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Revised: March 9, 2006

PRODUCTION ALLOCATION FORM

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐

Date: 9/23/2011

API No. 30-039-25572

DHC No. DHC4349

Lease No. SF-079289-A

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Well Name

San Juan 28-7 Unit

Well No.

#159M

Unit Letter

I

Section

22

Township

T028N

Range

R007W

Footage

1605' FSL & 330' FEL

County, State

Rio Arriba County,
New Mexico

Completion Date

8/17/2011

Test Method

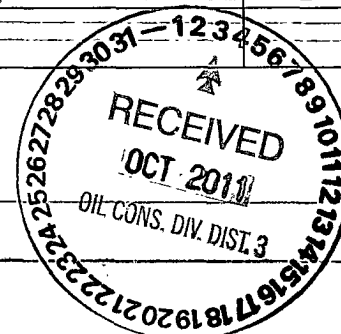
HISTORICAL ☐ FIELD TEST ☐ PROJECTED ☐ OTHER ☒

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 (378 MMCF -53%) and Pictured Cliffs (339 MMCF - 47%). 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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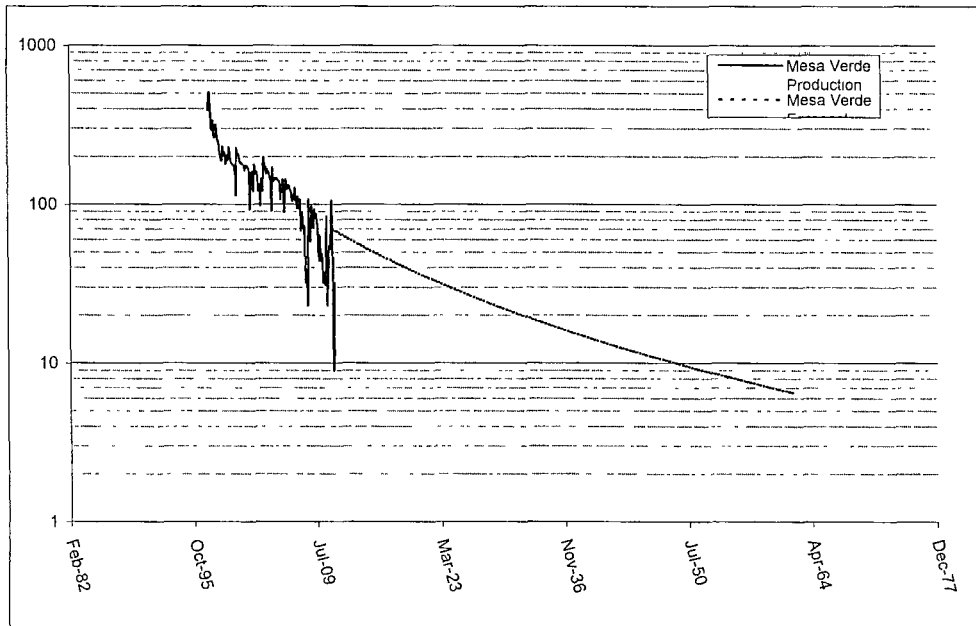
NMOCD



San Juan 28 7 Unit 159M Subtraction Allocation Attachment

ConocoPhillips requests that production for the downhole commingle of the San Juan 28 7 Unit 159M 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:

Formation	Flow Test (MCFD) / Volumetrics	
	(Bcf)	Allocation
Fruitland Coal	0.378	53%
Pictured Cliffs	0.339	47%

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	10.87 bbl/mmscf	0.014 BCF	100%
Fruitland Coal	0 bbl/mmscf	0.378 BCF	0%
Pictured Cliffs	0 bbl/mmscf	0.339 BCF	0%

Total Forecast	
Date	MCFD
Nov-11	66.84
Dec-11	66.42
Jan-12	65.99
Feb-12	65.58
Mar-12	65.16
Apr-12	64.75
May-12	64.34
Jun-12	63.94
Jul-12	63.54
Aug-12	63.15
Sep-12	62.75
Oct-12	62.36
Nov-12	61.98
Dec-12	61.60
Jan-13	61.22
Feb-13	60.84
Mar-13	60.47
Apr-13	60.10
May-13	59.73
Jun-13	59.37
Jul-13	59.01
Aug-13	58.65
Sep-13	58.30
Oct-13	57.95
Nov-13	57.60
Dec-13	57.25
Jan-14	56.91
Feb-14	56.57
Mar-14	56.23
Apr-14	55.90
May-14	55.57
Jun-14	55.24
Jul-14	54.92
Aug-14	54.59
Sep-14	54.27
Oct-14	53.96
Nov-14	53.64
Dec-14	53.33
Jan-15	53.02
Feb-15	52.71
Mar-15	52.41
Apr-15	52.10
May-15	51.80
Jun-15	51.51
Jul-15	51.21
Aug-15	50.92
Sep-15	50.63
Oct-15	50.34