Allocation Method
Florance C LS 5

BP America Production Company request permission to complete the subject well into the Otero Chacra and tricommingle production downhole with the existing Blanco South Pictured Cliffs and Blanco Mesaverde Pools as per the attached procedure.

The interest owners are identical between these three Pools, therefore, no additional notification is required prior to downhole commingling approval.

Production is proposed to be allocated based on the subtraction method using the projected future decline for production from the Pictured Cliffs and Mesaverde Pools. This 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 are the future production decline estimates for the Pictured Cliffs & Mesaverde Pools.

Commingling Production Downhole in the subject well from the proposed pools with not reduce the value of the total remaining production.

Application has also been submitted to BLM on Form 3160-5, Federal Lease No. SF – 03549.

Pre Approved Pools:
Blanco-Mesaverde (72319) & South Blanco-Pictured Cliffs (72439) Pools
Blanco-Mesaverde (72319) & Otero-Chacra (82329) Pools
South Blanco-Pictured Cliffs (72439) & Otero-Chacra (82329) Pools

Florance C LS 5
Recomplete to Chacra formation, downhole commingle Pictured Cliffs, Chacra and Mesaverde

Procedure:

1. Check anchors. MIRU workover rig.

2. Check and record tubing, casing, and bradenhead pressures.

3. Blow down well. Kill with 2% KCL water ONLY if necessary.

4. Nipple down WH. NU BOPs and diversion spool with 3" outlets and 3" pipe to the blow tank. Pressure test BOPs to 500 psi. Monitor flowing casing pressure with gauge (with casing flowing to blow tank) throughout workover.

5. RU slickline unit or wireline unit. RIH and set plug (CIBP, tbg collar stop, or plug set in nipple) for isolation.

6. POOH w/ production tubing set at 4674'.

7. TIH with bit and scraper for 5-1/2" casing to PBTD at 4744'. Work casing scraper across Mesaverde perforations (4054' – 4716') and new Chacra interval (3224' – 3379').

8. RU WL unit. RIH with 5-1/2" CIBP. Set CIBP at 3500'.

9. Run CBL from 3500' to top of liner to confirm that top of cement is above 3,150'. If cement is not above 3,150' block squeeze at 3,150'.

10. RIH with 3-1/8" casing guns. Perforate Chacra formation (correlate to GR log) w/ 2 SPF (27 shots, 54 holes) at: 3379, 3377, 3375, 3373, 3363, 3361, 3359, 3357, 3355, 3350, 3348, 3346, 3344, 3342, 3340, 3338, 3244, 3242, 3240, 3238, 3236, 3234, 3232, 3230, 3228, 3226, 3224.

11. RIH with 2-7/8" X 3-1/2" tapered frac string and 5-1/2" packer. Set packer at 2400'.

12. Spearhead 500 gal 15% HCL, establish injection rate, and proceed with fracture stimulation according to Schlumberger schedule. Maintain surface pressures ≤ 3500 psi during frac job to stay within 80% of 5-1/2" casing burst rating. Flush frac with foam. Fill out GWSI scorecard.

13. Flowback frac immediately.

14. TIH with tubing and bit. Cleanout fill and drill bridge plug set at 3500'. Cleanout fill to PBTD. Blow well dry at PBTD.

15. Rabbit tubing and RIH with 2-3/8" production tubing (with a muleshoe and X-nipple with blanking plug). Fill tubing with KCL water while RIH.

16. Land 2-3/8" production tubing at 4674'.

17. Pressure test tubing to 500 psi with rig pumps.

18. Swab down tubing with sandline.

19. RU SL unit. Run gauge ring for 2-3/8" tubing. Pull plug and set tubing stop for plunger. RD slickline unit.

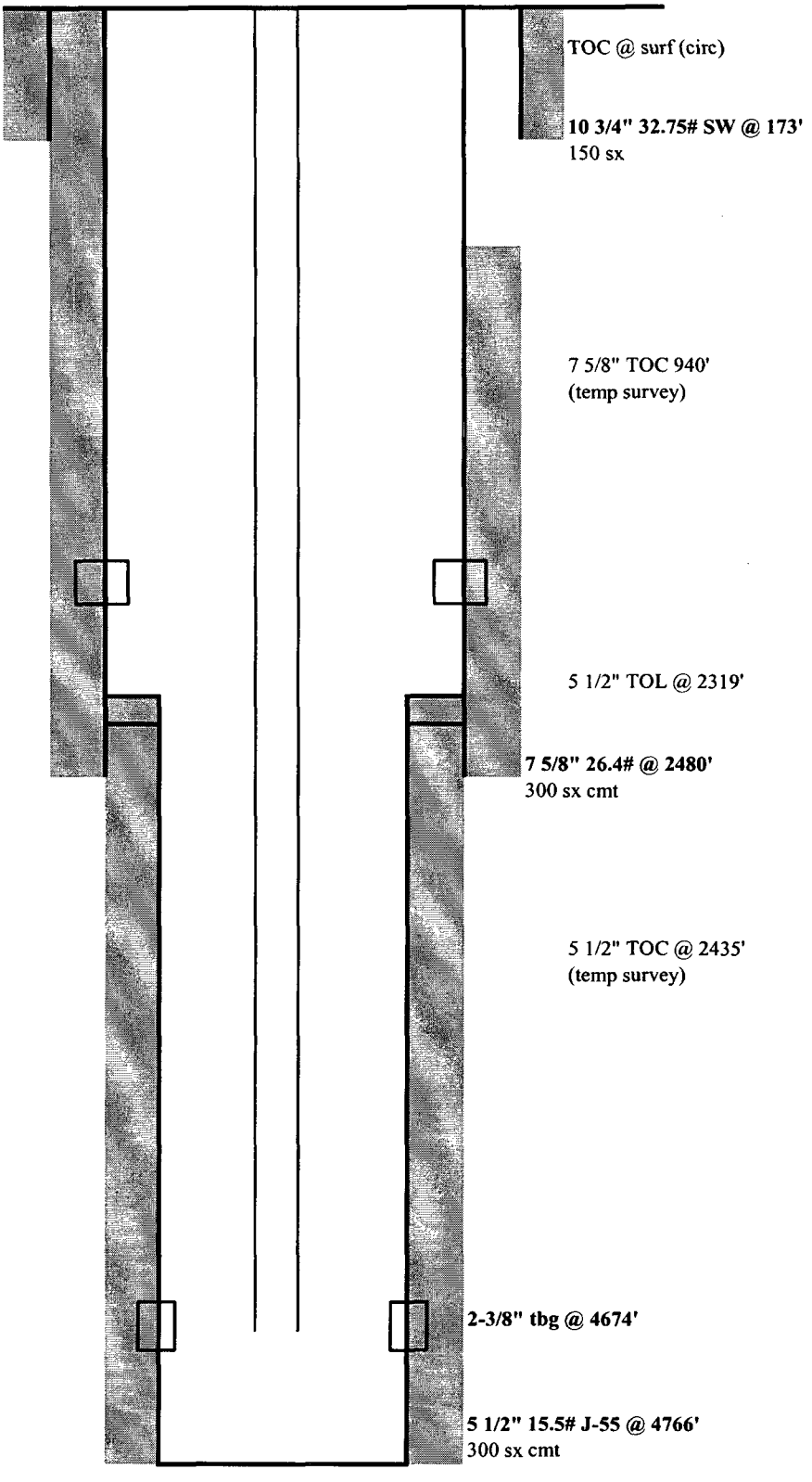
20. ND BOP's. NU WH. Test well for air. Return well to production and downhole commingle Chacra and Mesaverde production.

Florance C LS 005 PC/MV

API# 3004507167

Sec 30, T28N, R8W

GL: 5971'



History:
- Drilled & completed in 1957
DHCM and added MF in 7/03

PC Perforation
2262' - 2314', 40 klbs sand

Mesaverde perforations:
4054' - 4378', frac'd w/ 84 klbs sand
4462' - 4716', frac'd w/ 60 klbs sand

PBTD: 4744'
TD: 4770'

updated: 10/17/03 CFR