

| | | | | | |
|------------------|----------|-------------|--------------------|---------|------------------------|
| DATE IN 08/14/13 | SUSPENSE | ENGINEER DB | LOGGED IN 08/14/13 | TYPE PC | APP NO. PPRG1322660759 |
|------------------|----------|-------------|--------------------|---------|------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☒ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify Modified Order PC-1192

BP America Prod.

*Gallegos Canyon Unit #147E
30-045-26283*

*Gallegos Canyon Unit #355
30-045-26440*

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

| | | | |
|-----------------------------|---------------------|---|---------------|
| Toya Colvin | See attached letter | Reg. Analyst | 08/13/2013 |
| _____ Print or Type Name | _____ Signature | _____ Title | _____ Date |
| | | _____ Toya.Colvin@bp.com e-mail Address | |



Toya Colvin
BP America Production Company
501 Westlake Park Blvd., Room 4.423 B
Houston, TX 77079

August 13, 2013

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

Surface Commingling Notice
GCU 147E (DK)(MA) API 3004526283
GCU 355 (PC) API 3004526440
Sec.4, T27N, R12W
San Juan County, NM

RECEIVED OCD
2013 AUG 14 P 12:05

BP America Production Company requests permission to amend Surface Commingle Order PC-1192 approved 11/20/2007 for the two subject wells. BP has recently recompleted the GCU 147E API 3004526283 to include the Basin Mancos Pool (97232) to the existing Basin Dakota Pool (71599) with approved downhole commingle number DHC 3835 AZ. The GCU 147E will then be surface commingled with the existing W. Kutz Pictured Cliffs Pool (76980) in the Gallegos Canyon Unit 355 API 3004526440. The production from each well will be separated prior to the allocation meter. Production from each well will be metered prior to being commingled. The commingled production will then be sent through compression prior to entering the sales meter.

In the GCU 147E well, we have placed a CIBP over the Basin Dakota and will only produce the Basin Mancos to establish a steady production rate. During this period BP will allocate 100% Oil & 100% Gas in the Basin Mancos Pool of the GCU 147E well. Once we have an established production rate, we will re-submit the allocation for the Basin Dakota & Basin Mancos downhole commingle. The GCU 355 will allocate 100% Gas to the W. Kutz Pictured Cliffs. The difference between what is measured prior to commingling and what is sold through the sales meter is fuel usage. This fuel usage is allocated back to each well based on well production.

The DK (71599), the Basin Mancos (97232), & the W. Kutz Pictured Cliffs (76980) pools are pre-approved for Surface Commingling per NMOCD Case No. 13842; Order No. R-12724 effective 03/06/2007. Although the interest owners are not identical between these two pools, this same order established approval for subsequent applications for Surface Commingle of production in wellbores within the GCU without notice to the unit interest owners. Therefore, no additional notification is required prior to Surface Commingling approval. The proposed commingling production is to reduce operating expenses between the wells and will result in increased economic life of the wells. Surface Commingling will not reduce the life of the wells.

Attached in support of our application are the following documents:

1. C-102 Plats for each well
2. Site Facility Schematic Flow Diagram
3. Forms C-103 & C-107B

If you have any questions or concerns regarding this matter please contact Toya Colvin at 281-366-7148.

Sincerely,

Toya Colvin
Regulatory Analyst

A handwritten signature in black ink, appearing to read "Toya Colvin", with a long horizontal flourish extending to the right.

cc: NMOCD Aztec

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: BP America Production Company

OPERATOR ADDRESS: 501 Westlake Park Blvd.

APPLICATION TYPE:

☒ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☒ Yes ☐ No If "Yes", please include the appropriate Order No. PC-1192

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☒ Yes ☐ No

(A) POOL COMMINGLING
Please attach sheets with the following information

| (1) Pool Names and Codes | Gravities / BTU of Non-Commingled Production | Calculated Gravities / BTU of Commingled Production | | Calculated Value of Commingled Production | Volumes |
|-----------------------------------|--|---|--|---|----------------------|
| Basin Dakota (GCU 147E) | 1179 BTU | 1179 BTU | | 30 mcf | 30mcf |
| Basin Mancos (GCU 147E) | No Production yet | No Production Yet | | No Production Yet | No Production Yet |
| W. Kutz Pictured Cliffs (GCU 355) | 1184 BTU | 1184 BTU | | 49mcf | 49mcf |
| | | | | | |
| | | | | | |

(2) Are any wells producing at top allowables? ☐ Yes ☒ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☒ No. (Order R-12724 No Notice Required)

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Toya Colvin

TITLE: Regulatory Analyst

DATE: 08/13/2013

TYPE OR PRINT NAME: Toya Colvin

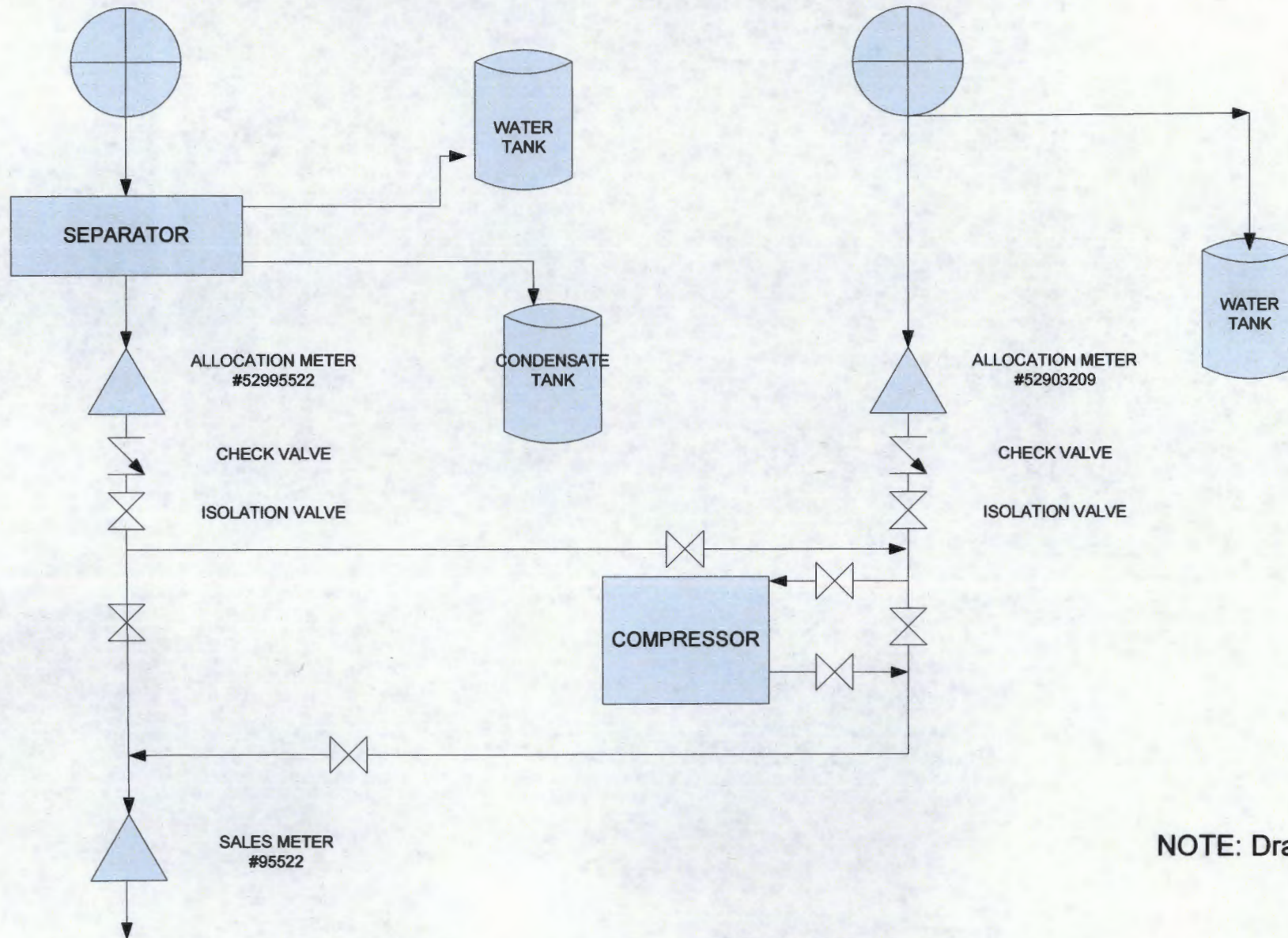
TELEPHONE NO.: 281-366-7148

E-MAIL ADDRESS: Toya.Colvin@bp.com

GCU 355 CDP

GCU 147E
(MA/DK)

GCU 355
(PC)



NOTE: Drawing is not to scale

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 30-045-26283 | ² Pool Code 71599 & 97232 | ³ Pool Name Basin Dakota & Basin Mancos |
| ⁴ Property Code 000570 | ⁵ Property Name Gallegos Canyon Unit | ⁶ Well Number 147E |
| ⁷ OGRID No. 000778 | ⁸ Operator Name BP America Production Company | ⁹ Elevation 5731 |

¹⁰ Surface Location

| | | | | | | | | | |
|---------------------------|---------------------|------------------------|---------------------|---------|------------------------------|----------------------------------|------------------------------|-------------------------------|---------------------------|
| UL or lot no. K | Section 4 | Township 27N | Range 12W | Lot Idn | Feet from the 1850 | North/South line South | Feet from the 1700 | East/West line West | County 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 320 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. R-11567, R-12724 | | | | | | |

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.

| | | |
|-------------------|---|--|
| ¹⁶ | 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 unleased 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 Date 8/13/13 Tova Colvin Printed Name Tova.Colvin@bhp.com E-mail Address | |
| | 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 | |

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 30-045-26440 | ² Pool Code 76980 | ³ Pool Name West Kutz Pictured Cliffs |
| ⁴ Property Code 000570 | ⁵ Property Name Gallegos Canyon Unit | ⁶ Well Number 355 |
| ⁷ OGRID No. 000778 | ⁸ Operator Name BP America Production Company | ⁹ Elevation 5732 |

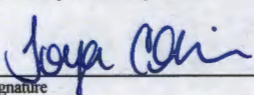
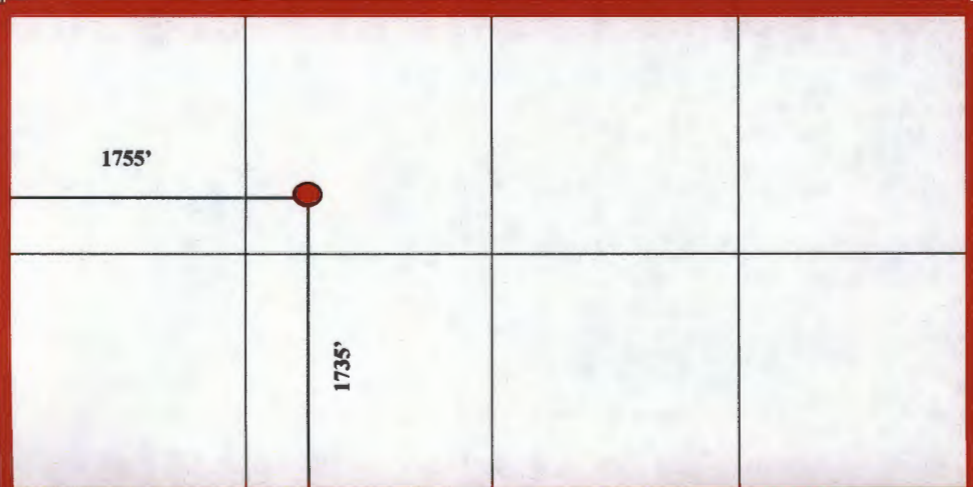
¹⁰ Surface Location

| | | | | | | | | | |
|---------------------------|---------------------|------------------------|---------------------|---------|------------------------------|----------------------------------|------------------------------|-------------------------------|---------------------------|
| UL or lot no. K | Section 4 | Township 27N | Range 12W | Lot Idn | Feet from the 1735 | North/South line South | Feet from the 1755 | East/West line West | County 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-11567, R-12724 | | | | | | |

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.

| | | | | |
|---|--|--|--|--|
| ¹⁶ | | | | 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 unleased 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 8/13/13 Date Tova Colvin Printed Name Tova.Colvin@bhp.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: Previously Filed Certificate Number |