



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

3162.7-3

San Juan 27-5 Unit CDP #2
Surface Commingle

March 22, 2010

RCVD MAR 23 '10

Ms. Patsy Clugston
ConocoPhillips Company
3401 East 30th Street
Farmington, NM 87402

OIL CONS. DIV.
DIST. 3

Dear Ms. Clugston:

Reference is made to your application dated December 11, 2009, proposing surface commingling of production from four (4) wells which were directionally drilled from a common pad. Your application indicates that consolidating these wells and associated facilities at a common well site reduces surface impacts, improves operating efficiency and reduces costs. These wells are all drilled on the same lease (NMSF 079391) within the San Juan 27-5 Unit. However, they produce from three separate Participating Areas (PAs) in the Dakota, Mesaverde and Pictured Cliffs and report to NMNM78409A, NMNM78409B, and NMNM78409C respectively.

Pursuant to your application you propose to combine and deliver gas from the referenced PAs to a Central Delivery Point (CDP) at the following location:

Unit E, Section 8, T. 27N., 5W., Rio Arriba County, at Williams Field Services Meter 9401001.

No OGD surface commingling

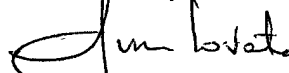
After considering the merits of your application we concur with your findings. As such, you are hereby authorized to measure and sell oil and gas in accordance with the procedures outlined in your application unless otherwise modified by the conditions outlined below. This measurement and sales facility is hereby designated the San Juan 27-5 Unit CDP #2. Please use this designation in the future when referencing this facility.

- Liquid hydrocarbons produced at the CDP must be allocated back to each well in proportion to the well's allocated gas production. Fuel used at the CDP must also be allocated back to each contributing well in proportion to each well's allocated gas production.
- Allocation must be made on an MMBTU basis.

- Measurement of gas at the CDP must be conducted in accordance with the requirements outlined in Onshore Order No. 3, Site security, Onshore Order No. 4, Oil Measurement, Onshore Order No. 5, Gas Measurement and New Mexico NTL 2008-01, Standards for the Use of Electronic Flow Computers.
- In Order to prevent waste and conserve natural gas, periodic review of each well's venting procedures must be conducted in accordance with the requirements outlined in NTL-ADO-93-1.
- No other wells can be added to this system of measurement and sales without the prior approval of this office.
- Contact this office in the event of any lost hydrocarbons between the wells and the CDP.

Failure to operate this facility in accordance with the statements in your application and the conditions outlined above may subject this approval to revocation. In addition, this office reserves the right to rescind this approval should future evaluation of this method of measurement indicate that royalties would be reduced. If you have any questions regarding the above, please contact me at (505) 599-6367.

Sincerely,



Jim Lovato

Senior Technical Advisor

Petroleum Management Team

Cc:

NMOCD, Santa Fe

Sharp, Karen, EMNRD

From: Clugston, Patricia L [Patsy.L.Clugston@conocophillips.com]
Sent: Thursday, March 25, 2010 3:23 PM
To: Sharp, Karen, EMNRD
Subject: 27-5 #2 CPD

Wells included in this CPD

27-5 #901-API-30-039-30317

27-5 904 - API-30-039-30307

27-5 #905 - API-30-039-30310

27-5 #150R - API-30-039-26453

Thanks. Patsy