

DATE IN <u>2/25/10</u>	SUSPENSE	ENGINEER <u>RE.</u>	LOGGED IN <u>2-25-10</u>	TYPE <u>PC</u>	APP NO. <u>1005657253</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



*BP America*

*Storey LS # 1A*

*Storey LS # 8*

**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]**

*PC-934*

RECEIVED OGD  
2008 FEB 25 P 2:02

*DHC-2152*

**[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 Add Chacra Formation to order PC- 934 ✓

**[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.**

Cherry Hlava

*Cherry Hlava*

Regulatory Analyst

02/05/2010

Print or Type Name

Signature

Title

Date

hlavacl@bp.com  
 e-mail Address

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
1301 W. Grand Ave, 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 June 10, 2003

**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: **P O Box 3092 Houston, TX 77253**

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-934**

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
<b>Blanco Mesaverde (72319)</b>	<b>1226 BTU</b>	<b>1226 BTU</b>		<b>73 mcf</b>	<b>73 mcf</b>
<b>Otero Chacra (82329)</b>	<b>1226 BTU</b>	<b>1226 BTU</b>		<b>53 mcf</b>	<b>53 mcf</b>
<b>Blanco Pictured Cliffs (72359)</b>	<b>1226 BTU</b>	<b>1226 BTU</b>		<b>5 mcf</b>	<b>5 mcf</b>

(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.

(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: Cherry Hlava TITLE: Regulatory Analyst DATE: 02/08/2010

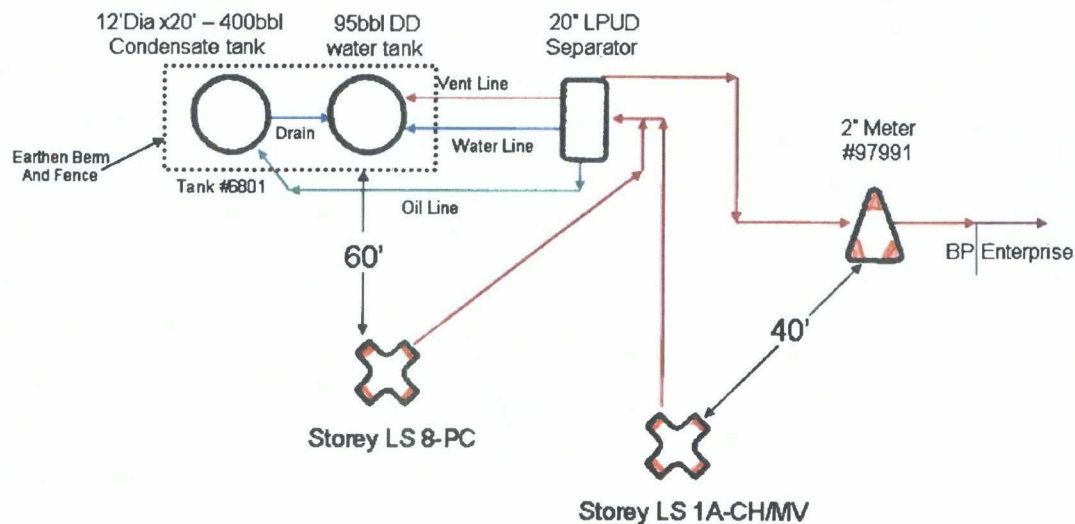
TYPE OR PRINT NAME: Cherry Hlava TELEPHONE NO.: 281-366-4081

E-MAIL ADDRESS: hlavacl@bp.com

No Change To Surface

LEASE NAME & WELL NUMBER, STOREY LS #8-PC  
STOREY LS #1A-mv<sup>1</sup>/<sub>2</sub>CH

LOCATION E SEC 27 T 28N R BW



- ☆ Compressor
- ✕ Wellhead
- Production Unit
- Storage Tank and Tank #
- ⬡ Dehydrator
- △ Meter Run and Meter #
- Pit
- ✕ Sealed Valves

Not to scale - distances are approximate  
ADB 2/4/2010

DEAN AND DARLA KENYON  
2003 FAM TR  
1009 HEATHERFIELD AVE  
ROSAMOND, CA 93560

**Interest Owners Notified 2-9-2010**  
**Storey LS 1A 30-045-29248**  
**Storey LS 8 30-045-21077**

JAMES WENDELL WEST  
PO BOX 492382  
LOS ANGELES, CA 90049-8382

EDWARD & JACQUELINE WINTERER ✓  
REVOCABLE TRUST NO 1 DTD 12-4-91  
289 OCEAN VIEW  
DEL MAR, CA 92014-3321

E HUNTER STONE II TRUST  
PO Box 460929  
DENVER, CO 80246-0929

SHERRI HULT HEINTSCHEL -  
6227 W STATE HIGHWAY 159  
FAYETTEVILLE, TX 78940-5344

GLENN HEINTSCHEL ✓  
6227 W STATE HIGHWAY 159  
FAYETTEVILLE, TX 78940-5344

BETTY WEST STEDMAN ✓  
ATTN LOCK BOX  
PO Box 1349  
HOUSTON, TX 77251-1349

L DORIS WILLIAMS TRUST  
JOHN G HEARD & JANE M  
CAROLUS  
PO BOX 20606  
HOUSTON, TX 77225-0606

WESLEY WEST, MINERALS LTD ✓  
FROST NATIONAL BANK  
LOCK BOX DEPARTMENT  
PO Box 1141  
HOUSTON, TX 77251-1141

DORTHY M TUCKER, ESTATE ✓  
BRAD TUCKER EXECUTOR  
PO BOX 2822  
HOUSTON, TX 77252-2822

SANDRA T CURRIE ✓  
PO Box 949  
HEMPSTEAD, TX 77445

SALLY ANN MAHAFFEY ✓  
PO Box 904  
GOLIAD, TX 77963

KENYON 1994 FAMILY TRUST ✓  
DAVID G AND KAREN L KENYON  
TRUSTEES  
7200 REDWOOD BLVD #404  
NOVATO, CA 94945

Storey LS #8 location

Unit E Sec 27 T28N R2W

1840 FNL

900 FNL

Submit 3 Copies To Appropriate District Office  
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., 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 and Natural Resources

Form C-103  
May 27, 2004

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO. 30-045-29248 ✓
7. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
7. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Storey LS
8. Well Number 1A
9. OGRID Number 000778
10. Pool name or Wildcat Blanco Mesaverde/Otero Chacra

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR PROPOSALS.)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator BP America Production Company - Attn: Mary Corley	
3. Address of Operator P.O. Box 3092 Houston, TX 77253	
4. Well Location Unit Letter <u>E</u> : <u>1850</u> feet from the <u>North</u> line and <u>920</u> feet from the <u>West</u> line Section <u>27</u> Township <u>28N</u> Range <u>08W</u> NMPM San Juan County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6145' GR	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type <u>Workover</u> Depth to Groundwater <u>&gt;100'</u> Distance from nearest fresh water well <u>&gt;1000'</u> Distance from nearest surface water <u>&gt;1000'</u>	
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume _____ bbls; Construction Material _____	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: <u>Complete into Chacra &amp; DHC w/Mesaverde</u>	<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

BP America Production Company request permission to recomplete the subject well into the Otero Chacra Pool and commingle production Downhole with the existing Blanco Mesaverde as per the attached procedure. The Blanco Mesaverde (72319) and Otero Chacra (82329) Pools are Pre-Approved Pools for Downhole Commingling per NMOCD order R-11363. The working and overriding royalty interest owners in the proposed commingled pools are identical, therefore no additional notification is required. BLM has been notified via FORM 3160-5. Production is proposed to be allocated based on the subtraction method using the projected future decline for production from the Mesaverde. That production shall serve as a base for production subtracted from the total production for the commingled well. The balance of the production will be attributed to the Chacra. Attached is the future production decline estimates for the Mesaverde. Commingling Production Downhole in the subject well from the proposed Pools with not reduce the value of the total remaining production

Construct a lined workover pit per BP America – San Juan Basin Drilling/ Workover Pit Construction Plan issued date of 11/17/2004. Pit will be closed according to closure plan on file.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Mary Corley TITLE Sr. Regulatory Analyst DATE 02/06/2006  
Type or print name Mary Corley E-mail address: corleym1@bp.com Telephone No. 281-366-4491  
For State Use Only  
APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 40 DATE FEB 13 2006  
Conditions of Approval (if any):

District I  
1625 N. French Dr., Hobbs, NM 88240

District II  
811 South First, Artesia, NM 88210

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102  
Revised August 15, 2000

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-045-29248</b>	<sup>2</sup> Pool Code <b>82329</b>	<sup>3</sup> Pool Name <b>Otero Chacra</b>
<sup>4</sup> Property Code <b>001133</b>	<sup>5</sup> Property Name <b>Storey LS</b>	<sup>6</sup> Well Number <b>1A</b>
<sup>7</sup> OGRID No. <b>000778</b>	<sup>8</sup> Operator Name <b>BP America Production Company</b>	<sup>9</sup> Elevation <b>6145' GR</b>

<sup>10</sup> Surface Location

UL or lot no. <b>Unit E</b>	Section <b>27</b>	Township <b>28N</b>	Range <b>08W</b>	Lot Idn	Feet from <b>1850</b>	North/South <b>North</b>	Feet from <b>920</b>	East/West <b>West</b>	County <b>San Juan</b>
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from	North/South	Feet	East/West	County
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<sup>12</sup> Dedicated Acres <b>160</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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

				<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Mary Corley</i> Signature <b>Mary Corley</b> Printed Name <b>Sr. Regulatory Analyst</b> Title <b>2/6/2006</b> Date
				<sup>18</sup> 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. <b>On File</b> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

# Storey LS 1A Future Production Decline Estimate Mesaverde Daily Rates

$$\ln(Q_f/Q_i) = -dt$$

$$Q_f = 118$$

$$Q_i = 120$$

$$rate = 118$$

$$time = 3$$

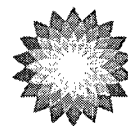
$$dt = -0.016807118$$

$$decline = -0.005602373$$

Month	Gas Volume
Jan-2005	111
Feb-2005	102
Mar-2005	104
Apr-2005	107
May-2005	115
Jun-2005	100
Jul-2005	120
Aug-2005	125
Sep-2005	118
Oct-2005	109
Nov-2005	130
Dec-2005	123
Jan-2006	122
Feb-2006	121
Mar-2006	121
Apr-2006	120
May-2006	119
Jun-2006	119
Jul-2006	118
Aug-2006	117
Sep-2006	117
Oct-2006	116
Nov-2006	115
Dec-2006	115
Jan-2007	114
Feb-2007	113
Mar-2007	113
Apr-2007	112
May-2007	112
Jun-2007	111
Jul-2007	110
Aug-2007	110
Sep-2007	109
Oct-2007	108
Nov-2007	108
Dec-2007	107

Month	Gas Volume
Jan-2008	107
Feb-2008	106
Mar-2008	105
Apr-2008	105
May-2008	104
Jun-2008	104
Jul-2008	103
Aug-2008	103
Sep-2008	102
Oct-2008	101
Nov-2008	101
Dec-2008	100
Jan-2009	100
Feb-2009	99
Mar-2009	99
May-2009	98
Jun-2009	98
Jul-2009	97
Aug-2009	96
Sep-2009	96
Oct-2009	95
Nov-2009	95
Dec-2009	94
Jan-2010	94
Feb-2010	93
Mar-2010	93
Apr-2010	92
May-2010	92
Jun-2010	91
Jul-2010	91
Aug-2010	90
Sep-2010	90
Oct-2010	89
Nov-2010	89
Dec-2010	88
Jan-2011	88

Month	Gas Volume
Feb-2011	87
Mar-2011	87
Apr-2011	86
May-2011	86
Jun-2011	85
Jul-2011	85
Aug-2011	84
Sep-2011	84
Oct-2011	83
Nov-2011	83
Dec-2011	82
Jan-2012	82
Feb-2012	81
Mar-2012	81
Apr-2012	81
May-2012	80
Jun-2012	80
Jul-2012	79
Aug-2012	79
Sep-2012	78
Oct-2012	78
Nov-2012	77
Dec-2012	77
Jan-2013	77
Feb-2013	76
Mar-2013	76
Apr-2013	75
May-2013	75
Jun-2013	75
Jul-2013	74
Aug-2013	74
Sep-2013	73
Oct-2013	73
Nov-2013	72
Dec-2013	72
Jan-2014	72



Certified Mail

**BP America Production Company**  
501 WestLake Park Blvd.  
Houston, TX 77079-3092

Phone: 281-366-4081

Feb. 5, 2010

Royalty Interest Owners

Surface Commingling Notice  
Storey LS 1A MV/CH  
Storey LS 8 PC  
Section 27, T28N, R08W  
San Juan County, New Mexico

This letter serves to advise you, as a royalty interest owner in one or both of the subject wells, that BP America Production Company is amending the existing surface commingling permit (order PC-934) due to the addition of the Otero Chacra formation to the Storey LS 1A.

You were previously notified of the original surface commingling in 1996. The only change since then is the addition of the Otero Chacra formation. This will not change the allocation method being used for the surface commingling of these wells.

If you have no objection you do not need to do anything.

Should you have an objection to this amendment, you must notify the New Mexico Oil Conservation Division, Energy and Minerals Department, P. O. Box 2088, Santa Fe, New Mexico 87501, in writing within 20 days of receipt of this letter.

Yours very truly

Cherry Hlava  
Regulatory Analyst

cc:  
New Mexico Oil Conservation Division  
Energy and Minerals Department  
P. O. Box 2088  
Santa Fe, New Mexico 87501