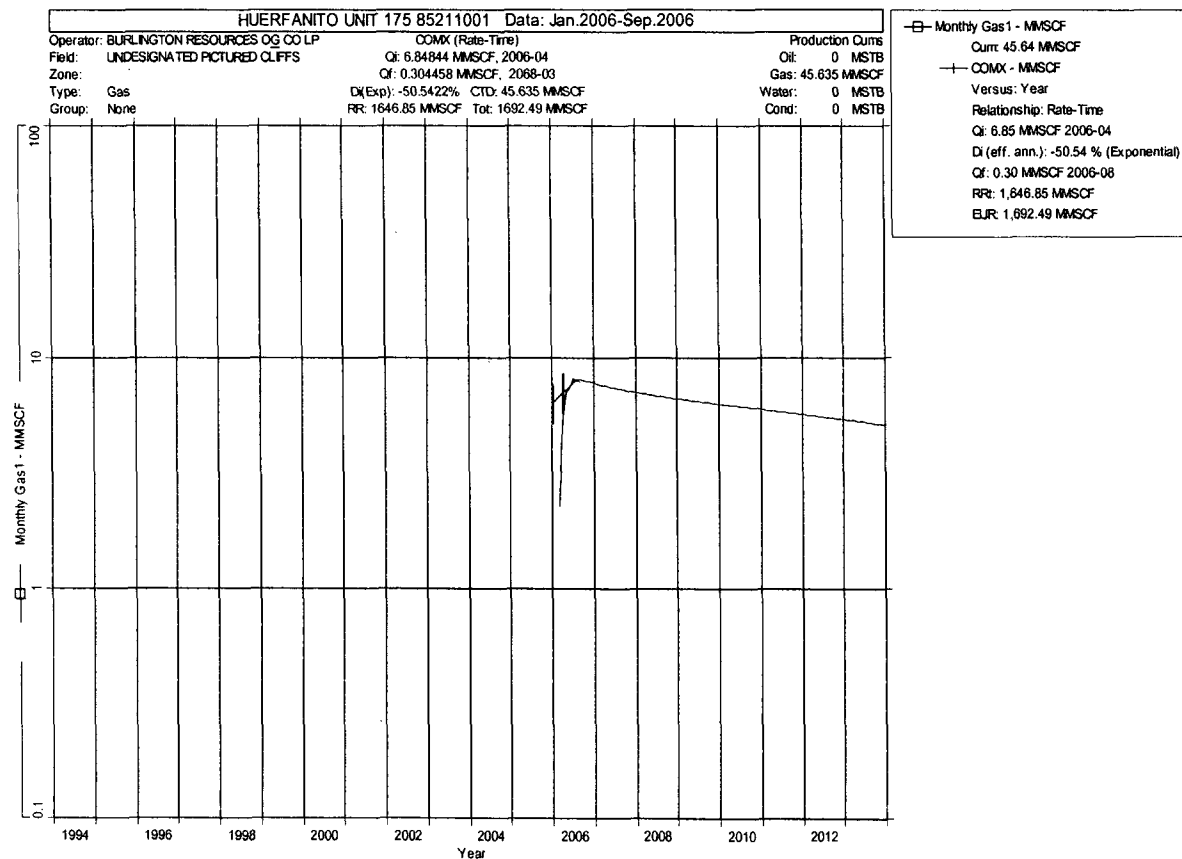
SEVERANCE:
 Severance, School, Conservation 7.93
 AD VALOREM:
 Production, Equipment 1.24
 TOTAL %: 9.17

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

454.19 M\$ AVERAGE WELL COST
 1,690.23 MMCF ULT. GROSS GAS RESERVES
 250.43 MCDF INITIAL GAS RATE
 120.87 % RATE OF RETURN
 4.41 \$/\$ P/I, DISC. @ 10.00 %
 2,002.96 M\$ NET PRESENT VALUE, DISC. @ 10.00 %
 1.25 YRS PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
HUERFANITO UNIT 175

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\$
2006(12)	250.4	68.9	46.73	0.00	4.26	4.86	4.86	35.51	22.66	311.5	31.49	8.99	271.03	454.19	-183.16
2007(12)	242.3	88.4	59.99	0.00	5.47	4.86	4.86	35.51	22.66	400.0	40.43	11.99	347.55	0.00	347.55
2008(12)	223.4	81.8	55.48	0.00	5.06	4.86	4.86	35.51	22.66	369.9	37.39	11.99	320.52	0.00	320.52
2009(12)	211.1	77.1	52.28	0.00	4.76	4.86	4.86	35.51	22.66	348.5	35.23	11.99	301.32	0.00	301.32
2010(12)	200.4	73.1	49.62	0.00	4.52	4.86	4.86	35.51	22.66	330.8	33.43	11.99	285.35	0.00	285.35
2011(12)	190.2	69.4	47.10	0.00	4.29	4.86	4.86	35.51	22.66	314.0	31.74	11.99	270.30	0.00	270.30
2012(12)	180.1	65.9	44.72	0.00	4.07	4.86	4.86	35.51	22.66	298.1	30.13	11.99	256.01	0.00	256.01
2013(12)	171.4	62.6	42.46	0.00	3.87	4.86	4.86	35.51	22.66	283.0	28.61	11.99	242.44	0.00	242.44
2014(12)	162.8	59.4	40.31	0.00	3.67	4.86	4.86	35.51	22.66	268.7	27.16	11.99	229.56	0.00	229.56
2015(12)	154.5	56.4	38.27	0.00	3.49	4.86	4.86	35.51	22.66	255.1	25.78	11.99	217.33	0.00	217.33
2016(12)	146.3	53.5	36.33	0.00	3.31	4.86	4.86	35.51	22.66	242.2	24.48	11.99	205.72	0.00	205.72
2017(12)	139.3	50.8	34.49	0.00	3.14	4.86	4.86	35.51	22.66	229.9	23.24	11.99	194.70	0.00	194.70
2018(12)	132.2	48.3	32.74	0.00	2.98	4.86	4.86	35.51	22.66	218.3	22.06	11.99	184.23	0.00	184.23
2019(12)	125.5	45.8	31.08	0.00	2.83	4.86	4.86	35.51	22.66	207.2	20.95	11.99	174.30	0.00	174.30
2020(12)	118.8	43.5	29.51	0.00	2.69	4.86	4.86	35.51	22.66	196.7	19.89	11.99	164.86	0.00	164.86
2021(12)	113.1	41.3	28.02	0.00	2.55	4.86	4.86	35.51	22.66	186.8	18.88	11.99	155.91	0.00	155.91
2022(12)	107.4	39.2	26.60	0.00	2.42	4.86	4.86	35.51	22.66	177.3	17.92	11.99	147.41	0.00	147.41
2023(12)	102.0	37.2	25.25	0.00	2.30	4.86	4.86	35.51	22.66	168.3	17.02	11.99	139.34	0.00	139.34
2024(12)	96.5	35.3	23.97	0.00	2.18	4.86	4.86	35.51	22.66	159.8	16.15	11.99	131.68	0.00	131.68
2025(12)	91.9	33.5	22.76	0.00	2.07	4.86	4.86	35.51	22.66	151.7	15.34	11.99	124.40	0.00	124.40
Sub.	---	1,131.5	767.71	0.00	69.95	---	---	---	---	5,118.0	517.31	236.76	4,363.95	454.19	3,909.76
Rem.	---	558.7	379.04	0.00	34.54	---	---	---	---	2,526.9	255.41	505.49	1,766.03	0.00	1,766.03
Total	---	1,690.2	1,146.75	0.00	104.49	---	---	---	---	7,645.0	772.72	742.26	6,129.97	454.19	5,675.78

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CC NO 1061 U/A 11-23-64
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