



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph. D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



January 27, 2012

Sharon R. Zubrod
Manager, Stakeholder Engagement and
Regulatory Affairs
ConocoPhillips Company
San Juan Business Unit
Phone: (505) 326-9793
Email: Sharon.R.Zubrod@conocophillips.com

Dear Ms. Zubrod,

The Oil Conservation Division ("Division") is in receipt of your request to beneficially use produced water to fracture treat the State Com A #1N API # 30-04535184. In granting this beneficial use the Division agrees that:

1. The aquifer is an exempted aquifer because it does not currently serve as a source of drinking water, and that cannot now and will not in the foreseeable future serve as a source of drinking water because it is hydrocarbon producing. 19.15.2.7.E.5 NMAC
2. The water samples from the producing wells adjacent to State Com A #1N have atypically low TDS for the San Juan Basin.
3. The produced water ConocoPhillips proposes to use for well stimulation is less than 11,000 ppm TDS.
4. The produced water ConocoPhillips proposes to use in its pilot test is half the TDS of fluid used in a standard conventional well stimulation.
5. All trucks hauling produced water to the location must have a copy of their approved C-133 and a copy of this letter in the truck.
6. Conoco is required to keep a log of all the loads of produced water taken to the location and have it available upon request.
7. This approval will expire on March 31st, 2012

If you have any further questions, please feel free to contact Brandon Powell at Brandon.Powell@state.nm.us or 505-334-6178 xt 116.

Sincerely,

Charlie Perrin
Aztec District Manager
1000 Rio Brazos Road
Aztec, NM 87410

