

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



Paul Marken
Completion Supervisor
Referred to Crystal Tafoya
ConocoPhillips Company
San Juan Business Unit
Phone: (505) 326-9837
Email: Crystal.Tafoya@conocophillips.com

May 30th, 2012

Dear Ms. Tafoya,

The Oil Conservation Division ("Division") is in receipt of your request to beneficially use produced water to fracture treat the Atlantic A #8C API # 30-045-35137, UL-G, Sec 29, Twn 31N, R10W. In granting this beneficial use the Division agrees and requires 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 Atlantic A #8C have an average TDS higher than the produced water Conoco is proposing to Frac with.
3. The produced water ConocoPhillips proposes to use for well stimulation averages 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. Notification is required to be given to the district office 24-72hrs prior to the commencement of hauling the produced water and shall include a schedule with beginning and ending dates.
6. 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.
7. This letter is to be in the trucks authorized to haul the produced water only for the time period supplied in the required notification.

May 30, 2012

Page 2

8. Conoco is only authorized to haul water from downstream of the Vasely SWD #2 (API # 30-045-29936) second stage filtration system, which can be loaded into the trucks at the Vasely SWD #2 facility or the Mar Vista SWD #1 (API # 30-045-35126) facility.
9. Conoco is required to keep a log of the loads of produced water taken to the location and have it available upon request.
10. This approval will expire on June 30th, 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,



Brandon Powell
District III I&E Supervisor
1000 Rio Brazos Road
Aztec, NM 87410