

Before the Oil Conservation Division
Exhibit No. 8
Burlington Resources Oil & Gas Company LP
ORDER R-10707, OCD CASE 11708
Initial Hearing: September 30, 2010

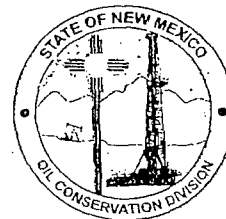
New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 4, 2010

Mr. Chuck Creekmore
Staff Landman
ConocoPhillips
San Juan Business Unit
Post Office Box 4289
Farmington, New Mexico 87449-4289

 **COPY**

Re: Amended Letter addressing Alternative Allocation Method for certain new drill commingled wells in the Mesaverde and Dakota formations based on Gas Composition Analysis.
Supersedes Letter Dated July 20, 2010

Dear Mr. Creekmore:

The Oil Conservation Division has considered the information presented to it by ConocoPhillips in Santa Fe on May 13, 2010 concerning the use of Gas Composition Analysis based allocations as an alternative method for allocating production from certain new commingled wells completed in the Blanco Mesaverde Pool and Basin Dakota Pool in the San Juan Basin.

The Oil Conservation Division approves in principle the request of ConocoPhillips and wholly owned subsidiaries, ConocoPhillips Company and Burlington Resources Oil & Gas Company LP (hereinafter collectively "ConocoPhillips"), to use Gas Composition Analysis based allocations in newly commingled wells where appropriate information exists for it to accurately allocate production between the Mesaverde and Dakota formations. From your presentation, it appears that allocating gas production from the Mesaverde and Dakota formations in new commingled wells using Gas Composition Analysis is valid where endpoints are known and show sufficient contrast. This methodology requires the establishment of local endpoints from gas samples in pure Mesaverde and pure Dakota gas streams. The known endpoints for hydrocarbon members are then used in conjunction with the results of a gas sample analysis from the combined flow stream in a new commingled well to calculate an allocation of the gas contribution from each formation.

Relative contributions from the Mesaverde and Dakota formations in new commingled wells can vary in time particularly in the early life of a well. To address this, ConocoPhillips will first obtain an initial gas sample at the time of completion after flow back to calculate an initial formation allocation. An additional gas sample will be taken three months after the initial completion to update the allocation. Samples will continue to be obtained at approximately three



month intervals until the allocation appears to reach stabilization. ConocoPhillips will provide the New Mexico Oil Conservation Division a report after the initial completion and a final report after allocation stabilization. The final report will contain supporting documentation justifying the allocation of production between these formations and will contain each of the allocation percentages determined by Gas Composition Analysis. Commingling applications shall be filed with the Division's District office in Aztec allocating production based on this alternative method of allocation.

When notice to owners in the mineral estate of a new commingled well is required by Oil Conservation Division Rule 19.15.4.12A.(6) NMAC, the method of allocation will be indicated on the Division Form C-103 or other appropriate New Mexico Oil Conservation Division form.

Sincerely,



Mark E. Fesmire, P.E.
Acting Director

cc: William F. Carr, Esq.
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