

BP America Production Co
Lower 48 Onshore

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RECEIVED

MAR 30 2017

Eldridge 3 12 173B
737 N Eldridge Parkway
Houston Texas 77079

Farmington Field Office
Bureau of Land Management

March 27 2017

Bureau of Land Management
Farmington District Office
6251 College Blvd Suite A
Farmington New Mexico 87402
Attn Ms Virginia Barber

State of New Mexico
Commissioner of Public Lands
P O Box 1148
Santa Fe New Mexico 87504 1148

State of New Mexico
Energy Minerals and Natural Resources Depart
Oil Conservation Division
1200 South St Francis Drive
Santa Fe New Mexico 87505

RE 2016 Review of Operations
2017 Plan of Development
Gallegos Canyon Unit
San Juan County NM

Ladies and Gentlemen

BP America Production Company as Unit Operator for the Gallegos Canyon Unit (GCU) has received the required Working Interest approval from partners for the attached 2017 Plan of Development BP now submits for your approval the attached 2017 Plan of Development

Please signify your approval of the 2017 Plan of Development by signing in the space provided on the attached sheets and returning same to the attention of

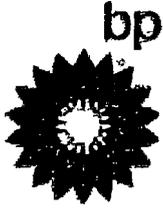
Craig Ferguson
BP America Production Company
737 N Eldridge Parkway E3 12 173B
Houston TX 77079

If you have any questions please do not hesitate to contact me at 281 892 5743

Sincerely


Craig T Ferguson
Sr Land Negotiator

Approval of this POD
does not constitute
approval of specific APD's



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**Gallegos Canyon
Unit Area**

**Approval of this POD
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approval of specific APD's**

2017 Plan of Development

Approved *Dave Mankiewicz* Dated 4/3/17

Bureau of Land Management
(Subject of like approval by the Commissioner of Public Lands and the Oil
Conservation District)

Approved *Scott Dawson* Dated 4/7/17

Commissioner of Public Lands
(Subject of like approval by the Bureau of Land Management and the Oil
Conservation District)

Approved _____ Dated _____

Oil Conservation District
(Subject of like approval by the Bureau of Land Management and the
Commissioner of Public Lands)

The foregoing approvals are for the 2017 Plan and Development of the Gallegos Canyon Unit

Review of 2016 Operations

Shown in Table I are the cumulative volumes of gas and condensate produced from each reservoir in the Gallegos Canyon Unit. Table II summarizes the well status in each horizon. Because Gallegos Canyon Unit has many downhole commingled wells (i.e. producing from more than one formation) Table II reflects completions rather than wellbores. Historical production graphs for each horizon are attached at the end of this document.

TABLE I
Cumulative Production as 12/31/2016

FORMATION	GAS (MMCF)	CONDENSATE (MBLS)
Farmington Sands	821	0
Fruitland Sands	17 206	0
Fruitland Coal	62 795	1 07
Pictured Cliffs	220 391	5
Chacra	298	0 45
Mesaverde	5	0
Gallup	10 087	2134
Mancos	3 217	145
Dakota	444 036	3205

TABLE II
Production Status by Formation as of 12/31/2016

FORMATION	ACTIVE	INACTIVE
Farmington Sands	3	0
Fruitland Sands	30	14
Fruitland Coal	69	41
Pictured Cliffs	110	105
Chacra	2	1
Mesaverde	3	2
Gallup	8	32
Mancos	17	2
Dakota	146	86

2016 GCU Development Update

Table III A below shows the status of each of the proposed 2016 recompletion activities from the 2016 GCU Plan of Development. These recompletion candidates were identified when BP performed eight recompletions in the Gallup in 2014. Note that all of the 2016 planned recompletions were not performed due to low product prices; they have been deferred until market conditions improve. See Table III A for details.

TABLE III A
2016 Recompletion Candidates (as per 2016 POD)

WELL	DEDICATION	TYPE	TARGET	STATUS
GCU 226E	W/2 Sec 18 T28N R12W	TxA Dakota + Recomplete Gallup	Gallup Totah	Deferred
GCU 176	E/2 NW/4 Sec 25 T28N R12W	TxA Dakota + Recomplete Gallup	Gallup ChaCha	T&A d
GCU 232E	S/2 Sec 26 T28N R12W	PxA Dakota + Recomplete Gallup	Gallup Kutz	Deferred
GCU 191E	Unit C Sec 25 T28N R13W	TxA Dakota + Recomplete Gallup	Gallup ChaCha	Deferred

Plugging and abandonment (P&A) of wells has been traditionally one of the main operational activities in GCU during recent years. In 2016, ten GCU wells were P&A. Reasons to P&A included low productivity of wells in highly depleted zones or high cost for repairing mechanical problems with limited remaining production and reserves potential. Table IIIB was the 2016 Plug and Abandon candidate list from the 2016 POD. The table has been updated with current status and is included below for reference.

TABLE III B
2016 Plug and Abandon Candidates (as per 2016 POD)

WELL NAME	API Number	DEDICATION	HORIZON	STATUS
GCU 240	30045117390000	Unit K Sec 24 T28N R13W	Dakota	P&A d January 2017
GCU 262E	30045261590000	Unit P Sec 24 T28N R13W	Dakota	P&A d June 2016
GCU 367	30045268800000	Unit F Sec 31 T29N R12W	Pictured Cliffs	P&A d June 2016
GCU Com G 179	30045078050000	Unit K Sec 26 T29N R12W	Dakota	Returned to Production
GCU 247	30045116780000	Unit A Sec 5 T27N R12W	Dakota	P&A d December 2016
GCU 569	30045303300000	Unit H Sec 33 T29N R12W	Fruitland Coal	P&A d December 2016
GCU 343	30045261050000	Unit A Sec 26 T28N R12W	Pictured Cliffs	Production July 2016
GCU 073	30045080020000	Unit K Sec 20 T29N R12W	Pictured Cliffs	P&A d November 2016
GCU 009	30045070060000	Unit K Sec 32 T28N R12W	Fruitland Coal	P&A d December 2016
GCU 214	30045116230000	Unit B Sec 16 T28N R12W	Dakota	Production November 2016
GCU 383	30045275920000	Unit B Sec 18 T29N R12W	Fruitland Coal	Returned to Production
GCU 381	30045275880000	Unit H Sec 20 T29N R12W	Fruitland Coal	Returned to Production
GCU 378	30045275540000	Unit K Sec 34 T28N R12W	Fruitland Coal	Returned to Production
GCU 188E	30045241710000	Unit B Sec 30 T29N R12W	Dakota	Production July 2016
GCU 157	30045070670000	Unit B Sec 35 T28N R13W	Dakota	Production January 2017
GCU 163	30045077950000	Unit O Sec 26 T29N R13W	Fruitland Coal	P&A d January 2016
GCU 176	30045072280000	Unit C Sec 25 T28N R13W	Dakota	T&A d February 2016

The following table (Table IIIC) is a list of wells that were not identified in the 2016 POD as 2016 P&A candidates but were P&A'd in 2016

**TABLE IIIC
Plug and Abandon Wells in 2016 not identified in 2016 POD**

<u>WELL NAME</u>	<u>API Number</u>	<u>DEDICATION</u>	<u>HORIZON</u>	<u>STATUS</u>
GCU 337	300452613600	Unit P Sec 26 T28N R12W	Pictured Cliffs	P&A'd December 2016
GCU 170	300450765800	Unit K Sec 35 T29N R12W	Dakota	P&A'd August 2016

2016 New Well Drilling

As of 12/31/2016 there were no new production wells drilled in 2016. Primary reason for this inactivity was the weak economic environment. See Table VI for a recap of the 2016 POD New Drill Candidates and their updated status.

2017 Plan of Development

Following the production results of the 2014 Gallup recompletions, BP will continue to develop the liquid rich Gallup horizon within the Gallegos Canyon Unit through uphole recompletions of existing Dakota wells. The 2015 plan included 4 recompletions in Gallup reservoirs. This program was deferred in 2016 and is still listed as a deferred option for 2017. BP is also evaluating the possibility of recompleting the GCU 247E to the Fruitland Coal in 2017.

Depending on the specific candidate well, the existing Dakota completion will be plugged and abandoned (PxA), temporarily abandoned (TxA), or downhole commingled with the new Gallup completion. Summary of BP 2017 Gallup program is provided in table IV.

**TABLE IV
Wells Being Evaluated for Recompletion in 2017**

<u>WELL</u>	<u>DEDICATION</u>	<u>TYPE</u>	<u>TARGET</u>	<u>STATUS</u>
GCU 226E	W/2 Sec 18 T28N R12W	TxA Dakota + Recomplete Gallup	Gallup Total	Deferred
GCU 176	E/2 NW/4 Sec 25 T28N R12W	TxA Dakota + Recomplete Gallup	Gallup ChaCha	T&A'd
GCU 232E	S/2 Sec 26 T28N R12W	PxA Dakota + Recomplete Gallup	Gallup Kutz	Deferred
GCU 191E	Unit C Sec 25 T28N R13W	TxA Dakota + Recomplete Gallup	Gallup ChaCha	Deferred
		PxA Dakota +		
GCU 247E	Unit P Sec 27 T27N R12W	Fruitland Coal	Fruitland Coal	Evaluation

As a prudent operator BP is always reviewing its well stock and is evaluating the wells in Table V as potential plug and abandonment candidates in 2017

**TABLE V
2017 P&A Candidates**

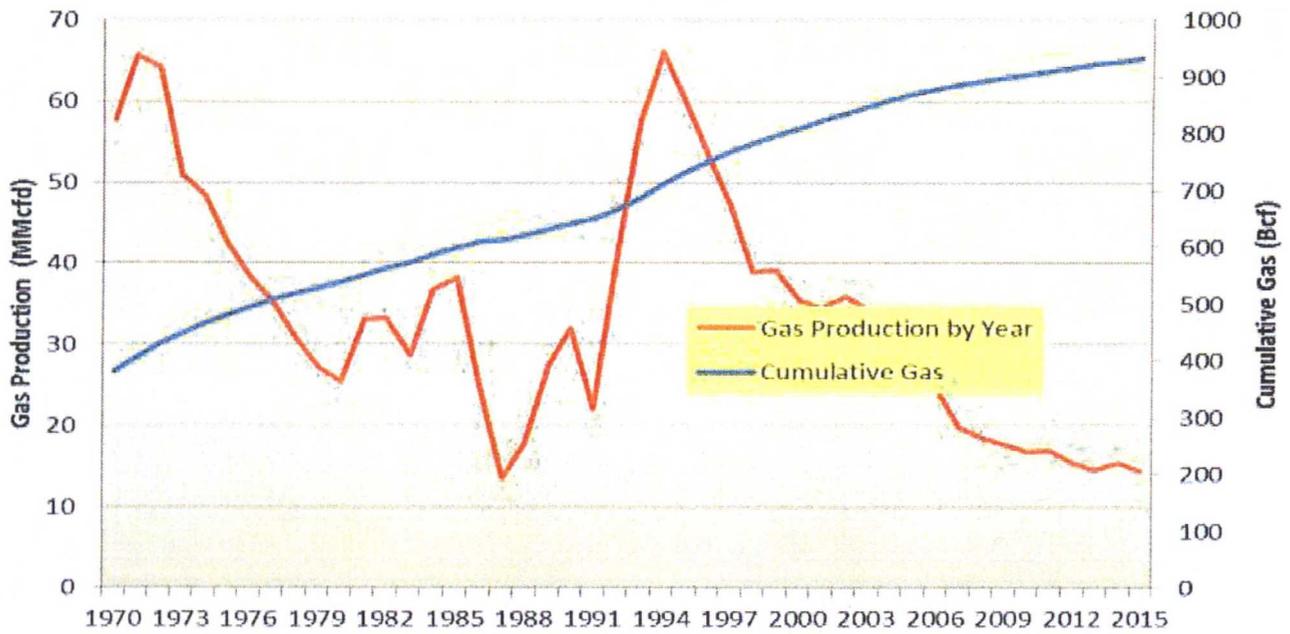
<u>WELL NAME</u>	<u>API Number</u>	<u>DEDICATION</u>	<u>HORIZON</u>
GCU 019	300450733300	Unit H Sec 20 T28N R12W	Fruitland Coal
GCU 034	300450714400	Unit K Sec 28 T28N R12W	Fruitland Coal
GCU 049	300450707600	Unit A Sec 31 T28N R12W	Fruitland Coal
GCU 053	300450697900	Unit M Sec 36 T28N R12W	Fruitland Coal/Pictured Cliffs
GCU 155	300450726900	Unit N Sec 23 T28N R13W	Dakota
GCU 157	300450706700	Unit B Sec 35 T28N R13W	Dakota
GCU 188E	300452417100	Unit B Sec 30 T29N R12W	Dakota
GCU 189	300450767800	Unit E Sec 36 T29N R13W	Dakota
GCU 197	300450766700	Unit J Sec 36 T29N R13W	Dakota
GCU 197E	300452473700	Unit G Sec 36 T29N R13W	Dakota
GCU 208E	300452389800	Unit I Sec 15 T28N R12W	Dakota
GCU 213	300451161800	Unit J Sec 8 T28N R12W	Dakota
GCU 214	300451162300	Unit B Sec 16 T28N R12W	Dakota
GCU 256	300451185400	Unit F Sec 13 T28N R12W	Fruitland Coal
GCU 264	300452065600	Unit E Sec 17 T28N R12W	Dakota
GCU 284	300452365400	Unit O Sec 30 T29N R12W	Pictured Cliffs
GCU 294	300452378900	Unit J Sec 32 T29N R12W	Pictured Cliffs
GCU 298	300452399800	Unit C Sec 24 T28N R12W	Pictured Cliffs
GCU 346	300452613500	Unit E Sec 15 T28N R12W	Fruitland Sand
GCU 355	300452644000	Unit K Sec 4 T27N R12W	Pictured Cliffs
GCU 361	300452643100	Unit B Sec 15 T28N R12W	Fruitland Sand
GCU 365	300452688100	Unit P Sec 25 T29N R13W	Pictured Cliffs
GCU 377	300452753700	Unit N Sec 24 T29N R13W	Fruitland Coal
GCU 378	300452755400	Unit K Sec 34 T28N R12W	Fruitland Coal
GCU 381	300452758800	Unit H Sec 20 T29N R12W	Fruitland Coal
GCU 383	300452759200	Unit B Sec 18 T29N R12W	Fruitland Coal
GCU 385	300452758900	Unit M Sec 17 T29N R12W	Fruitland Coal
GCU 386	300452830800	Unit A Sec 13 T29N R13W	Fruitland Coal
GCU 396	300452831000	Unit M Sec 35 T29N R13W	Fruitland Coal
GCU 512	300452822100	Unit J Sec 26 T29N R12W	Pictured Cliffs
GCU 514	300452806900	Unit O Sec 34 T29N R12W	Pictured Cliffs
GCU 526	300452877400	Unit B Sec 27 T29N R12W	Pictured Cliffs
GCU 532	300452903200	Unit H Sec 26 T29N R12W	Pictured Cliffs
GCU 536	300452904600	Unit A Sec 13 T29N R13W	Pictured Cliffs
GCU 540	300452932100	Unit H Sec 21 T29N R12W	Pictured Cliffs
GCU Com 094E	300452417900	Unit A Sec 23 T29N R13W	Gallup
GCU Com J 082	300450776800	Unit M Sec 28 T29N R12W	Fruitland Coal

Table VI shows the potential horizontal wells to be drilled in Mancos/ Gallup formations. Current plan calls for four wells three in Mancos Shale and one in Gallup ChaCha SW sand and one well to be drilled in the Dakota

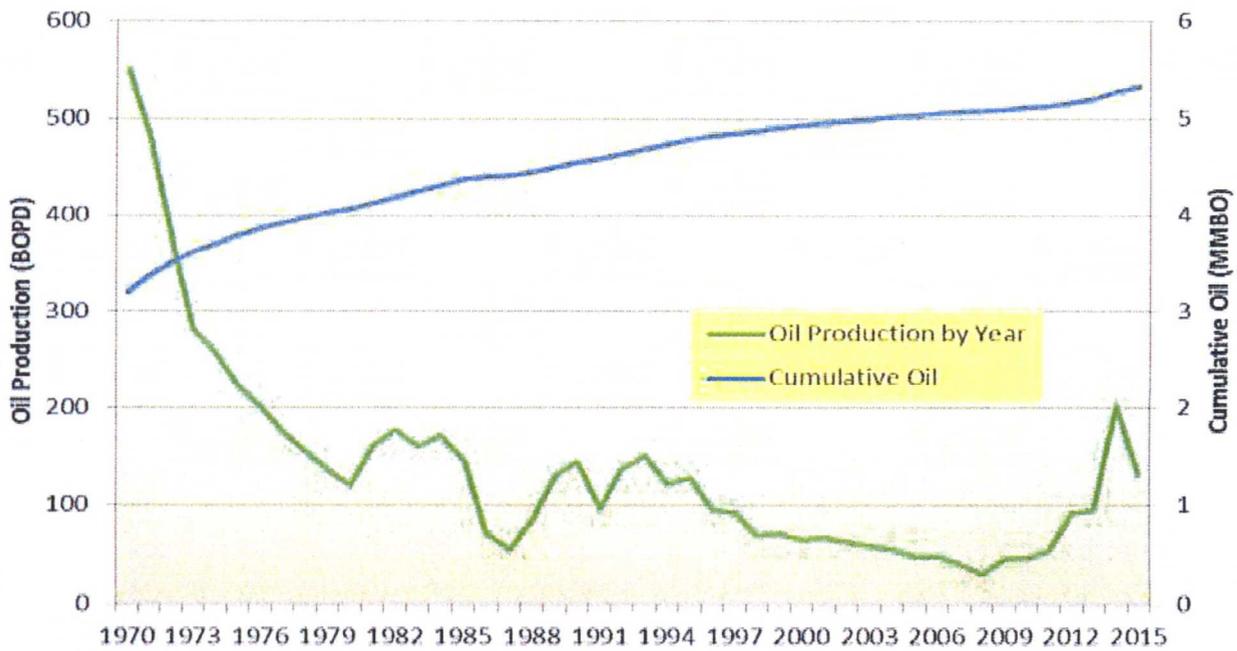
TABLE VI
2017 New Drill Candidates

WELL	DEDICATION	TYPE	TARGET	STATUS
GCU 247E Com 1H	All Sec 5&6 T27N R12W	New Drill Horizontal	Mancos	Deferred to 2018
GCU 247E Com 2H	All Sec 5&6 T27N R12W	New Drill Horizontal	Gallup ChaCha SW	Deferred to 2018
GCU 124E Com 1H	S/2 34 & 35 T28N R12W	New Drill Horizontal	Mancos	Deferred to 2018
GCU 599 Com 1H	N/2 19 T28N R11W & N/2 24 T28N R12W	New Drill Horizontal	Mancos	Deferred to 2018
GCU 599 Com 1H	S/2 19 T28N R11W & N/2 24 T28N R12W	New Drill Horizontal	Basin Dakota	Deferred to 2018

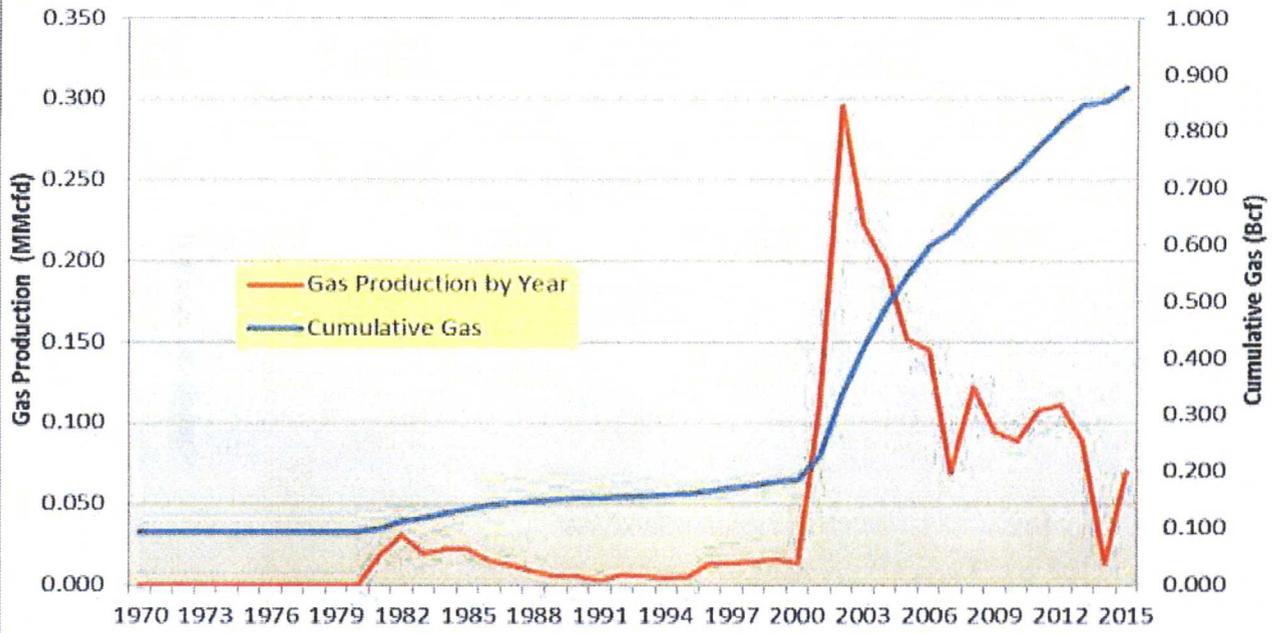
Historical Gas Production Gallegos Canyon Unit All Formations



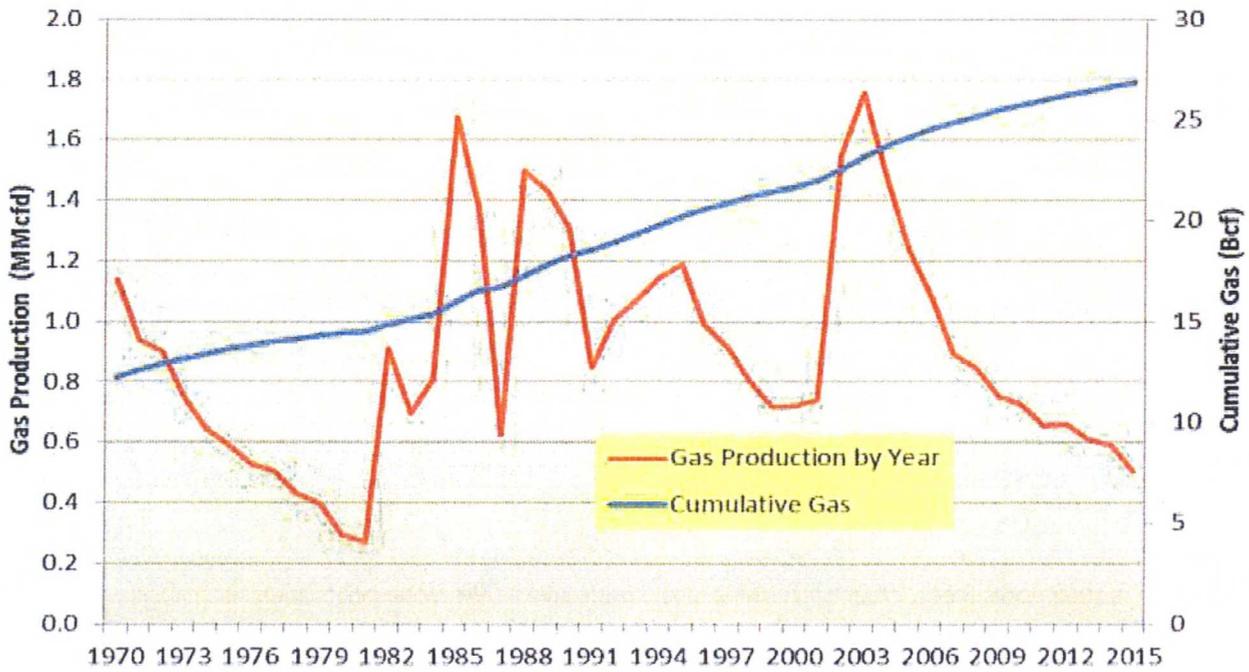
Historical Oil Production Gallegos Canyon Unit All Formations



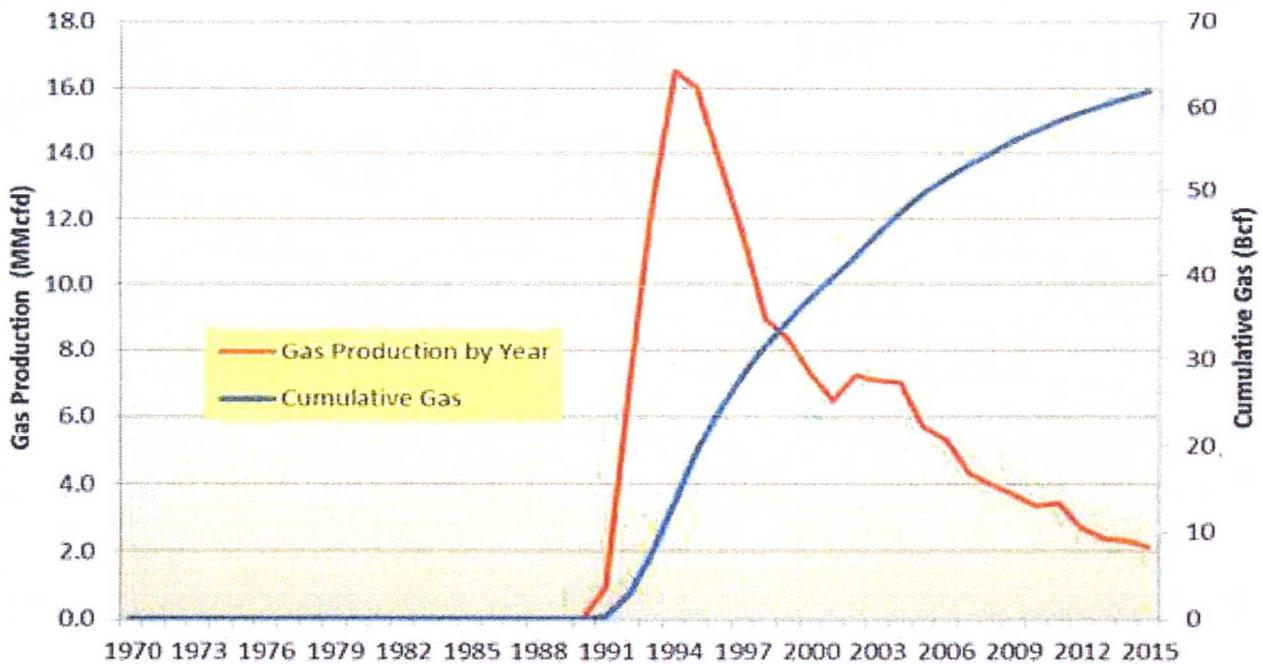
Historical Gas Production Gallegos Canyon Unit Farmington Sands Formation



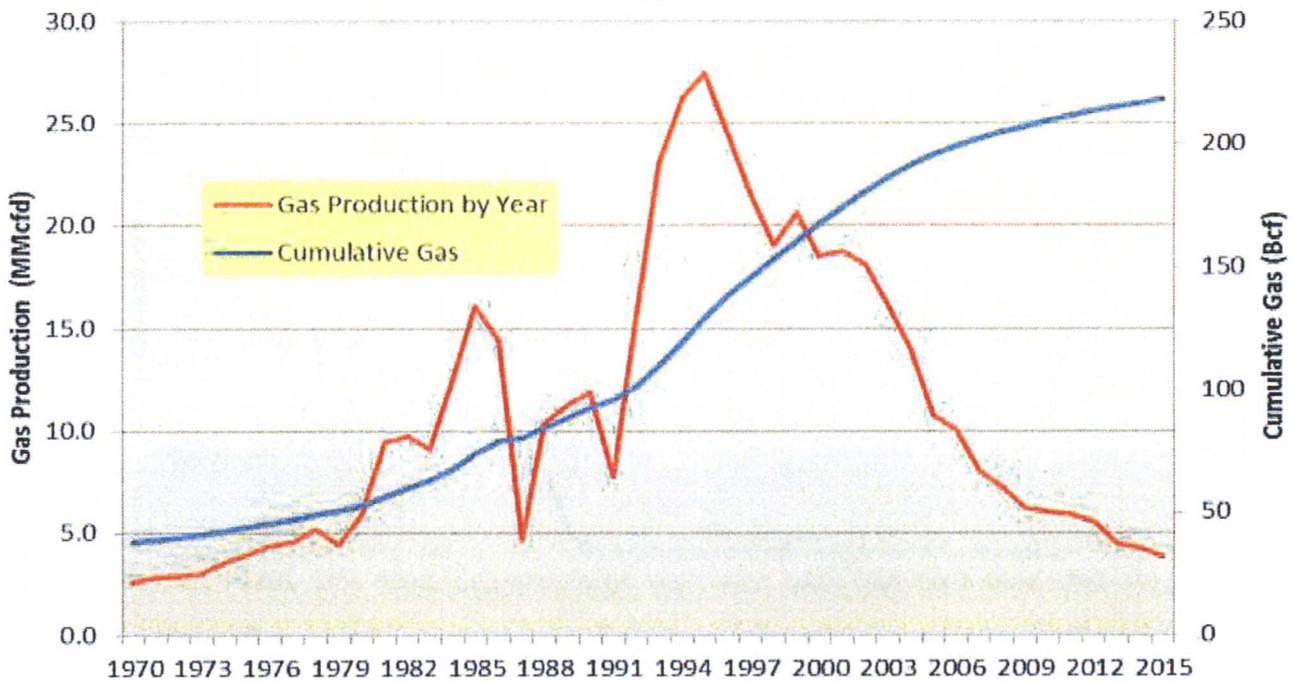
Historical Gas Production Gallegos Canyon Unit Fruitland Sand Formation



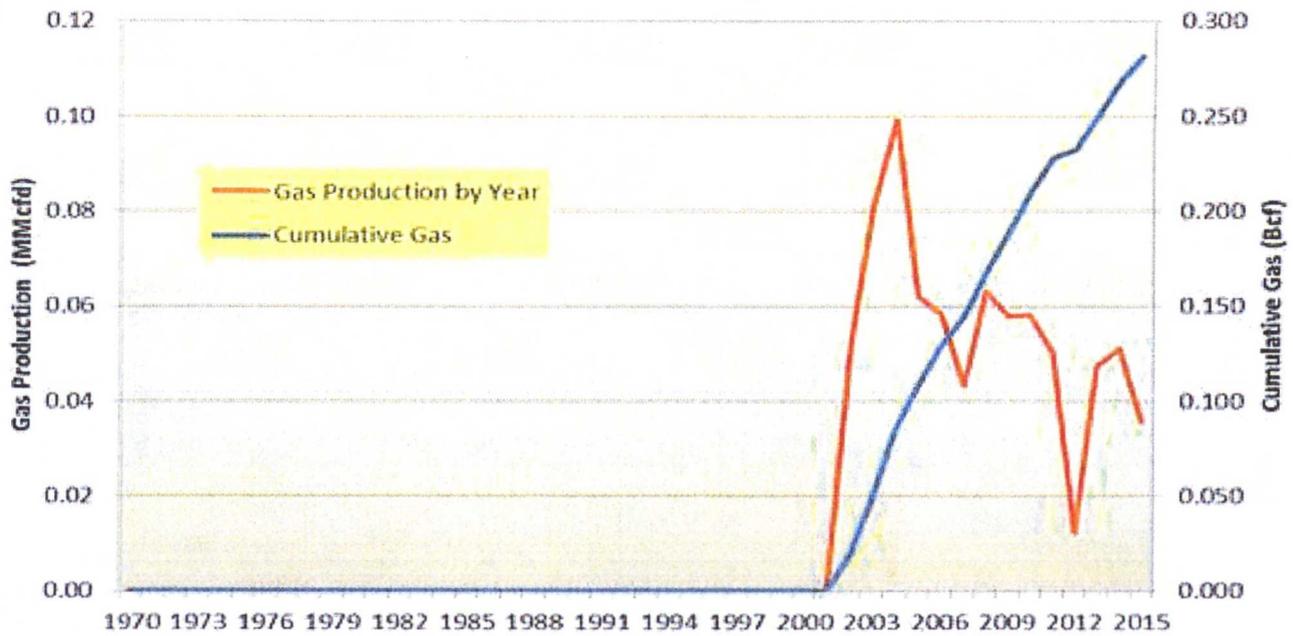
Historical Gas Production Gallegos Canyon Unit Fruitland Coal Formation



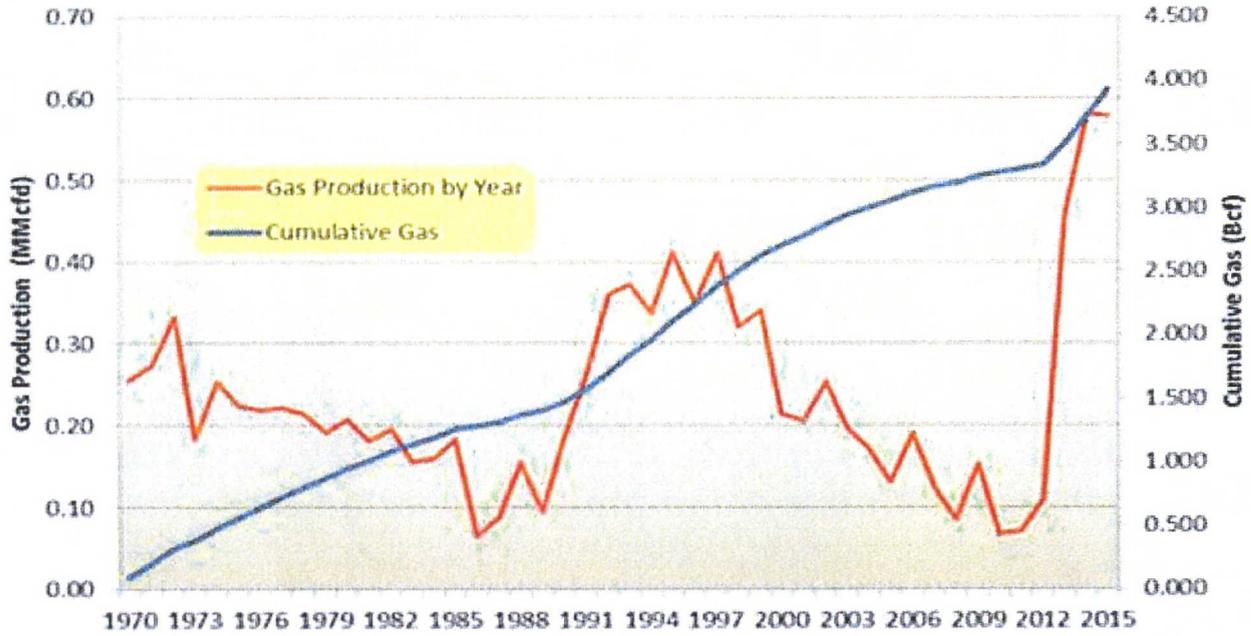
Historical **Gas** Production Gallegos Canyon Unit Pictured Cliffs Formation



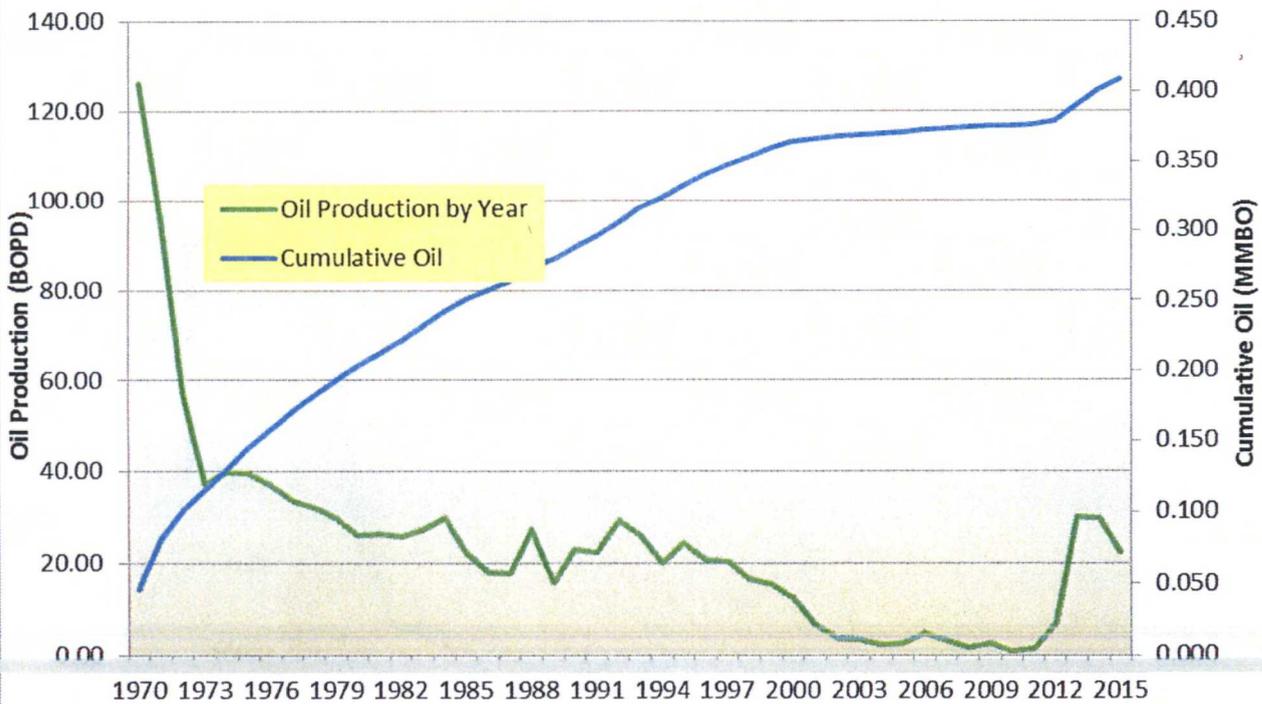
Historical Gas Production Gallegos Canyon Unit Chacra Formation



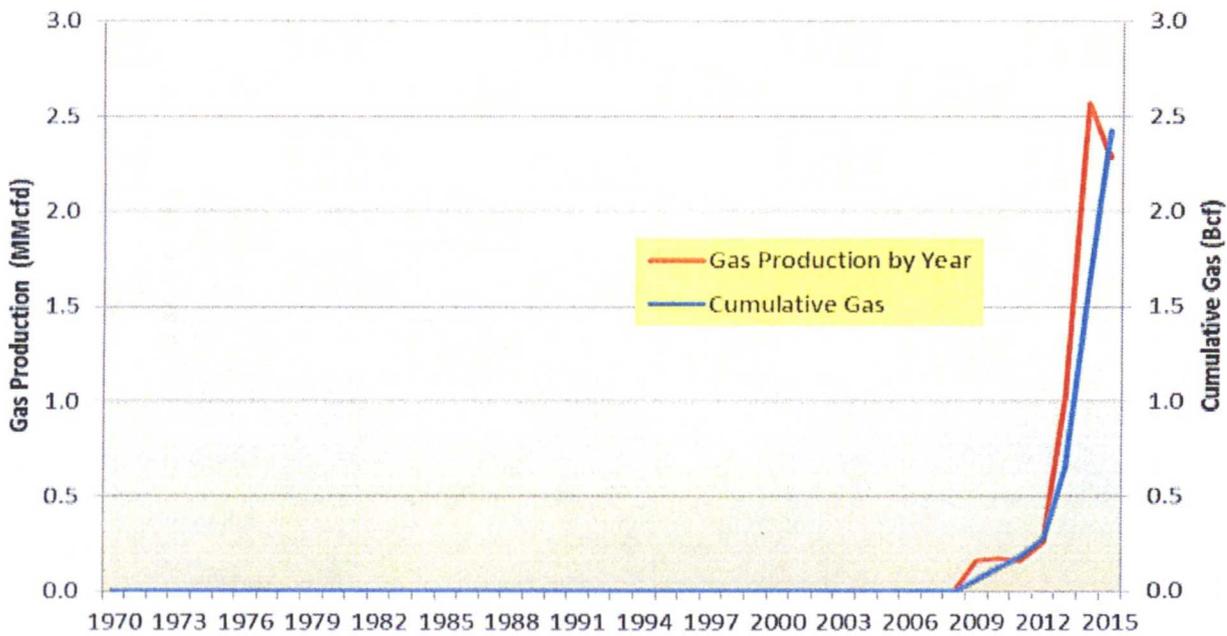
Historical Gas Production Gallegos Canyon Unit Gallup Formation



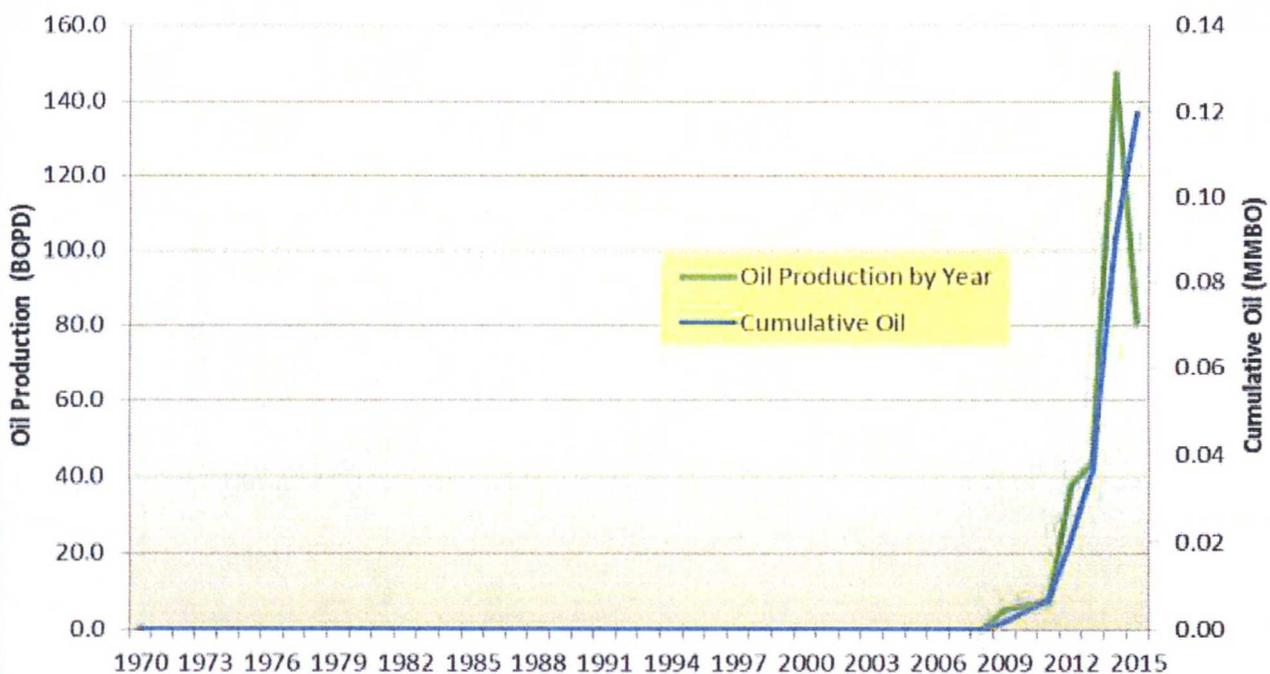
Historical Oil Production Gallegos Canyon Unit Gallup Formation



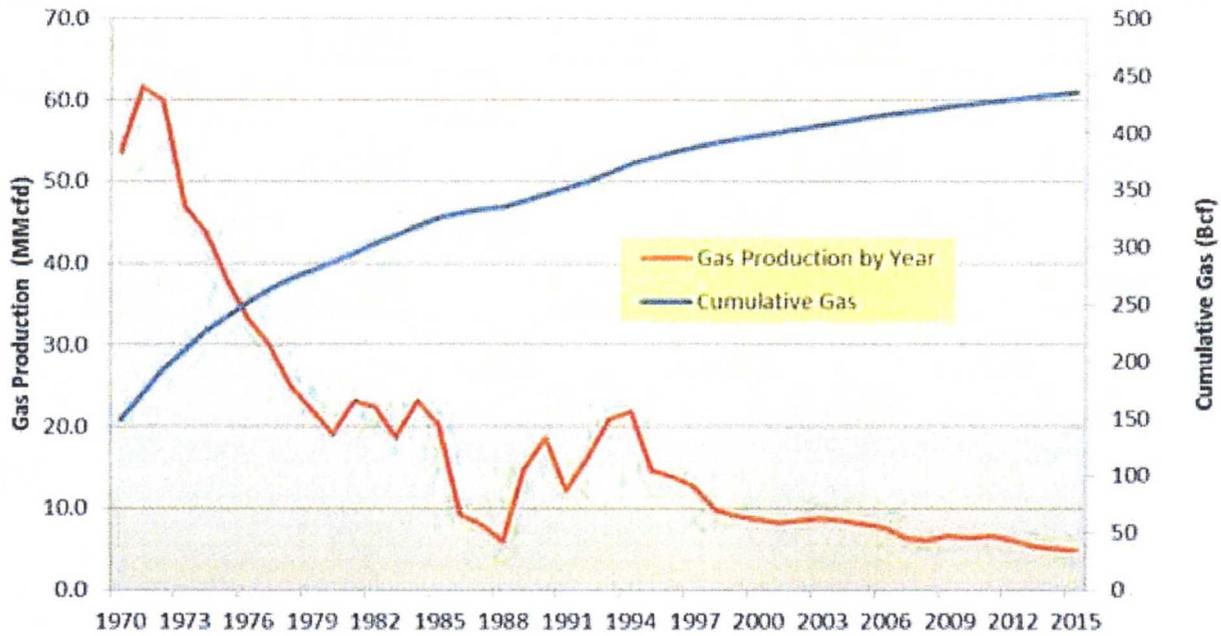
Historical **Gas** Production Gallegos Canyon Unit Mancos Formation



Historical **Oil** Production Gallegos Canyon Unit Mancos Formation



Historical Gas Production Gallegos Canyon Unit Dakota Formation



Historical Oil Production Gallegos Canyon Unit Dakota Formation

