

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:**

**CASE NO. 13842**

**APPLICATION OF BP AMERICA PRODUCTION  
COMPANY FOR SURFACE COMMINGLING OF  
PRODUCTION FROM ALL FORMATIONS  
AND/OR POOLS IN THE GALLEGOS CANYON  
UNIT FROM EXISTING AND FUTURE WELLS,  
SAN JUAN COUNTY, NEW MEXICO.**

2005 DEC 8 PM 3 01

WVS 12/6/05

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

BP America Production Company  
Attn: Mr. J. W. Hawkins  
1660 Lincoln Street, Suite 3000  
Denver, Colorado 80264  
(303) 830-3259

**ATTORNEY**

William F. Carr, Esq.  
Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505) 988-4421

**STATEMENT OF CASE**

**APPLICANT**

Pursuant to Oil Conservation Division Rule 303.B applicant seeks an exception to the provisions of Division Rule 303.A to authorize surface commingling of hydrocarbon production from the all formations, in the Gallegos Canyon Unit from existing and future wells located in the Unit Area, San Juan County, New Mexico. This unit now encompasses 43,146.62 acres, more or less, of Federal, Indian Allotted, State and Fee lands, and is more

fully described as follows:

**TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM**

Section 13:	All
Sections 23 through 26:	All
Sections 34 through 36:	All

**TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM**

Section 16:	SW/4
Sections 17 through 21:	All
Section 22:	W/2, SE/4
Section 25:	W/2, SE/4
Sections 26 through 36:	All

**TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM**

Section 7:	All
Sections 18 and 19:	All
Section 31:	S/2

**TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM**

Sections 7 through 36:	All
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**TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM**

Sections 11 through 14:	All
Sections 23 through 26:	All
Sections 35 and 36:	All

**TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM**

Sections 4 through 6:	All
Section 9:	N/2

The unitized interval includes all formations and contains wells that produce oil and natural gas from many formations and pools including, but not necessarily limited to, the Farmington formation, Fruitland Sand formation (West Kutz-Fruitland Sand Pool, Pinon-Fruitland Sand Pool, and North Pinon-Fruitland Sand Pool), Fruitland Coal formation (Basin-Fruitland Coal (Gas) Pool), Pictured Cliffs formation (Fulcher Kutz-Pictured Cliffs Pool and West Kutz-Pictured Cliffs Pool), Gallup formation (Totah-Gallup Oil Pool, Armenta-Gallup Oil Pool,

Pinon-Gallup Oil Pool, Totah-Gallup Pool, Simpson-Gallup Oil Pool, and Cha Cha-Gallup Oil Pool) and Dakota formation (Basin-Dakota Pool). BP also requests authorization, prospectively, for surface commingle of production from additional formations and/or pools within the lands covered by this application in existing and future wells without additional notice or hearing.

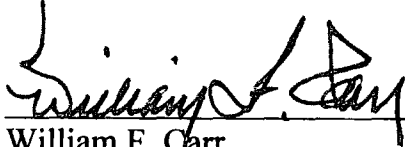
**PROPOSED EVIDENCE**

**APPLICANT**

<b>WITNESSES</b> (Name and Expertise)	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
J. W. "Bill" Hawkins (Sr. Petroleum Engineering Associate)	Approx. 30 Minutes	Approx. 10

**PROCEDURAL MATTERS**

BP America Production Company has none at this time.

  
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William F. Carr  
Attorney for BP America Production  
Company