

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: INJECTION		5. Lease Serial No. I149IND8486
2. Name of Operator BP AMERICA PRODUCTION COMPANY		6. If Indian, Allottee or Tribe Name
Contact: TOYA COLVIN Email: Toya.Colvin@bp.com		7. If Unit or CA/Agreement, Name and/or No.
3a. Address 737 NORTH ELDRIDGE PARKWAY 12.181A HOUSTON, TX 77079	3b. Phone No. (include area code) Ph: 281-366-7148	8. Well Name and No. GALLEGOS CANYON UNIT 328
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 33 T29N R12W SESW 1070FSL 1520FWL 36.678450 N Lat, 108.107570 W Lon		9. API Well No. 30-045-24735
		10. Field and Pool, or Exploratory BLANCO MV, N PINON FS
		11. County or Parish, and State SAN JUAN COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

BP America Production Company requests to change the allocation method for condensate sold from BP's four (4) Oil Recovery and Water Disposal Facilities (ORWDF), which are:

Gallegos Canyon Unit #328 SESW Section 33, T29N, R12W
Gallegos Canyon Unit #259 SESE Section 14, T28N, R12W
Pritchard NENW Section 34, T31N, R09W
Schneider NWSW Section 28, T32N, R10W

OIL CONS. DIV DIST. 3

DEC 04 2015

Please see the attached letter explaining our request.

Should you have questions or require additional information, please contact Christopher Sandoz at (713) 323-3520 or christopher.sandoz@bp.com.

14. I hereby certify that the foregoing is true and correct. Electronic Submission #324600 verified by the BLM Well Information System For BP AMERICA PRODUCTION COMPANY, sent to the Farmington	
Name (Printed/Typed) TOYA COLVIN	Title REGULATORY ANALYST
Signature (Electronic Submission)	Date 11/24/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>William Tambekou</u>	Title <u>Petroleum Engineer</u>	Date <u>11/30/2015</u>
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office <u>FFO</u>

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

NMOCD RV



Christopher L. Sandoz

Regulatory Engineer – L48 West BU

BP America Production Company
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E3 – 12.179A
Houston, TX 77079

Direct: 713-323-3520
Email: christopher.sandoz@bp.com

August 12, 2015

United States Department of the Interior
Bureau of Land Management
Farmington Field Office
6251 College Blvd, Suite A
Farmington, New Mexico 87402
Attention: Mr. David Mankiewicz

Re: Request to Change Allocation Method at Oil Recovery and Water Disposal Facilities

Dear Mr. Mankiewicz:

BP America Production Company (BP) is seeking BLM approval to change the allocation method for condensate sold from BP's four (4) Oil Recovery and Water Disposal Facilities (ORWDF). The condensate is generated at these facilities by processing produced water prior to disposal and it is currently allocated back to individual leases based on the amount of produced water delivered by each lease to a facility in the previous six (6) month period.

In an effort to improve and simplify the allocation process, we are proposing to allocate condensate to individual leases using the total volume of water delivered from those leases during the period between skim oil sales. Only leases which are known to produce condensate (contributing leases) will be included in the allocation process. This process would improve upon the existing process by ensuring that only leases contributing produced water to the ORWDF during the sales period would receive an allocation from that sale. An example of the allocation equation is included below.

Contributing Lease Sales Vol =

*ORF Sales Vol **

$$\frac{\text{water vol from contributing lease delivered to ORF during sales period}}{\text{total water vol delivered from contributing leases to ORF during sales period}}$$

August 12, 2015 - C. Sandoz to D. Mankiewicz (United States Dept. of Interior, Bureau of Land Management) Request to Change Allocation Method at Oil Recovery and Water Disposal Facilities
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In addition, there may cases where condensate from a well is hauled directly to the ORF for treatment. This trucked in condensate would be first be deducted from any ORF sale volume and any remaining condensate would be allocated based on water delivery volume. An example of the allocation equation for these cases is included below.

$$\begin{aligned} \text{Contributing Lease Sales Vol} = \\ (\text{ORF Sales Vol} - \text{Direct Transfer Vol}) * \\ \frac{\text{water vol from contributing lease delivered to ORF during sales period}}{\text{total water vol delivered from contributing leases to ORF during sales period}} \end{aligned}$$

Records will be maintained regarding the source of any direct shipments of condensate to the facilities during each allocation period.

BP believes that the requested changes are necessary for efficient and flexible operations and will provide protection of royalty and production accountability. As a result, BP respectfully requests that BLM approve the change in allocation methods described above for all of our Oil Recovery and Water Disposal Facilities listed below.

Facility Name	Location
Gallegos Canyon Unit #328	SESW section 33, T29N, R12W
Gallegos Canyon Unit #259	SESE section 14, T28N, R12W
Pritchard	NENW section 34, T31N, R9W
Schneider	NWSW section 28, T32N, R10W

Should you have questions or require additional information, please contact me at (713) 323-3520 or christopher.sandoz@bp.com.

Sincerely,



Christopher L. Sandoz
Regulatory Engineer - L48 West BU

cc: Mr. Joe Hewitt (via U.S. mail)
K. Kerr (via email)

J. Gaskins (via email)

J. Walker (via email)