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2008 MAY 5 PM 2 29 COMMISSIONER'S OFFICE

> Phone (505) 827-5760 Fax (505) 827-5766 www.nmstatelands.org

PATRICK H. LYONS COMMISSIONER

State of New Mexico Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148 SANTA FE, NEW MEXICO 87504-1148

May 1, 2008

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

Attn:

Ms. Linda Dean

Re:

2008 Plan of Development

Huerfanito Unit

San Juan County, New Mexico

Dear Ms. Dean:

The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by all other appropriate agencies. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist; therefore, we may contact you at a later date regarding these possibilities.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS

COMMISSIONER OF PUBLIC LANDS

JAMI BAILEY, Director

Oil, Gas and Minerals Division

PL/JB/jm

xc: Reader File

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April 30, 2008

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ConocoPhillips Company P. O. Box 4289

Farmington, New Mexico 87499-4289

Attention: Ms. Dawn Howell

Re:

Huerfanito Unit

Commercial Determinations Fruitland Coal Formation San Juan County, New Mexico

Dear Ms. Howell:

We are in receipt of your letter of February 25, 2008 together with data that supports your commercial determinations regarding the following Huerfanito Unit Wells:

Well Name			Completion	
2.50	and Number	Dedication	Date	Determination
	Huerfanito Unit #39R	W/2 27-27N-9W	3/16/2007	Commercial
	Huerfanito Unit #47R	E/2 27-27N-9W	1/10/2007	Non-Commercial

The Bureau of Land Management, by their letter of March 13, 2008, advised this office that they have concurred with your determination of the commerciality for the above-mentioned Fruitland Coal wells.

Please be advised that the Commissioner of Public Lands concurs with ConocoPhillips and the Bureau of Land Management's determinations that the Huerfanito Unit Well No. 39R is a commercial well and entitled to participate in the Fruitland Coal Participating Area. Please submit an application for the appropriate expansion of Fruitland Coal Participating Area. The Huerfanito Unit Well No. 47R is a noncommercial well and is to be reported on a lease basis.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS

COMMISSIONER OF PUBLIC LANDS

JAMI BAILEY, Director

Oil, Gas and Minerals Division

PL/JB/pm

Reader File

BLM Farmington-Attn.: Mr. Wayne Townsend,

NMOCD-Attn.: Mr. Ed Martin TRD-Attn.: Mr. Valdean Severson RMD-Attn.: Mr. Kurt McFall
-State Land Office Beneficiaries -