



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

COMMINGLING ORDER CTB-532

BP America Production Company
501 Westlake Park Blvd, Rm5.172
Houston, Texas 77079

Attention: Ms. Amy Spang

The above named company is hereby authorized to commingle Brushy Draw-Delaware (Oil - 8080) Pool production from the following Eddy County, New Mexico leases:

Federal Lease No. NMNM 101108
West Brushy 5 Federal, West Brushy 8 Federal
SE/4 Section 5, E/2 NE/4, SW/4 NE/4, SE/4 NW/4, E/2 SW/4 Section 8; and

Federal Lease No. NMNM 89815
West Brushy 5 Federal, West Brushy 4 Federal
NE/4 Section 5, W/2 NE/4, NW/4 Section 4;

all located in Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico.

Oil, gas, and water production shall be separately measured for each lease and allocated to each well based on periodic well tests.

Production shall be commingled on the West Brushy 8 Federal (NMNM 101108) Lease located in the NE/4 NE/4, Section 8, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the Artesia district office of the Division prior to implementation of commingling operations.

Commingling Order CTB-532
January 6, 2003
Page 2

DONE at Santa Fe, New Mexico, on this 6th day of January 2003 - retroactive to October 29th 2002.

Lori Wrotenberg (LWJSS)
LORI WROTENBERY,
Director

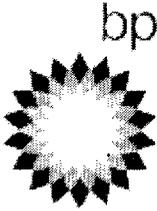
LW/wvjj

cc: Oil Conservation Division - Artesia
Bureau of Land Management-Carlsbad

PRXVU235172887

CID

WVJ/US



BP America Production Company

Amy T. Spang
Regulatory Compliance Analyst

501 Westlake Park Blvd, Rm 5.172
Houston, Texas 77079

December 11, 2002

DEC 16 2002

New Mexico Oil Conservation Division
ATTN: Will Jones
1220 South Francis Drive
Santa Fe, New Mexico 87505

RE: Application to Surface Commingle
West Brushy 5 Federal #5, West Brushy 4 Federal #3, West Brushy 8 Federal
#1, West Brushy 8 Federal #2
Brushy Draw (Delaware) Pool
Eddy Co., NM

Dear Mr. Jones:

BP America Production Company requests approval for a new surface commingle permit to commingle oil and gas production, to measure and store production off lease, and to use an alternate method of measurement. The original application was only sent to the BLM in error, so attached is a copy of the original application, including the BLM approval stamp. **We request the permit approval to be retroactive to October 29, 2002 (the date of BLM approval).** All royalty & over-riding royalty interests have been notified of this application on the date of this letter. There are no additional working interests besides BP.

West Brushy 8 Federal #1, West Brushy 8 Federal #2, and West Brushy 5 Federal #5 are located on the same lease. West Brushy 4 Federal #3 is located on a separate lease.

West Brushy 8 Federal #1, West Brushy 8 Federal #2, and West Brushy 5 Federal #5 will be produced through the header into the three phase production separator with the gas going directly to sales, oil going to the oil tanks and water going to the water tanks. All production is measured and stored on lease.

West Brushy 4 Federal #3 will be produced through a separate header into the three phase production separator on lease with the gas going into the sales line, and oil and water going to the oil/ water tanks off lease. Prior to commingling with fluids from other wells, the oil, water and gas production will all be metered separately using the deduct method.

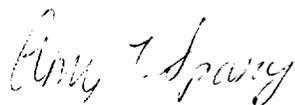
All wells in this application are producing from the Brushy Draw (Delaware) pool. Plats are attached showing the acreage allocated to each well. The wells are producing less than 35 BOPD. Average production data is attached.

Economic Justification – Royalties will not be reduced

BP America Production Company has a well-established production allocation system that will properly allocate all products back to the proper lease and well. Less equipment associated with the leases will reduce operating costs and thus extend the economic life and increase ultimate recovery and revenue for the royalty interest holders.

Your cooperation in this matter will be appreciated. If you have any questions, please contact me at (281) 366-7655. Please send your approval to my attention at the address listed above.

Yours very truly,



Amy T. Spang
Regulatory Compliance Analyst

Attachments

Xc: Mike Brock – EUN
Karl Quezergue – WL1 – 6.172
Sharla Hedden – PWC, Tulsa - S829A
Cliff Collyer – Midland
R/C Files – WL1 – 5.172
Central Files – Houston Park Ten

**BP AMERICA PRODUCTION COMPANY
NEW SURFACE COMMINGLE PERMIT
LIST OF LEASES**

Lease Name	Well No.	Field Name	Pool Code	API No	BLM Lease Serial No.	Unit or lot no.	Sect	Twins hip	Range	County
West Brushy 5 Federal	5	Brushy Draw (Delaware)	08080	30-015-31869	NMNM 101108	P	5	26-S	29-E	Eddy
West Brushy 8 Federal	1	Brushy Draw (Delaware)	08080	30-015-31675	NMNM 101108	A	8	26-S	29-E	Eddy
West Brushy 8 Federal	2	Brushy Draw (Delaware)	08080	30-015-31866	NMNM 101108	H	8	26-S	29-E	Eddy
West Brushy 4 Federal	3	Brushy Draw (Delaware)	08080	30-015-32196	NMNM 89815	C	4	26-S	29-E	Eddy

CRA BLM FORMAT

**APPLICATION FOR SURFACE COMMINGLING, OFF LEASE
MEASUREMENT AND ALTERNATE METHOD OF MEASUREMENT**

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
2909 W. 2nd
Roswell, NM 88201-2019

BP America Production Company is requesting approval for surface commingling and off-lease measurement and storage and an alternate method of measurement of gas production from the following formation(s) and well(s) on Federal Lease

No. NMNM101108 ; Lease Name: West Brushy 5 Federal

Well

<u>No.</u>	<u>API #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>5</u>	<u>30-015-31869</u>	<u>SESE</u>	<u>5</u>	<u>26S</u>	<u>29E</u>	<u>Brushy Draw (Delaware)</u>

No. NMNM 101108; Lease Name: West Brushy 8 Federal

Well

<u>No.</u>	<u>API #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>30-015-31675</u>	<u>NENE</u>	<u>8</u>	<u>26S</u>	<u>29E</u>	<u>Brushy Draw (Delaware)</u>
<u>2</u>	<u>30-015-31866</u>	<u>SENE</u>	<u>8</u>	<u>26S</u>	<u>29E</u>	<u>Brushy Draw (Delaware)</u>

No. NMNM 89815 ; Lease Name: West Brushy 4 Federal

Well

<u>No.</u>	<u>API #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>3</u>	<u>30-015-32196</u>	<u>NENW</u>	<u>4</u>	<u>26S</u>	<u>29E</u>	<u>Brushy Draw (Delaware)</u>

APPLICATION FOR SURFACE COMMINGLING, OFF LEASE MEASUREMENT
AND ALTERNATE METHOD OF MEASUREMENT

Production from the wells involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>METER #</u>
<u>West Brushy 5 Federal #5</u>	<u>28</u>	<u> </u>	<u>18</u>	<u> </u>
<u>West Brushy 8 Federal #1</u>	<u>31</u>	<u> </u>	<u>14</u>	<u> </u>
<u>West Brushy 8 Federal #2</u>	<u>23</u>	<u> </u>	<u>11</u>	<u> </u>
<u>West Brushy 4 Federal #3</u>	<u>32</u>	<u> </u>	<u>28</u>	<u> </u>

The proposed operation is described in detail on the attached diagram. The diagram clearly identifies all equipment that will be used.

West Brushy 8 Federal #1, West Brushy 8 Federal #2, and West Brushy 5 Federal #5 are located on the same lease. West Brushy 4 Federal #3 is located on a separate lease. All working interests are common.

West Brushy 8 Federal #1, West Brushy 8 Federal #2, and West Brushy 5 Federal #5 will be produced through the header into the three phase production separator with the gas going directly to sales, oil going to the oil tanks and water going to the water tanks. All production is measured and stored on lease.

West Brushy 4 Federal #3 will be produced through a separate header into the three phase production separator on lease with the gas going into the sales line, and oil and water going to the oil/ water tanks off lease. Prior to commingling with fluids from other wells, the oil, water and gas production will all be metered separately using the deduct method.

This operation will reduce operating costs and environmental risks because there will be less equipment associated with each lease. Also, the economic life the leases will be increased.

Plats are enclosed showing the lease numbers and locations of all leases and wells that will contribute production to the proposed commingling. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

The measuring facility is located at NENE ($\frac{1}{4}$ $\frac{1}{4}$), Sec. 8, T 26 S, R 29 E, on Lease No. NMNM 101108, Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the least instrument. And, we will submit

APPLICATION FOR SURFACE COMMINGLING, OFF LEASE MEASUREMENT
AND ALTERNATE METHOD OF MEASUREMENT

within 30 days an application for right-of-way approval to the BLM's Realty Section in
your office if we have not already done so.

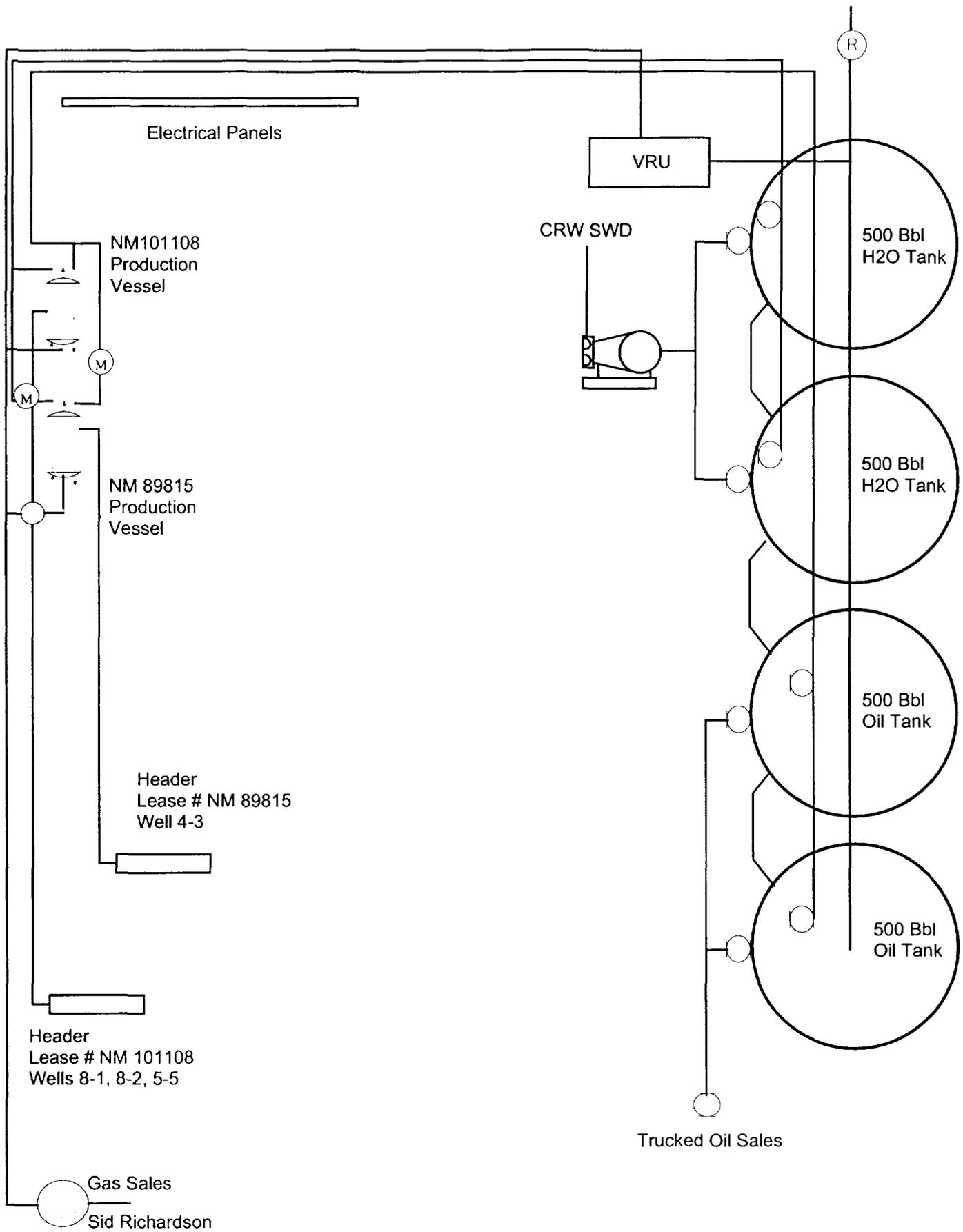
Additional wells require additional commingling approvals.

Signature: Amy T. Spang

Name: Amy T. Spang

Title: Regulatory Compliance Analyst

Date: 10/22/02



**West Brushy Federal
Battery Plot Plan**

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

P.O. Box 1000, Hobbs, NM 88241-1000

DISTRICT II

P.O. Drawer 80, Artesia, NM 88211-0710

DISTRICT III

1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-05-3186	Pool Code 8080	Pool Name Brushy Draw Delaware
Property Code NM 10108	Property Name WEST BRUSHY 8' Federal	Well Number 1
OGRID No. 000990	Operator Name ARCO PERMIAN	Elevation 2922'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	8	26-S	29-E		330	NORTH	660	EAST	EDDY

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

Dedicated Acres 40	Joint or Infill	Consolidation Code	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

GEOGRAPHIC LOCATION NAD 83
LAT. 32°03'34\"N
LONG. 104°00'03\"W

OPERATOR CERTIFICATION

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

Amy Spang
Signature

Amy Spang
Printed Name

Reg. Analyst
Title

10/26/01
Date

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.

JUNE 14, 2001
Date Surveyed

AWB
Signature & Seal of Professional Surveyor

Ronald J. Edson
RONALD J. EDSON
GARY EDSON
Professional Surveyor

01-11-0726
Certificate No. RONALD J. EDSON 3239
GARY EDSON 12841

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

P.O. Box 1000, Hobbs, NM 88241-1000

DISTRICT II

P.O. Drawer 80, Artesia, NM 86211-0710

DISTRICT III

1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV

P.O. BOX 2066, SANTA FE, N.M. 87504-2066

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-102
 Revised February 10, 1994
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-05-31866	Pool Code 8080	Pool Name Brushy Draw Delaware
Property Code NM 10108	Property Name WEST BRUSHY 8' Federal	Well Number 2
OGRID No. 000990	Operator Name ARCO PERMIAN	Elevation 2922'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	8	26-S	29-E		1750	NORTH	990	EAST	EDDY

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

Dedicated Acres 40	Joint or Infill	Consolidation Code	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

<p>GEOGRAPHIC LOCATION NAD 83 LAT. 32°03'34"N LONG. 104°00'03"W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Amy Spang</i> Signature</p> <p>Amy Spang Printed Name</p> <p>Reg. Analyst Title</p> <p>10/26/01 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JUNE 14, 2001 Date Surveyed</p> <p>AWB Signature</p> <p>Professional Surveyor </p> <p>Certificate No. RONALD J. EDSON 3239 GARY EDSON 12641</p>

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
P.O. Box 1860, Hobbs, NM 88241-1860

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0710

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-31869	Pool Code	Pool Name Brushy Draw Delaware
Property Code NM101108	Property Name WEST BRUSHY FEDERAL "5"	Well Number 5
OGRID No. 00996	Operator Name ARCO PERMIAN	Elevation 2884'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	5	26-S	29-E		800	SOUTH	850	EAST	EDDY

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
Dedicated Acres 40		Joint or Infill	Consolidation Code	Order No.					

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

LOT 4 40.60 AC	LOT 3 40.31 AC	LOT 2 40.40 AC	LOT 1 40.12 AC	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Amy Spang</u> Signature</p> <p><u>Amy Spang</u> Printed Name</p> <p><u>Regulatory Comp. Analyst</u> Title</p> <p><u>11/28/01</u> Date</p>
<p>GEOGRAPHIC LOCATION 83 LAT. 32°03'59.6"N LONG. 104°00'01.2"W</p>			<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JUNE 14, 2001</p> <p>Date Surveyed _____ AWB</p> <p>Signature & Seal of Professional Surveyor <u>Ronald J. Edson</u> 6/18/01 01-11-0727</p>	

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
P.O. Box 1960, Hobbs, NM 88241-1960

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 8080	Pool Name Brushy Draw (Delaware)
Property Code NM 89815	Property Name WEST BRUSHY 4 FEDERAL	Well Number 3
OGRID No. 000990	Operator Name ARCO PERMIAN	Elevation 2983'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	4	26-S	29-E		495	NORTH	1980	WEST	EDDY

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

Dedicated Acres 40	Joint or Infill	Consolidation Code	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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <u>Amy Spang</u></p> <p>Printed Name: <u>Amy Spang</u></p> <p>Title: <u>Regulatory Comp Analyst</u></p> <p>Date: <u>12/19/01</u></p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>DECEMBER 04, 2001</p> <p>Date Surveyed: _____ AWB</p> <p>Signature: <u>[Signature]</u></p> <p>Professional Surveyor Seal: <u>[Seal]</u></p> <p>Certificate No. <u>RONALD J. EIDSON 3239</u> <u>GARY EIDSON 12641</u></p>
<p>GEOGRAPHIC LOCATION</p> <p>SPC NME NAD 1927</p> <p>Y = 392074.0 X = 606034.1</p> <p>LAT. = 32°04'38.87"N LONG. = 103°59'27.58"W</p>	

West Brushy Draw
T26S, R29E
Section 4: W2NE, NW
Section 5: NE
Eddy County, New Mexico
NMNM 89815

Division of Interest Report		
West Brushy 4, West Brushy 5, West Brushy 8		
Owner	Interest	Type
United States of America	0.1666667	RI
Ryder D. Fedric	0.0075000	ORI
Margaret Hunker Tsui	0.0037500	ORI
George H. Hunker, III	0.0037500	ORI
Clifton Eugene Shumate	0.0076000	ORI
Robert L. Dale	0.0012000	ORI
Territorial Resources, Inc.	0.0162000	ORI
Mitchel E. Cheney	0.0250000	ORI
Lynn S. Charuk	0.0250000	ORI
BP America Production Company	0.7433333	WI
Total	1.0000000	

**BP America Production Company
Royalty Interest Owners
Address Listing**

Territorial Resources, Inc.
19 Vista Mill Place
The Woodlands, TX 77382

Ryder D. Fedric
1608 Liberty Lane
Mesquite, TX 75149

Margaret Hunker Tsui
306 Bent Branch Court
Falls Church, VA 22041

George H. Hunker, III
P. O. Box 524
Lander, WY 82520

Clifton Eugene Shumate
P. O. Box 2473
Midland, TX 79702-2473

Robert L. Dale
15419 Peach Hill
Saratoga, CA 95070

Mitchel E. Cheney
P.O. Box 682224
Houston, TX 77268-2224

Lynn S. Charuk
2401 Stutz Place
Midland, TX 79705