



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 28-6 Unit #211E & #400

39-30071 39-24465

June 7, 2010

Conoco Phillips Company
Ms. Clugston
P.O. Box 4289
Farmington, NM 87499

RCVD JUN 8 '10

OIL CONS. DIV.

DIST. 3

Dear Ms. Clugston:

Reference is made to your application dated February 22, 2010 requesting approval to surface commingle associated oil (condensate) from the following wells in the San Juan 28-6 Unit:

San Juan 28-6 Unit No. 211E, located in L, Section 9, T. 28N., R. 6W., on Federal oil and gas lease SF080505A. This well reports production to the San Juan 28-6 unit, Dakota Formation Participating Area (PA) NMNM78412C.

San Juan 28-6 Unit No. 400, located in L, Section 9, T., R. 28N., R. 6W., also on Federal oil and gas lease SF080505A. This well reports production to the San Juan 28-6 unit, Fruitland Coal PA NMNM78412D.

Your application indicates that both these wells make small amounts of oil but economics preclude installation of separate storage tanks. You propose to determine the GOR of the San Juan Unit No. 400 well by conducting a well test. Commingled oil production will then be allocated between each well using the well test GOR and the cumulative gas production between oil sales.

You are hereby authorized to measure and sell oil in accordance with the procedures outlined in your application. The conditions of this approval are outlined below:

- Measurement of oil at the tank battery must be conducted in accordance with the requirements outlined in Onshore Order No. 3, Site security and Onshore Order No. 4, Oil Measurement.
- Post a commingled facility sign at the tank battery identifying both of these contributing wells.
- No other wells can be added to this system of measurement and sales without the prior approval of this office.

Failure to operate this facility in accordance with 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 or lost. If you have any questions regarding the above, please contact me at (505) 599-6367.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Lovato". The signature is stylized with a large, sweeping initial "J" and a cursive "Lovato".

Jim Lovato
Senior Technical Advisor
Petroleum Management Team

cc:
NMOCD, Aztec ✓