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## PRODUCTION ALLOCATION FORM

SEP 27 2011

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BLM 4 Copies  
Regulatory  
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Well File  
Revised: March 9, 2006Status  
PRELIMINARY ☒  
FINAL ☐  
REVISED ☐Commingle Type  
SURFACE ☐ DOWNHOLE ☒  
Type of Completion  
NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 9/23/2011

API No. 30-039-25666

DHC No. DHC3061

Lease No. NMSF-078498

Well Name  
San Juan 28-7 UnitWell No.  
#59A

Unit Letter	Section	Township	Range	Footage	County, State
P	29	T028N	R007W	1190' FSL & 870' FEL	Rio Arriba County, New Mexico

Completion Date	Test Method
6/6/2011	HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>

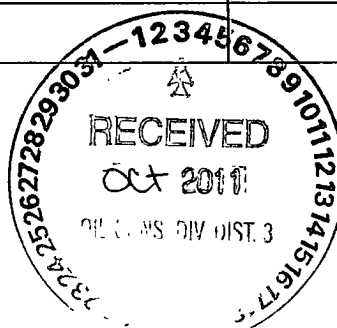
JUSTIFICATION OF ALLOCATION: ConocoPhillips requests that production for the downhole commingle be allocated using the subtraction method. The base formation is the Mesaverde and the added formation to be commingled is the Fruitland Coal & Pictured Cliffs. The subtraction method applies an average monthly production forecast to the base formation(s) using historic production. All production from this well exceeding the forecast will be allocated to the new formation(s). Remaining Reserves method will be used to allocated Fruitland Coal (563 MMCF -60%) and Pictured Cliffs (378 MMCF - 40%). A fixed percentage based allocation will be submitted after the fourth year of production. See attached documents for production forecast.

Oil production is allocated based on average formation yields from offset wells. MV- 100%

APPROVED BY	DATE	TITLE	PHONE
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NMOCD

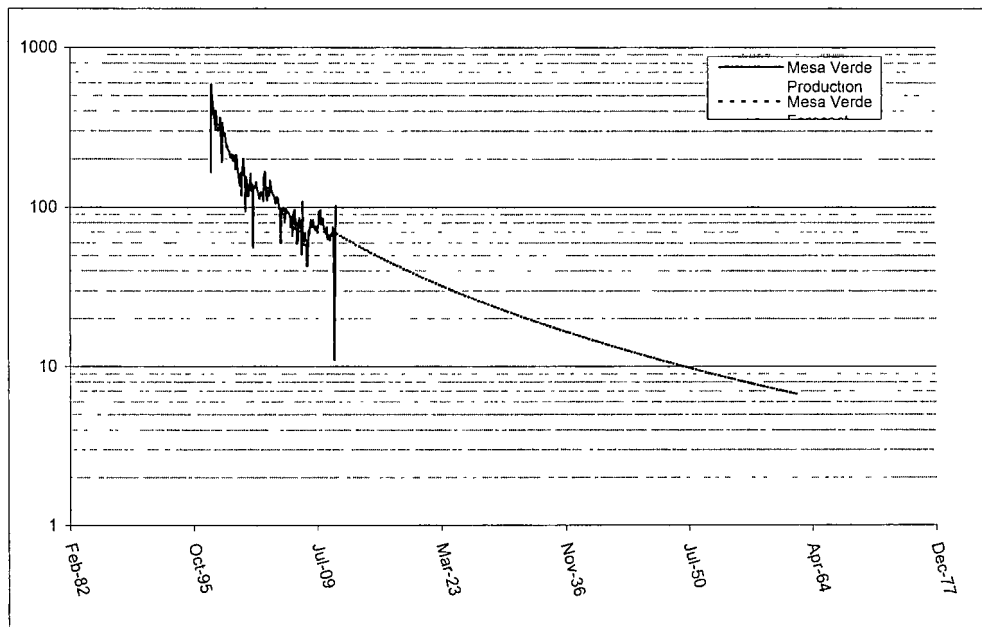
A



## San Juan 28 7 Unit 59A Subtraction Allocation Attachment

ConocoPhillips requests that production for the downhole commingle of the San Juan 28 7 Unit 59A be allocated using the subtraction method. The base formation is the Mesa Verde and the added formations to be commingled are the Fruitland Coal and the Pictured Cliffs

The subtraction method applies an average monthly production forecast to the base formation(s) using historic production. All production from this well exceeding the forecast will be allocated to the new formation(s).



Production from the Fruitland Coal and Pictured Cliffs will be allocated based on the following flow test data:

	Flow Test (MCFD) / Volumetrics	
Formation	(Bcf)	Allocation
Fruitland Coal	0.563	60%
Pictured Cliffs	0.378	40%

Oil production will be allocated based on average formation yields from offset wells. Average yields for each formation are below:

Formation	Yield	Gas EUR	Oil Allocation
Mesa Verde	11.16 bbl/mmscf	0.416 BCF	100%
Fruitland Coal	0 bbl/mmscf	0.563 BCF	0%
Pictured Cliffs	0 bbl/mmscf	0.378 BCF	0%

Total Forecast	
Date	MCFD
Nov-11	67.64
Dec-11	67.22
Jan-12	66.80
Feb-12	66.38
Mar-12	65.97
Apr-12	65.56
May-12	65.15
Jun-12	64.75
Jul-12	64.35
Aug-12	63.95
Sep-12	63.56
Oct-12	63.17
Nov-12	62.78
Dec-12	62.40
Jan-13	62.02
Feb-13	61.65
Mar-13	61.27
Apr-13	60.90
May-13	60.54
Jun-13	60.17
Jul-13	59.81
Aug-13	59.46
Sep-13	59.10
Oct-13	58.75
Nov-13	58.40
Dec-13	58.06
Jan-14	57.71
Feb-14	57.37
Mar-14	57.04
Apr-14	56.70
May-14	56.37
Jun-14	56.04
Jul-14	55.72
Aug-14	55.39
Sep-14	55.07
Oct-14	54.75
Nov-14	54.44
Dec-14	54.13
Jan-15	53.81
Feb-15	53.51
Mar-15	53.20
Apr-15	52.90
May-15	52.60
Jun-15	52.30
Jul-15	52.00
Aug-15	51.71
Sep-15	51.42
Oct-15	51.13