

BURLINGTON RESOURCES

SAN JUAN DIVISION

March 1, 2004

Bureau of Land Management
Farmington Resource Area
Attn: Mr. Wayne Townsend
1235 La Plata Highway
Farmington, NM 87401

RECEIVED

MAR 03 2004

OIL CONSERVATION
DIVISION

State of New Mexico
Oil Conservation Division
Attn: Ms. Lori Wrotenbery
1220 S. Saint Francis Drive
Santa Fe, NM 87505-4000

RE: Huerfano Unit (I Sec. No. 731)
Commerciality Determination
Fruitland Coal Formation
San Juan County, New Mexico

Gentlemen:

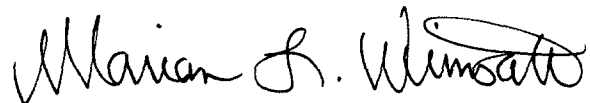
Pursuant to the provisions of Section 11(a) of the Huerfano Unit Agreement, #1 Sec. No. 731, approved June 6, 1950, Burlington Resources Oil & Gas Company LP, as Operator, has determined that the well listed below is not capable of producing unitized substances in paying quantities from the Fruitland Coal formation. Burlington is seeking confirmation of the well determination enclosed.

<u>BR's</u> <u>AIN #</u>	<u>Well Name</u> <u>& Number</u>	<u>Well</u> <u>Dedication</u>	<u>Dedicated</u> <u>Lease</u>	<u>Completion</u> <u>Date</u>	<u>Commerciality</u> <u>Determination</u>
84602001	Huerfano Unit Com #552	E/2 34-26N-9W	SF-078103-A	5/29/03	Non-Commercial

Upon receipt of response from the Bureau of Land Management and concurring response from the New Mexico Oil Conservation Division, the well will be carried as non-commercial on a lease basis.

Copies of this letter are being sent to the working interest owners on the attached sheet. If you have any questions or need any additional information, please contact the undersigned at (505) 326-9860.

Very truly yours,



Marian L. Wimsatt, CPLTA, CPL
Land Analyst

MLW:ll
Huerfano Unit, 4.5
cc: Linda Dean

WORKING INTEREST OWNERS HUERFANO UNIT

BEAMON/LUNDELL GROUP: Robert Beamon, Linda J.L. Lindsey, Susan B. Porter, Carolyn B. Tilley, James R. Beamon, Sharon Beamon Burns, Cathryn Beamon, Claudia M.L. Gilmer Robert W. Lundell

CONOCOPHILLIPS COMPANY

ADAM BRUSS TRUST

FRANKLIN P LILLY

FRANK O ELLIOTT LIVING TRUST

FRANCES ADAMS LANGMORE KERRIGAN EST

EVKO DEVELOPMENT COMPANY

ENERGEN RESOURCES CORP

EDNA IONE HALL TRUST

GROSS OIL DELAWARE CORP

DIANNE CLEES & HOMER N CLEES

HANSON MCBRIDE PETROLEUM CO

CHASE OIL CORPORATION

BURLINGTON RESOURCES O&G CO LP

BETTY T JOHNSTON/LYLE E

BENSON MONTIN GREER

BANK OF AMERICA NA TRUSTEE EULA MAY JOHNSTON TRUST

ANN LOUISE BEALS TRUSTEE DAVID WILLIAM WALTERS 1996 REVOC TR

ALBERT R GREER

AJM LLC

DUGAN PRODUCTION CORPORATION

PRODUCTION GATHERING CO LP

XTO ENERGY INC

WILLIAMS PRODUCTION COMPANY

WILLIAM J GREEN

V A JOHNSTON FAMILY TRUST

THOMAS H YATES JR

SUNLAND REFINING CORP

ROGERS-GIBBARD TRUST

GLACIER PARK COMPANY

HUERFANO UNIT

PURE RESOURCES LP

ZZZ KELLY & TRUST LLC

MICHAEL J LILLY

MCCONNELL LTD CO

MARYAN KLINGER TRUST

MACDONALD HALBERSTADT REVOCABLE

LANGDON D HARRISON ESTATE

LA PLATA GATHERING SYSTEM INC

KELLY MINERALS INTERESTS JV

I B ADELMAN ACW

ROBERT L BREEDLOVE

BURLINGTON RESOURCES

COMMERCIALITY DETERMINATION

BLM DATA SHEET

HUERFANO UNIT 552

WELL INFORMATION

LEASE	HUERFANO UNIT 552
LOCATION	34026N009WA
COUNTY, STATE	SAN JUAN, NEW MEXICO
FORMATION	FRUITLAND COAL
PROJECT TYPE	NEWDRILL
WELL TYPE	GAS WELL
OPERATOR	BURLINGTON RESOURCES O&G CO LP
SPUD DATE	3/26/2003
COMP DATE	5/29/2003
1ST DELIVERY	10/23/2003
COMM GWI %	100.00
COMM NRI %	87.50
BOARD RATE %	8.00

PRODUCTION TAXES

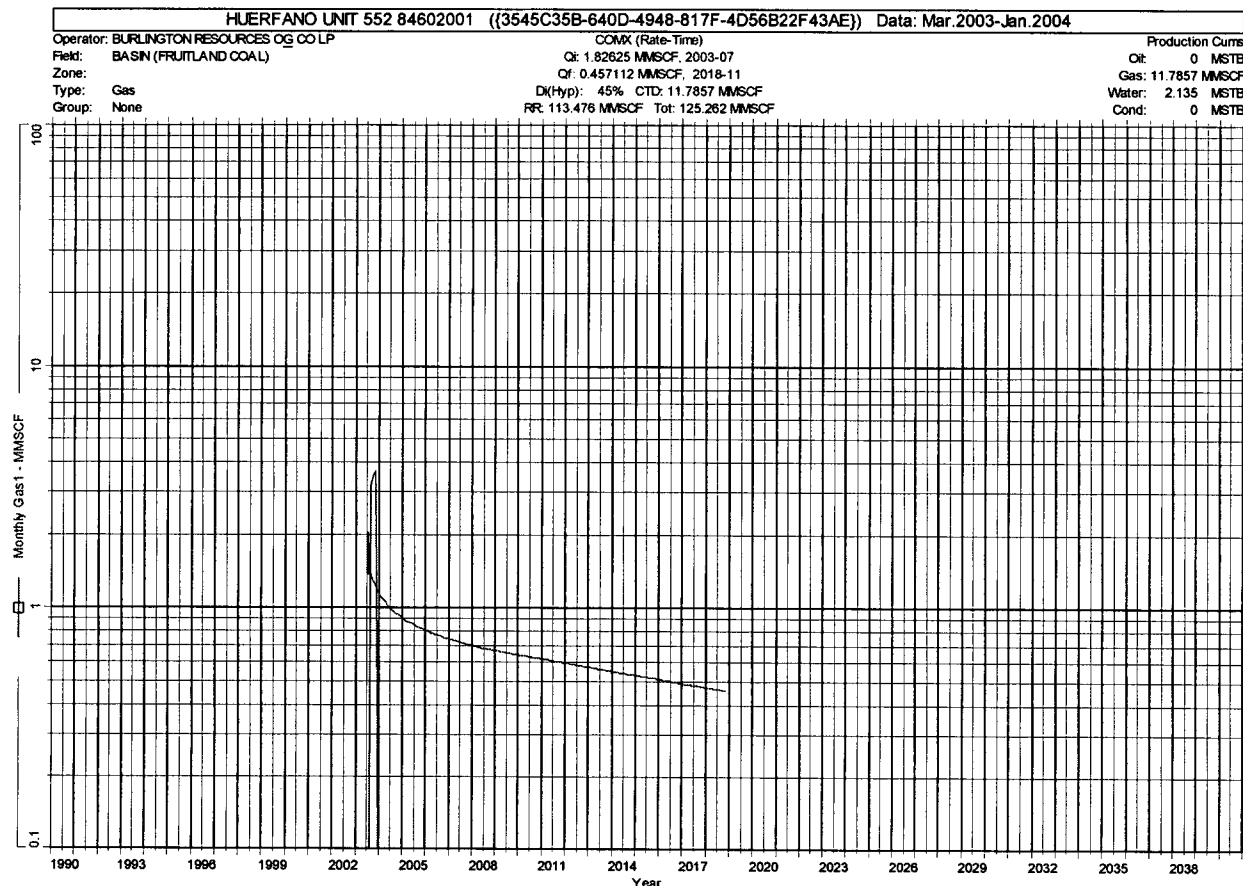
TAXES FOR:	SAN JUAN, NEW MEXICO	
	2003 - 2004 Commerciality	
	GAS % OF REVENUE	
SEVERANCE:		
Severance, School, Conservation	7.93	
AD VALOREM:		
Production, Equipment	1.26	
TOTAL %:	9.19	

AVERAGE HEAT CONTENT

1,000 MMBtu / Mcf

WELL COST AND ECONOMICS

320.00	M\$	AVERAGE WELL COST
125.23	MMCF	ULT. GROSS GAS RESERVES
63.63	MCFD	INITIAL GAS RATE
0.00	%	RATE OF RETURN
-0.57	\$/	P/I, DISC. @ 8.00 %
-183.58	M\$	NET PRESENT VALUE, DISC. @ 8.00 %
0.00	YRS	PAYOUT



BURLINGTON RESOURCES
COMMERCIALITY DETERMINATION
BLM DATA SHEET
HUERFANO UNIT 552

CASH FLOW SUMMARY

Date	Gas1 Rate	Gas1 Volume	Net Gas Volume	Gas1 Price	Gas Price	Net Revenue	Production Taxes	Total Opcosts	Total Oper Inc	Total Capital	Total BT Cash
	mcf/d	MMSCF	MMSCF	\$/MMBTU	\$/mcf	M\$	M\$	M\$	M\$	M\$	M\$
2003(12)	63.6	11.7	9.3	3.87	3.87	36.01	3.74	2.70	31.87	320.00	-288.13
2004(12)	30.3	11.1	8.8	3.87	3.87	34.09	3.54	12.12	20.61	0.00	20.61
2005(12)	28.2	10.3	8.2	3.87	3.87	31.63	3.29	12.12	18.25	0.00	18.25
2006(12)	25.5	9.3	7.4	3.87	3.87	28.65	2.98	12.12	15.39	0.00	15.39
2007(12)	23.8	8.7	6.9	3.87	3.87	26.70	2.77	12.12	13.51	0.00	13.51
2008(12)	22.5	8.2	6.5	3.87	3.87	25.28	2.63	12.12	12.15	0.00	12.15
2009(12)	21.5	7.9	6.2	3.87	3.87	24.17	2.51	12.12	11.08	0.00	11.08
2010(12)	20.7	7.6	6.0	3.87	3.87	23.24	2.41	12.12	10.19	0.00	10.19
2011(12)	19.9	7.3	5.8	3.87	3.87	22.37	2.32	12.12	9.35	0.00	9.35
2012(12)	19.1	7.0	5.6	3.87	3.87	21.53	2.24	12.12	8.55	0.00	8.55
2013(12)	18.5	6.7	5.4	3.87	3.87	20.72	2.15	12.12	7.77	0.00	7.77
2014(12)	17.8	6.5	5.2	3.87	3.87	19.94	2.07	12.12	7.02	0.00	7.02
2015(12)	17.1	6.2	5.0	3.87	3.87	19.19	1.99	12.12	6.30	0.00	6.30
2016(12)	16.4	6.0	4.8	3.87	3.87	18.47	1.92	12.12	5.61	0.00	5.61
2017(12)	15.8	5.8	4.6	3.87	3.87	17.77	1.85	12.12	4.94	0.00	4.94
2018(12)	15.0	5.0	4.0	3.87	3.87	15.36	1.60	11.11	3.64	0.00	3.64
Total	---	125.2	99.5	---	---	385.10	40.01	183.49	186.23	320.00	-133.77