

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**John Bemis**  
Cabinet Secretary

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

**Jami Bailey**  
Division Director  
Oil Conservation Division



Paul Marken  
Completion Supervisor  
Referred to Dollie Busse  
**ConocoPhillips Company**  
San Juan Business Unit  
Phone: (505) 326-9837  
Email: [Dollie.L.Busse@conocophillips.com](mailto:Dollie.L.Busse@conocophillips.com)

September 4, 2012


Dear Ms. Busse,

The Oil Conservation Division ("Division") is in receipt of your request to beneficially use produced water to fracture treat the Calloway LS #2A API # 30-045-35340, UL-I, Sec 34, Twn 31N, R11W. In granting this beneficial use the Division agrees and requires that:

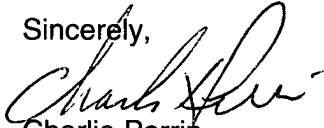
1. The aquifer is an exempted aquifer because it does not currently serve as a source of drinking water, and that cannot now and will not in the foreseeable future serve as a source of drinking water because it is hydrocarbon producing. 19.15.2.7.E.5 NMAC
2. One of the water samples from the producing wells adjacent to Calloway LS #2A has atypically low TDS for the San Juan Basin.
3. The produced water ConocoPhillips proposes to use for well stimulation averages less than 14,500 ppm TDS.
4. The produced water ConocoPhillips proposes to use in its pilot test is less than the TDS of the 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.
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 October 30<sup>th</sup> , 2012

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

Sincerely,



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