

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

David R. Catanach, Division Director
Oil Conservation Division



New Mexico Oil Conservation Division approval and conditions
listed below are made in accordance with OCD Rule 19.15.7.11
and are in addition to the actions approved by BLM on the
following 3160-4 or 3160-5 form.

Operator Signature Date: 3/25/2015

Well information:

| API WELL # | Well Name | Well # | Operator Name | Type | Stat | County | Surf_Owner | UL | Sec | Twp | N/S | Rng | W/E |
|--------------------|-------------|--------|-------------------------------|------|------|----------|------------|----|-----|-----|-----|-----|-----|
| 30-045-32123-00-00 | PRITCHARD C | 001S | BP AMERICA PRODUCTION COMPANY | G | A | San Juan | F | I | 34 | 31 | N | 9 | W |

Application Type:

☐ P&A ☐ Drilling/Casing Change ☐ Location Change

☐ Recomplete/DHC (For hydraulic fracturing operations review EPA Underground injection control Guidance #84)

☒ Other: Deepen well for rat hole, into the PC.

Conditions of Approval:

If new perforations are above or below existing perms file C104 & completion report before returning to production.

Must have a mud logger present

Hold C-104 for mud log

NMOCD Approved by Signature

4/8/15
Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

| | | | |
|--|---|---|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: COAL BED METHANE | | RECEIVED MAR 24 2015 Farmington Field Office Bureau of Land Management | 5. Lease Serial No. NMNM013686 |
| 2. Name of Operator BP AMERICA PRODUCTION CO. Contact: TOYA COLVIN E-Mail: Toya.Colvin@bp.com | | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 200 ENERGY CT. FARMINGTON, NM 87401 | 3b. Phone No. (include area code) Ph: 281-366-7148 | 7. If Unit or CA/Agreement, Name and/or No. | 8. Well Name and No. PRITCHARD C 1S |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 34 T31N R9W NESE Lot 9 1760FSL 1020FEL | | 9. API Well No. 30-045-32123-00-S1 | 10. Field and Pool, or Exploratory BASIN FRUITLAND COAL |
| | | 11. County or Parish, and State SAN JUAN COUNTY, NM | |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|--|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input checked="" type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

BP America Production Company respectfully requests to deepen & install liner in the subject well. Although we believe the Blanco Pictured Cliffs will be non-productive without perforation & fracture stimulation, BP will also pursue downhole commingling of the Basin Fruitland Coal & Blanco Pictured Cliffs formations.

The Basin Fruitland Coal (71629) & the Blanco Pictured Cliffs (72359) pools are pre-approved for DHC per NMOCD Case No. 12346; Order No. R-11363 effective 04/26/2000. The interest owners are not identical in the subject well therefore notification is required. Conoco Phillips and Freeport McMoran Oil & Gas are the working interest owners in the Basin Fruitland Coal & Blanco Pictured Cliffs of the subject well, and were notified via certified mail. Please see the attached Land Letter.

OIL CONS. DIV DIST. 3

MAR 30 2015

| | |
|--|--------------------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #295909 verified by the BLM Well Information System For BP AMERICA PRODUCTION CO., sent to the Farmington Committed to AFMSS for processing by TROY SALYERS on 03/25/2015 (15TLS0190SE) | |
| Name (Printed/Typed) TOYA COLVIN | Title REGULATORY ANALYST |
| Signature (Electronic Submission) | Date 03/24/2015 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|---------------------------------|--------------------------|
| Approved By <u>TROY SALYERS</u> | Title <u>PETROLEUM ENGINEER</u> | Date <u>03/25/2015</u> |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | | Office <u>Farmington</u> |

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised July 16, 2010

Submit one copy to appropriate

District Office

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

| | | |
|--|--|---|
| ¹ API Number 30-045-32123 | ² Pool Code 72359 | ³ Pool Name Blanco Pictured Cliffs |
| ⁴ Property Code 023154 | ⁵ Property Name Pritchard C | ⁶ Well Number 1S |
| ⁷ OGRID No. 000778 | ⁸ Operator Name BP America Production Company | ⁹ Elevation 6132 |

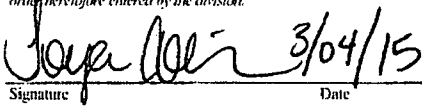
¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-----------------|
| I | 34 | 31N | 09W | | 1760 | South | 1020 | East | San Juan |

¹¹ Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|-------------------------------|----------------------------------|---|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| ¹² Dedicated Acres 160 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. R-11363 | | | | | | |

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

| | | | | | |
|---|--|--|--|--|---|
| <div style="text-align: center;">16</div> | | | | | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or released mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>  Signature Date 3/04/15 Toya Colvin Printed Name Toya.Colvin@bp.com E-mail Address |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | ¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey Signature and Seal of Professional Surveyor: <div style="text-align: center;">Previously Filed</div> Certificate Number |
| | | | | | |
| | | | | | |
| | | | | | |

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Submit one copy to appropriate

District Office

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

| | | | |
|---|---|---------------------------------|--|
| ¹ API Number 30-045-32123 | | ² Pool Code 71629 | ³ Pool Name Basin Fruitland Coal |
| ⁴ Property Code 023154 | ⁵ Property Name Pritchard C | | ⁶ Well Number 1S |
| ⁷ OGRID No. 000778 | ⁸ Operator Name BP America Production Company | | ⁹ Elevation 6132 |

¹⁰ Surface Location

| U/I. or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|-----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| 1 | 34 | 31N | 09W | | 1760 | South | 1020 | East | San Juan |

¹¹ Bottom Hole Location If Different From Surface

| U/I. or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|-----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|---|-------------------------------|----------------------------------|------------------------------------|
| ¹² Dedicated Acres 316.09 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. R-11363 |
|---|-------------------------------|----------------------------------|------------------------------------|

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

| | | |
|---|---|--|
| <div style="text-align: center;">16</div> | ¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. | |
| | Signature: <u>Tova Colvin</u> Date: <u>3/04/15</u> | |
| | Printed Name: <u>Tova Colvin</u> | |
| | E-mail Address: <u>Tova.Colvin@bhp.com</u> | |
| <div style="text-align: center;">17</div> | ¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. | |
| | Date of Survey: _____ | |
| | Signature and Seal of Professional Surveyor: _____ | |
| | Previously Filed | |
| Certificate Number: _____ | | |

Pritchard C 001S

Coal

API # 30-045-32123

Unit I - Sec 34 - T31N - R09W

San Juan County, New Mexico

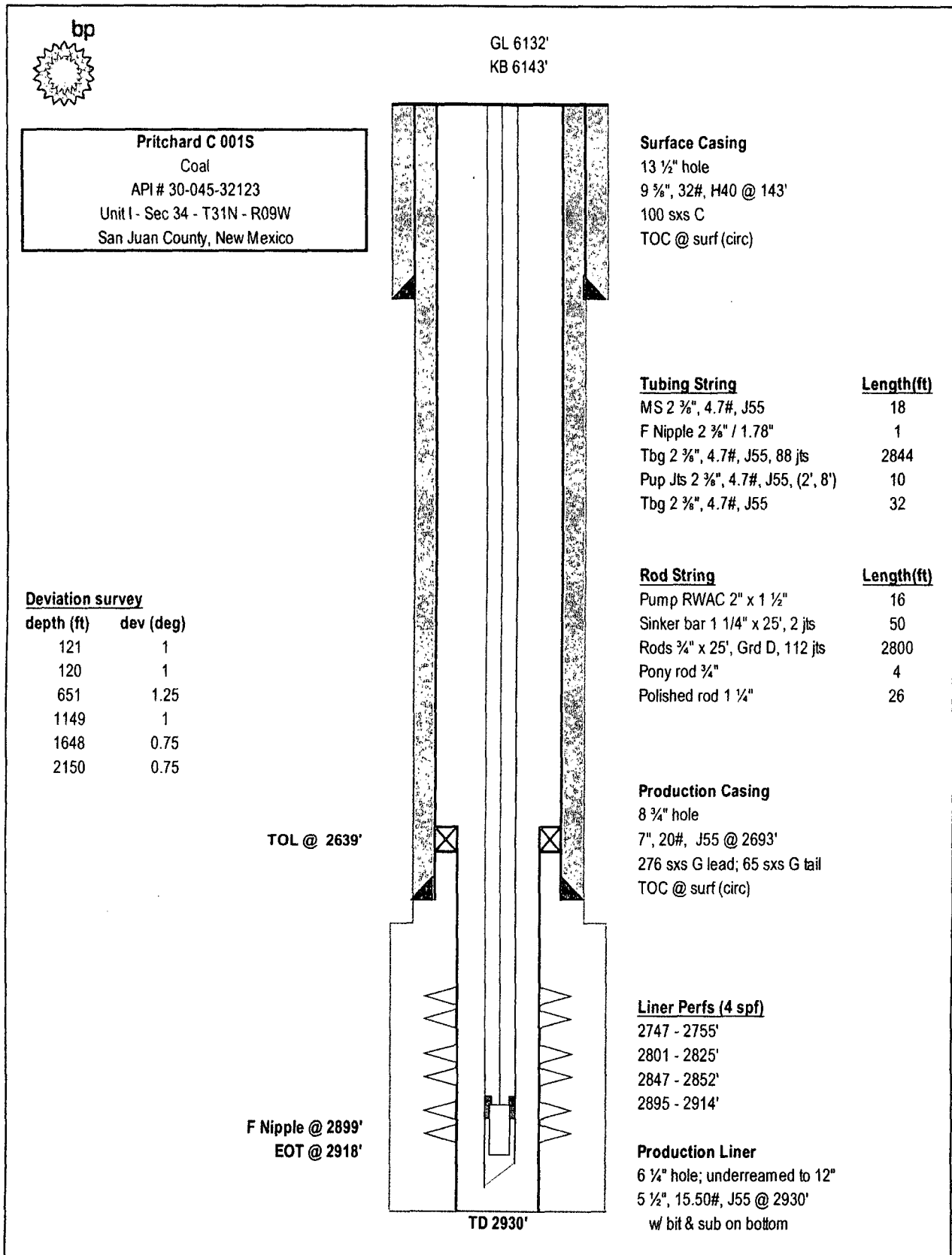
Reason/Background for Job

The proposed work is to pull existing liner, deepen the well to provide additional rathole and re-install liner to effectively produce the Fruitland Coal formation

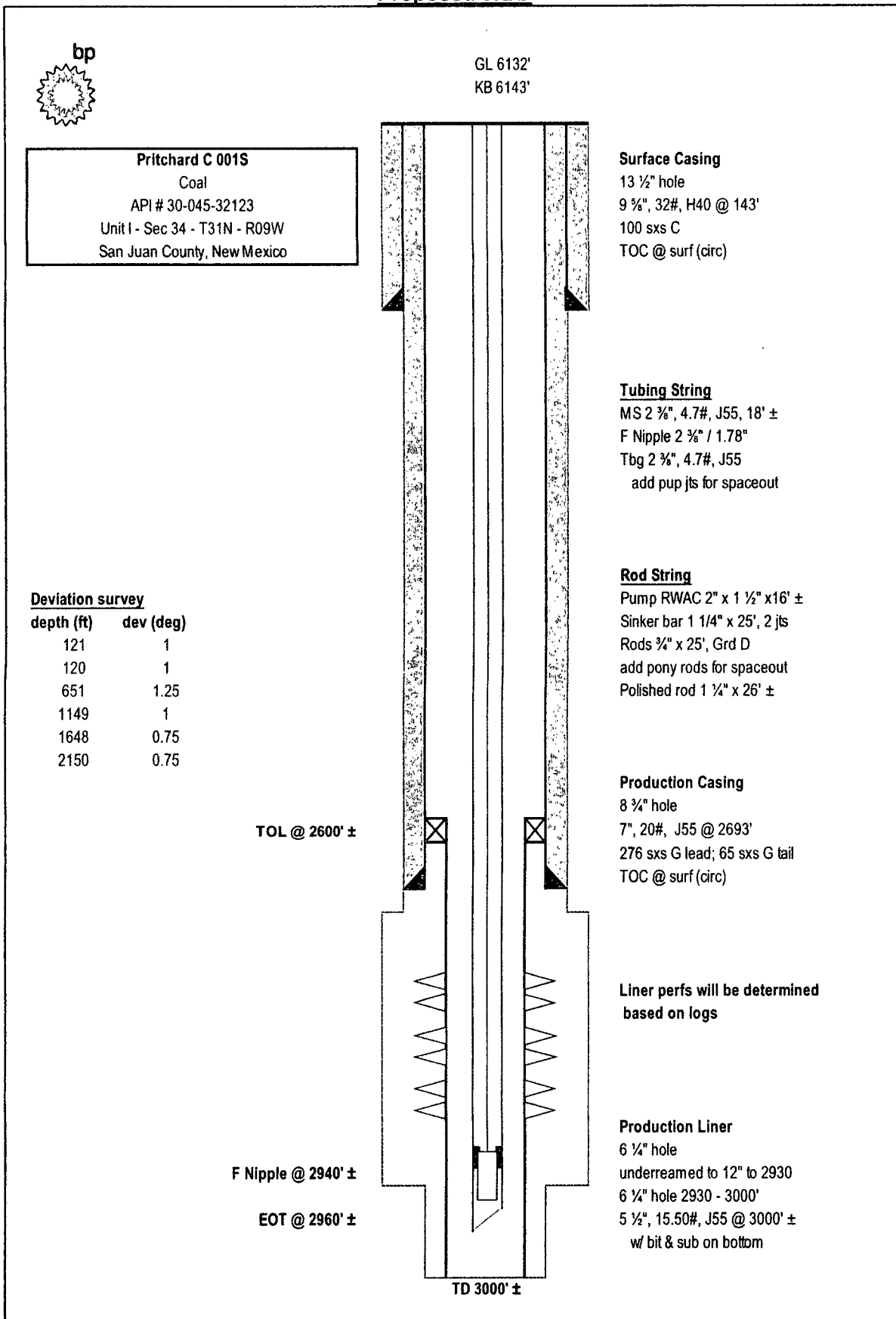
Basic job procedure

1. Pull tubing
2. Deepen well to $\pm 3000'$
3. Run liner – either pre-slotted or perforate after installation; liner might be run with bit and sub on bottom
4. Run tubing
5. Return well to production

Current WBD

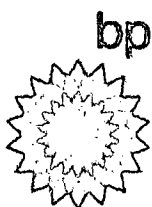


Proposed WBD



| SENDER: COMPLETE THIS SECTION | COMPLETE THIS SECTION ON DELIVERY |
|---|--|
| <p><input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p><input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you.</p> <p><input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p style="text-align: center; font-family: cursive;">Freeport McMoran Oil & Gas 100 Milam, Suite 3100 Houston, TX 77002</p> | <p>A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> |
| <p>2. Article Number 7008 0150 0001 8512 9997 (Transfer from serv.)</p> | <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery </p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> |
| <p>PS Form 3811, July 2013 Domestic Return Receipt</p> | |

| SENDER: COMPLETE THIS SECTION | COMPLETE THIS SECTION ON DELIVERY |
|---|--|
| <p><input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p><input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you.</p> <p><input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p style="text-align: center; font-family: cursive;">Conoco Phillips Company Attn: Land Dept. PO Box 4289 Farmington, NM 87499-4289</p> | <p>A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> |
| <p>2. Article Numt 7008 0150 0001 8513 0009 (Transfer from)</p> | <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery </p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> |
| <p>PS Form 3811, July 2013 Domestic Return Receipt</p> | |



BP America Production Co. P.O. Box 3092
North American Gas - San Juan Houston, TX 77253-3092
281-366-2761 (direct) 501 West Lake Park Blvd.
281-366-0700 (fax) Houston, TX 77079

March 3, 2015

Ms. Toya Colvin – Regulatory Analyst
BP America Production Company
501 Westlake Park Blvd.
Houston, TX 77079

RE: Pritchard "C" #1S – Commingle Application
Section 34-T31N-R9W
San Juan County, NM
API #30-045-32123

Ms. Colvin:

I have reviewed BP America Production Company's division order records and other BP files concerning the above captioned well by comparing interest records for the Fruitland Coal formation against the interest records for the Pictured Cliffs formation in the E/2 of Section 34-T31N-R9W. This review indicated that ownership in the Fruitland Coal and Pictured Cliffs formations are as follows:

Fruitland Coal – E/2 Section 34-T31N-R9W (320 acres)

| | |
|-------------------------------|-----------|
| BP America Production Company | 50.00% WI |
| ConocoPhillips Company | 43.50% WI |
| Freeport McMoran Oil & Gas | 6.50% WI |

Pictured Cliffs – SE/4 Section 34-T31N-R9W (160 acres)

| | |
|-------------------------------|-----------|
| BP America Production Company | 50.00% WI |
| ConocoPhillips Company | 43.50% WI |
| Freeport McMoran Oil & Gas | 6.50% WI |

Please contact me at x2761 if you have any questions concerning this topic.

Sincerely,

Craig A. Carley
Land Negotiator – San Juan Asset