

BURLINGTON

RESOURCES Oil & Gas Company LP
3401 E. 30th St.
P.O. Box 4289
Farmington, NM 87499-4289

October 5, 2011

Subject well: San Juan 29-5 Unit 77M

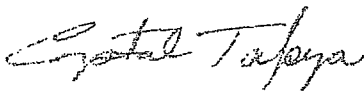
It has come to our attention that some interest owners may find the Down Hole Commingle application process slightly confusing. We hope this letter will clarify some of the questions you as an interest owner may have.

ConocoPhillips' (or Burlington's) plans are to add gas pay to the subject well and down hole commingle production. As required by regulation, we have enclosed a copy of the Commingling Application for your review. No action by you is required at this time unless you object.

If you object, you will need to send notice Burlington Resources/ConocoPhillips, PO Box 4289, Farmington, NM 87499 within twenty (20) days. Again, if you do not object, you **do not need** to sign or return any paperwork at this time.

All interest owners have been notified by certified mail on 10/05/2011.

Thank you,



Crystal Tafoya
Staff Regulatory Technician
ConocoPhillips Company
505-326-9837

District I
1001 N. 1st St. & Ave. N, NM 87410
District II
1001 N. 1st St. & Ave. N, NM 87410
District III
1001 N. 1st St. & Ave. N, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised June 10, 2003

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☐ Yes ☒ No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator ConocoPhillips Company P.O. Box 4289 Fannington, NM 87499 Address
Lease San Juan 29-5 Unit Well No. 77M Unit Letter-Section-Township-Range Unit E, Sec. 26, 029N, 005W County Rio Arriba
OCRID No: 217817 Property Code 31325 API No. 30039310440000 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BLANCO MESAVERDE	BASIN MANCOS	BASIN DAKOTA
Pool Code	72319	97232	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4900'-6450' estimated	7300'-8000' estimated	8340'-8454' estimated
Method of Production (Flowing or Artificial Lift)	New Zone	New Zone	New Zone
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	1022 psi	3057 psi	2981 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1000	BTU 1000	BTU 1000
Producing, Shut-In or New Zone	New Zone	New Zone	New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: N/A Rates: N/A	Date: N/A Rates: N/A	Date: N/A Rates: N/A
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Will be supplied upon completion	Oil Gas Will be supplied upon completion	Oil Gas Will be supplied upon completion

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☐ No ☒
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☒ No ☐
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐
Will commingling decrease the value of production? Yes ☐ No ☒
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands
or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Engineer DATE 10/4/11
TYPE OR PRINT NAME Bill Akwari, Engineer TELEPHONE NO. (505) 326-9700
E-MAIL ADDRESS Bill.N.Akwari@conocophillips.com

San Juan 29-S Unit 77M

Surface - Unit E, Section 26, T029N, R005W

The San Juan 29-S Unit 77M is a Blanco Mesaverde, Basin Dakota and Basin Mancos new drill. A cased hole neutron log will be run prior to completion to identify the Mesaverde, Dakota and Mancos zones. If the Mesaverde, Dakota and Mancos horizons can be isolated, a spinner test will be performed and the allocation will be assigned. In the event that the Mesaverde, Dakota and Mancos can not be tested separately, a volumetric calculation will be performed to determine the allocation percentages between the Basin Mesaverde, Basin Dakota and Basin Mancos. All documentation will be submitted to the Aztec NMOCD office.

Oct 20, 2011

To: ConocoPhillips (or Burlington's)

RE: Subject Well: San Juan 29-5, Unit 77H

RE: letter sent dated Oct 5, 2011

Burlington Resources Oil & Gas Co. LP
3401 E 30th St,
P.O. Box 4289
Farmington, N.M. 87499-4289

owner: Madalyn Joy Johnson, owner # 0044385-001
To whom it may concern; # 0044385-002

I DO OBJECT to the
proposed Down Hole Commingle.

I DO OBJECT to the
Commingle of my owner
interest. I DO NOT agree
to your proposed ~~commingle~~ commingle.

Thank you

Madalyn Joy Johnson

Madalyn Joy Johnson

owner # 044385-001, # 044385-002 5D

From: Clyde F. Worthen [cfw@keleher-law.com]
Sent: Monday, March 26, 2012 1:49 PM
To: Corcoran, Richard
Subject: [EXTERNAL]RE: Mrs. Madalyn Johnson interest

Mr. Corcoran, I reported my recommendation to Ms. Johnson several weeks ago and she said she would get back to me within a week. However, I have not heard from her. I am under the impression that she does not intend to withdraw her objection. Please feel free to contact her directly.

Clyde

Clyde F. Worthen, Esq.
Keleher & McLeod, P.A.
P.O. Box AA
Albuquerque, NM 87103
(505) 346-9113 – Direct
(505) 346-1370 – Fax
cfw@keleher-law.com
<http://www.keleher-law.com/>

From: Corcoran, Richard [mailto:Richard.Corcoran@conocophillips.com]
Sent: Monday, March 26, 2012 10:48 AM
To: Clyde F. Worthen
Subject: FW: Mrs. Madalyn Johnson interest

From: Corcoran, Richard
Sent: Monday, March 26, 2012 10:46 AM
To: 'Clyde F. Worthen '
Subject: FW: Mrs. Madalyn Johnson interest

Mr. Worthen We would like to proceed with our drilling plans concerning the San Juan 29-5 Unit 77M well and need to ask if your client (Mrs. Johnson) will be withdrawing her objection? Please advise so I we can determine our path forward.

Thank you.

Richard Corcoran

From: Corcoran, Richard
Sent: Wednesday, February 22, 2012 3:08 PM
To: 'Clyde F. Worthen'
Subject: RE: Mrs. Madalyn Johnson interest

Mr. Worthen you are correct the Lease covers all depths and Mrs Johnson royalty interest likewise covers all depths. When a Lease is committed to a Participating Area (PA) the owners within the boundary of the PA all share in the production from any Commercial zone within the PA. However if a well is drilled to a formation that is not in a PA only the owners within the spacing unit, share in it's production. In the case at hand the spacing unit consists of the W/2 of Section 26, T29N-R5W, and Mrs Johnson's Leasehold interest stems from ownership of parts of Sections 30 & 31, T29N-R5W. The Mancos is not in a PA consequently only the owners of the spacing unit will share in the production from the Mancos formation. Mrs Johnson will share in the proposed well as to the Mesaverde and Dakota which are both dedicated to PAs that include both her lease and the proposed spacing unit. It is a little hard to explain in an e-mail so if you would like further information I will be happy to talk with you.

5E

There was one other owner who initially had an objection but after a discussion withdrew his objection.

Hope this answers any questions.

Richard Corcoran

From: Clyde F. Worthen [<mailto:cfw@keleher-law.com>]
Sent: Wednesday, February 22, 2012 12:09 PM
To: Corcoran, Richard
Subject: [EXTERNAL]RE: Mrs. Madalyn Johnson interest

Richard, I have forwarded the information you sent me to Ms. Johnson and she and I have discussed. I still need some information from ConocoPhillips. First the lease agreement does not limit the royalty interest to the Mesaverde and Dakota formations, why is the Mancos formation not included for the property covered by the lease? Or in other words, why is the Mancos Participating Area not included with the Mesaverde and Dakota Participating Areas?

Second are there other royalty owners in the Mesaverde and Dakota Participating Areas who have filed objections with the OCD?

Can you give me information on this two issues.

Thanks

Clyde F. Worthen, Esq.
Keleher & McLeod, P.A.
P.O. Box AA
Albuquerque, NM 87103
(505) 346-9113 – Direct
(505) 346-1370 – Fax
cfw@keleher-law.com
<http://www.keleher-law.com/>

From: Corcoran, Richard [<mailto:Richard.Corcoran@conocophillips.com>]
Sent: Wednesday, February 22, 2012 10:04 AM
To: Clyde F. Worthen
Subject: FW: Mrs. Madalyn Johnson interest

chard
February 22, 2012 9:59 AM
law.com'
s. Madalyn Johnson interest

Mr. Worthen if you should have any question concerning our proposed San Juan 29-5 Unit 77M well, please let me know.

Thanks

Richard Corcoran

chard
uary 14, 2012 10:24 AM

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aw.com'
s. Madalyn Johnson interest

chard
uary 14, 2012 10:20 AM
law.com'
adalyn Johnson interest

Mr. Worthen

Reference is made to our phone conversation on February 2, 2012 concerning Mrs. Madalyn Johnson's objection to our tri-mingling of production in our proposed San Juan 29-5 Unit 77M well.

I have explained to Mrs. Johnson that any tri-mingling allocation is in accordance with methods that must be approved by the State of New Mexico Oil Conservation Division and by drilling any new well where she is entitled to a royalty; any new production would serve to increase the amount of revenue she would receive.

In answer to your question concerning where Mrs. Johnson's interest comes from; in the proposed spacing unit, which consists of the W/2 of Section 26, T29N-R5W, her interest stems from a royalty originating from a Fee lease between Wallace Horn, etux. Lessors, and A.L. Duff Jr., Lessee, dated April 16, 1946, that covers lands in parts of Sections 30 & 31, T29N-R5W, among other lands. As her royalty interest is dedicated to the Mesaverde and Dakota formation Participating Areas she shares in production from the entire Participating Areas. The Mancos formation in the proposed well is not presently included in a Participating Area so until the formation is included in a Mancos Participating Area any production from the Mancos will be attributed to the owners in the spacing unit (W/2 of Section 26, T29N-R5W) only.

The well we are proposing is targeted to produce from three separate formations, being the Mesaverde/Mancos/and Dakota, with each formation contributing to the total production stream of the well. Tri-mingling allows us to produce all formations from a single well bore without having to drill separate wells for each formation. Many wells cannot be economically drilled for one formation only so two formations are routinely drilled and produced together through a commingling process. In this particular well we want to attempt to add a third formation and produce all three together.

Mrs. Johnson's royalty interest will be determined by the amount of production coming from the Mesaverde and Dakota formations in proportion to the amount each formation contributes to the entire production stream.

ConocoPhillips Company would like to drill the subject well as proposed but will need Mrs. Johnson to withdraw her objection so we can proceed or alternatively we would have to seek approval through a formal New Mexico Oil Conservation Division hearing.

Attached is a copy of the original Oil & Gas Lease and our form letter requesting approval to tri-mingle. I hope this has answered any questions you or Mrs. Johnson may have and she will see fit to withdraw her objection. Please forward your release of objection to my attention at the letterhead address, and feel free to contact me if you have additional questions.

Thank you.

Richard Corcoran

Richard Corcoran
Staff Landman
ConocoPhillips Company
3401 E. 30th Street
Farmington, NM 87402
email: richard.corcoran@conocophillips.com
Phone 505-326-9589
Fax 505-326-9781
Cell 505-608-4330

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From: Corcoran, Richard
Sent: Tuesday, April 03, 2012 9:51 AM
To: 'Joy Johnson'
Subject: RE: [EXTERNAL]April 2012

Mrs. Johnson thank you for your letter of April 2, 2012; I was sorry to hear of your medical afflictions and hope you will get better soon. As to your question concerning financing, I regret to inform you that I am unaware of any part of ConocoPhillips that would provide real-estate loans.

Regarding your objection to our proposal to drill a well were your interest would be involved, and to my repeated attempts to address any questions you may have, please be advised I have begun plans to request the New Mexico Oil Conservation Division convene a formal hearing to allow you as an interested party to present your objection. We have engaged an attorney and are preparing technical testimony to present at this hearing. I expect you will be formally advised so that you may do the same to explain your objection. In order to avoid this and the associated expenses I ask you again to review the information I have provided and withdraw your objection.

I remain ready to try to answer your questions and hope you will call.

Sincerely

Richard Corcoran

From: Joy Johnson [mailto:laketahoejoy@yahoo.com]
Sent: Monday, April 02, 2012 11:50 AM
To: Corcoran, Richard
Subject: [EXTERNAL]April 2012

To Richard Corcoran, Conoco Phillips
2012

April 2,

Dear Mr. Corcoran,

I hope you had a good Palm Sunday. Thank you for your patience. I have not made any decision either way. I do not know what Mr. Worthen is referring to. I appreciate all the information and I am still reviewing it.

I am currently experiencing an extreme hardship due to no fault of my own, and I do not have the financial resources to remedy the situation. I am physically disabled due to my Multiple Chemical Sensitivities. When I have a SAFE, CHEMICAL FREE LIVING ENVIRONMENT, then I am able to gain weight, strengthen my immune system, work and live a relatively normal live. I have not been able to work a traditional job since Feb 2008 because of my severe allergies, mainly to Perfume, etc.. I owned a Car Dealership in Reno Nv in the 90's and two homes here at the Lake. I sold both of my homes here at Tahoe in 2000 when I became very ill and the

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doctors did not know what was wrong. The RE market went up and I have been renting, unsuccessfully since then. I had a SAFE HOME to rent for almost FOUR years and I was doing well, and I obtained my Real Estate License. In June of 2010 my then landlord used VERY TOXIC CHEMICALS at my residence and home office and I became very sick. I have moved TEN TIMES since then and I have not been able to regain my strength and I have had to file for [REDACTED] Disability Ins, which has been approved. I am 65 years old, single and I am scared. I had planned on working for the rest of my life and now I can barely get out of bed. I am completely exhausted physically, emotionally, and financially. The place I am currently renting makes me physically ill and I need to move soon. It is still Winter and SNOWING here at 6200 feet.

I need to own my own home so that I have control over the chemicals and I do not have to move every two months when the owners decide to use TOXIC CHEMICALS that make me physically ill. I have a small income, no down and no credit.

Is there any Charitable arm of Conoco Phillips that could help me with home financing? I would need about \$125,000, at 3% interest, no Doc loan, 100% financing amortized over 30 years. I am a licensed Realtor, currently non active, and I think I could use my 3% commission towards the purchase price or closing cost. My mortgage payment would be aprox \$600 per month and I am currently paying over \$800 per month and I have no control. I would do renovating with non off gassing materials, concrete, stainless steel and hydronic in floor heat. I built a home here at Tahoe in 1991, acting as my own contractor and actively participating in the building process, I enjoyed it emensly. Unfortunately, the home made me physically ill and that was 20 years ago and we had not heard about Multiple Chemical Sensitivities.

I realize this is an unusual request and I am exploring all options. Conoco Phillips and I do have a financial relationship and you have control over my income producing property. Purchasing property at Lake Tahoe, providing the price is right, is always a good investment.

I appreciate your consideration of my request and thank you for any help that you might be able to offer me.

If you and your family are near Lake Tahoe next weekend, we have a Beautiful Sunrise Service on the Beach at the Lake with several of the local churches.
Happy Easter.

Thank you for your consideration.
Sincerely,
Madalyn Joy Johnson

"In every adversity there is a seed of equal or greater opportunity."

"Three things you can never get enough of, good friends, chocolate and Lake Tahoe Sunsets!"

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Joy Johnson
cell 530/523-3399
LakeTahoeJoy@yahoo.com
<http://www.laketahoejoy.com/>
Keller Williams O'Neal Brokers
660 North Lake Blvd.
Tahoe City, California
office 530/583-2912
Realtor, Lic#01867208

currently inactive, Referral only status

5K

Madalyn Joy Johnson
P.O.Box 7371
Tahoe City, California 96145
530/523-3399
LakeTahoeJoy@yahoo.com

May 4, 2012

Objection Withdrawal Letter;

W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501
505/982-4285
tkellahin@comcast.net

Re: Case_____ Application of ConocoPhillipsCompany/Burlington
Resources Oil & Gas Company LP, for Down hole Commingling,
Rio Arriba County, New Mexico

Dear Mr. Kellahin,

I hereby withdraw, under duress, my objection to the proposed down hole commingling production of subject well San Juan 29-S Unit 77M, as referenced in the letter sent by ConocoPhillips Company dated October 5, 2011.

Please notify me by email if you require any further documentation of my objection withdrawal.

Sincerely,

Madalyn Joy Johnson

cc: Richard Corcoran
Clyde F. Worthen, Esq.

From: Tom Kellahin [tkellahin@comcast.net]
Sent: Friday, May 04, 2012 12:52 PM
To: 'Joy Johnson'
Cc: Corcoran, Richard; 'Clyde Worthen'
Subject: [EXTERNAL]RE: Objection Withdrawal Letter/Final Draft
Dear Ms. Johnson,

I have receipt two emails from you within the last hour both containing the same withdrawal letter. I am particularly bothered by your statement that your withdrawal is "under duress."

Please clarify what you mean. I not aware of anything that either I or Mr. Corcoran has done to warrant that statement.

Perhaps, I should leave this case on the Division's docket for now until you can explain what you meant.

Please respond.

Sincerely,

Tom Kellahin
Kellahin & Kellahin
Attorneys at Law
706 Gonzales Road
Santa Fe, NM 87501
ph 505-982-4285
Fx 505.216.2780
Email tkellahin@comcast.net

From: Joy Johnson [mailto:laketahoejoy@yahoo.com]
Sent: Friday, May 04, 2012 12:37 PM
To: tkellahin@comcast.net
Cc: Corcoran Richard; Clyde Worthen
Subject: Objection Withdrawal Letter/Final Draft

Dear Mr. Kellahin,

Please disregard the other OBJECTION WITHDRAWAL LETTER, this is the FINAL DRAFT.

Please read and acknowledge receipt.

Sincerely,

"In every adversity there is a seed of equal or greater opportunity."

"Three things you can never get enough of, good friends, chocolate and Lake Tahoe Sunsets!"

Joy Johnson
cell 530/523-3399
LakeTahoeJoy@yahoo.com

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