



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

45-31371

Certified Receipt #7002 2410 0006 6466 5229

April 21, 2004

R. A. Wirtanen
ConocoPhillips Company
5525 Hwy.64
Farmington, NM 87401

RE: Use of Fruitland Coal Produced Water for Reseeding

Dear Mr. Wirtanen:

The New Mexico Oil Conservation Division (OCD) has reviewed proposals for utilizing Fruitland Coal seam water to germinate and kick-start a special seed mixture at the ConocoPhillips 32-7 Unit #242A, A-33-32N-07W, API#30-045-31371. These proposals were included in letters dated April 12 and April 14, 2004 from the ConocoPhillips Company (COPC) and the Bureau of Land Management (BLM). COPC is authorized to use produced water not to exceed 6,000 ppm TDS to enhance revegetation at the 32-7 Unit #242A. This produced water may be used in one-inch applications to the reseeded site through June 1, 2004. No ponding, pooling or run off of applied produced water is allowed. Patsy Clugston of COPC and Dale Wirth of BLM have received verbal approval of these conditions previously. The operation is entered into with the full knowledge and cooperation of the BLM but COPC remains the responsible party.

Please be advised COPC approval does not relieve COPC of liability should contamination pose a future threat to ground water, surface water, human health and the environment. OCD approval does not relieve COPC of compliance with other federal, state, tribal or local laws and regulations.

If you have questions please contact me at 505-334-6178 ext 15.

Yours truly,

Denny G. Foust
Environmental Geologist
dfoust@state.nm.us

DGF/mk

XC: Dave Mankiewicz, BLM Farmington
Richard Arnold, New Mexico Agricultural Science Center, Farmington
DGF File
Environmental File



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
1703 (07200)

April 14, 2004



Mr. Denny Foust
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Dear Mr. Foust:

The Bureau of Land Management (BLM), Farmington Field Office, intends to conduct a produced water test site in the vicinity of Middle Mesa, San Juan 32-7 Unit, on the Conoco/Phillips 242A well pad. The well pad is located in T. 32 N, R. 7 W., Section 33, 810 FNL & 1095 FEL.

Reclamation efforts associated with oil and gas operations have not met with much success in the San Juan Basin. The continued drought conditions have only compounded the problem. Produced water could be used initially to aid in germination and root establishment of seeded well pads and pipeline rights of way. When root systems become established, produced water applications would be discontinued allowing vegetation to exist under ambient conditions.

Produced water is readily available in the San Juan Basin. The produced water TDS value chosen for this test site is in the range of 2,500 to 5,000 ppm. Application is scheduled to begin as soon as approval from the OCD is granted. Plot sizes would be 200ft.x 50ft. using 16 different grass seed varieties. Water would be applied by sprinkler pipe with special nozzles to calibrate application amounts. Approximately, 2 to 4 applications will be applied with the total amount of produced water not to exceed six inches. Water will not be allowed to pool, drift or runoff the test plots. Produced water will be stored in a 400 barrel water tank at the test location and pumped on the test plots via sprinkler pipe. Water sampling and testing will be conducted on each 400 barrel of produced water to ensure consistency in chemical composition. Baseline soil tests will be conducted prior to commencement. Test sites will be fenced by BLM to prevent livestock entrance. Soils will be tested for salt retention. Salt buildup may require soil amendments to correct problems if they occur. All testing will be conducted by New Mexico State University Agricultural Science Center with a written report upon completion.

Sincerely,

Dave Mankiewicz
Assistant Field Manager, Minerals

cc:

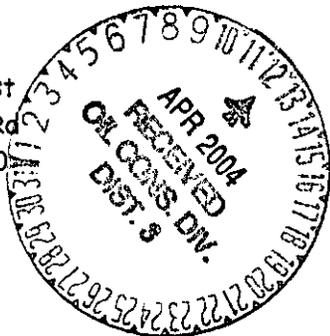
Patsy Clugston, Conoco/Phillips Company, 5525 Highway 64, Farmington, NM 87401
Richard Arnold, New Mexico Agricultural Science Center, P.O. Box 1018, Farmington, NM 87499

ConocoPhillips

5525 Hwy. 64
Farmington, NM 87401

April 12, 2004

NMOCD
Attn: Denny Foust
1000 Rio Brazos Rd
Aztec, NM 87410



Re: Regulatory/Environmental Project

Dear Mr. Foust:

Coal seam
Mr. Rick Arnold with NM State Ag Science Center and the Dale Wirth with the BLM have approached ConocoPhillips about working on a special project with them. They want to use produced CS water to germinate a special seed mixture they have developed that they are hoping will be conducive to NW New Mexico's climate. The criteria they were looking for was a location in Middle Mesa that needs seeded and having enough water to fill a 400 bbl tank twice with water that has a TDS level of around 5000. They will be using one of COPC's well sites for the project and our produced water to germinate their seed.

We located a group of wells that had recently been drilled that were within a close proximity of each other in our SJ 32-7 Unit. We had the water analyzed on six wells and found five of them met the criteria of around 5000 to 6000 TDS. If you will give your blessing on the project we will begin as soon as possible first by choosing a site best suitable for the equipment NM State will be using from the wells below. We will then set a tank on that location, fill the tank with produced water from the locations indicated below. Key Energy will be trucking this water to the tank, since normally water from these locations is piped from the wells to the COPC's 32-7 SWD. Then NM State will plant the seed and water the site using a special sprinkler system developed using the first 400 bbls. We will fill the tank a second time and the seed will be watered two weeks later. Supposedly this is all that is needed to germinate the seed. The project is to see if the new seed mixture will germinate using the produced water in this area and to verify that the use of the produced water doesn't cause any adverse affects.

The legal description of the locations where the water will be trucked from as follows:

- 32-7 Unit #208A, 1425 FSL & 990 FEL, Sec. 34, T32N, R7W; 30-045-31372; SF-078998
- 32-7 Unit #215A, 2358 FNL & 1990 FWL, Sec. 32 T32N 7 W; 30-045-31402; E-501-13
- 32-7 Unit #234A, 690 FSL & 1315 FEL Sec. 32, 32N 7W; 30-045-31316; E-501-13
- 32-7 Unit #238A, 475 FSL & 1140 FEL, Sec. 29, T32N, R7W; 30-045-31617; SF0967462
- 32-7 Unit #242A, 810 FNL & 1095 FEL, Sec. 33, T32N, R7W; 30-045-31371I; SF-078543

ConocoPhillips has agreed to pay for water analysis conducted on the six sites, the charge to haul the tank to and from the location as well as the tank rental fees. We will also be paying Key Trucking to haul the water to the seeding site. Any remediation encountered if the project has an adverse affect on the soils will be managed by the BLM and NM State.

We have attached the copies of the Water Analyses from Envirotech Labs on the sites listed above. We would appreciate your approval of this project as early as the end of the week, since NMSU wants to plant as early as next week. Please call Patsy Clugston at 599-3454 if you have questions.

Sincerely,

CONOCOPHILLIPS COMPANY

A handwritten signature in black ink, appearing to read "Bob Wirtanen", with a long horizontal line extending from the end of the signature.

Bob Wirtanen
Sr. Safety & Environmental Specialist

ENVIROTECH LABS

ENVIRONMENTAL SOLUTIONS FOR A BETTER TOMORROW

Water Analysis

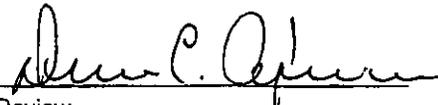
Client:	ConocoPhillips	Project #:	96052-026-000
Sample ID:	32-7 #208 A	Date Reported:	04-08-04
Laboratory Number:	28316	Date Sampled:	04-06-04
Sample Matrix:	Water	Date Received:	04-07-04
Preservative:	Cool	Date Analyzed:	04-07-04
Condition:	Cool & Intact	Chain of Custody:	11988

Parameter	Analytical Result	Units
Total Dissolved Solids @ 180°C	5,230	mg/L

Reference: U.S.E.P.A., 600/4-79-020, "Methods for Chemical Analysis of Water and Wastes", 1983.
Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments: **San Juan 32-7 Produced Water.**

Analyst



Review

ENVIROTECH LABS

Water Analysis

ANALYTICAL SOLUTIONS FOR A BETTER TOMORROW

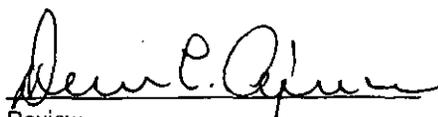
Client:	ConocoPhillips	Project #:	96052-026-000
Sample ID:	32-7 #238 A	Date Reported:	04-08-04
Laboratory Number:	28320	Date Sampled:	04-06-04
Sample Matrix:	Water	Date Received:	04-07-04
Preservative:	Cool	Date Analyzed:	04-07-04
Condition:	Cool & Intact	Chain of Custody:	11988

Parameter	Analytical Result	Units
Total Dissolved Solids @ 180°C	6,470	mg/L

Reference: U.S.E.P.A., 600/4-79-020, "Methods for Chemical Analysis of Water and Wastes", 1983.
Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments: San Juan 32-7 Produced Water.

Analyst


Review

ENVIROTECH LABS

Practical Solutions for a Better Tomorrow

Water Analysis

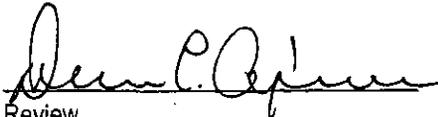
Client:	ConocoPhillips	Project #:	96052-026-000
Sample ID:	32-7 #234 A	Date Reported:	04-08-04
Laboratory Number:	28319	Date Sampled:	04-06-04
Sample Matrix:	Water	Date Received:	04-07-04
Preservative:	Cool	Date Analyzed:	04-07-04
Condition:	Cool & Intact	Chain of Custody:	11988

Parameter	Analytical Result	Units
Total Dissolved Solids @ 180°C	5,930	mg/L

Reference: U.S.E.P.A., 600/4-79-020, "Methods for Chemical Analysis of Water and Wastes", 1983.
Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments: San Juan 32-7 Produced Water.

Analyst


Review

ENVIROTECH LABS

Water Analysis

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

Client:	ConocoPhillips	Project #:	96052-026-000
Sample ID:	32-7 #215 A	Date Reported:	04-08-04
Laboratory Number:	28318	Date Sampled:	04-06-04
Sample Matrix:	Water	Date Received:	04-07-04
Preservative:	Cool	Date Analyzed:	04-07-04
Condition:	Cool & Intact	Chain of Custody:	11988

Parameter	Analytical Result	Units
Total Dissolved Solids @ 180°C	4,160	mg/L

Reference: U.S.E.P.A.; 600/4-79-020, "Methods for Chemical Analysis of Water and Wastes", 1983.
Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments: San Juan 32-7 Produced Water.

Analyst


Review

ENVIROTECH LABS

Water Analysis

Practical Solutions For A Better Tomorrow

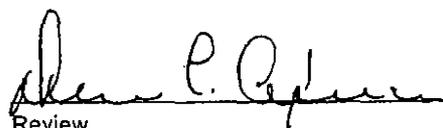
Client:	ConocoPhillips	Project #:	96052-026-000
Sample ID:	32-7 #242 A	Date Reported:	04-08-04
Laboratory Number:	28321	Date Sampled:	04-06-04
Sample Matrix:	Water	Date Received:	04-07-04
Preservative:	Cool	Date Analyzed:	04-07-04
Condition:	Cool & Intact	Chain of Custody:	11988

Parameter	Analytical Result	Units
Total Dissolved Solids @ 180°C	3,120	mg/L

Reference: U.S.E.P.A., 600/4-79-020, "Methods for Chemical Analysis of Water and Wastes", 1983.
Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments: San Juan 32-7 Produced Water.

Analyst


Review