

Submit 3 Copies To Appropriate District Office
District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045-26706
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Gallegos Canyon Unit
8. Well Number 265E
9. OGRID Number 778
10. Pool name or Wildcat Cha Cha Gallup
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5896' GR

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator BP America Production Company	
3. Address of Operator P.O. Box 3092 Houston, Tx 77253-3092	
4. Well Location Unit Letter <u>K</u> : <u>1650</u> feet from the <u>South</u> line and <u>1800</u> feet from the <u>West</u> line Section <u>25</u> Township <u>28N</u> Range <u>12W</u> NMPM County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5896' GR	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Downhole Commingling ☒

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

BP America Production Company requests permission to complete into the ~~Cha Cha Gallup~~ and downhole commingle production with the existing Basin Dakota.

The Basin Dakota (71599) & the ~~Cha Cha Gallup~~ (11880) pools are Pre-Approved for Down hole Commingling per NMOCD CASE NO.12520, ORDER NO. R-11567 effective 04/26/2001. Although the interest owners are not identical between these two pools, this same order established approval for subsequent applications for down hole commingling of production in wellbores within the Gallegos Canyon Unit without notice to the unit interest owners, therefore, no additional notification is required prior to down hole commingling approval.

Production is proposed to be allocated based on a fixed percentage rate. It is our intent to set a bridge plug over the Basin Dakota & complete into the Gallup. We will run a 90-day test (or longer) to establish a stabilized rate of production for the Gallup. We will then drill out the CIBP, run a combined flow test of both zones and subtract the established rate for the Gallup to determine the rate for the Dakota.

RCVD AUG 11 '08
OIL CONS. DIV.
DIST. 3

Notification was sent to the BLM per form 3160-5

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

Spud Date:

Rig Release Date:

DHC 2925-AZ

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

SIGNATURE Cherry Hlava TITLE Regulatory Analyst DATE 8-7-08
Type or print name Cherry Hlava E-mail address: hlavaCL@BP.Com PHONE: 281-366-4081
For State Use Only
APPROVED BY: [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE AUG 12 2008
Conditions of Approval (if any):

District I

1625 N French Dr, Hobbs, NM 88240
Phone (505) 393-6161 Fax (505) 393-0720

District II

1301 W Grand Ave, Artesia, NM 88210
Phone (505) 748-1283 Fax (505) 748-9720

District III

1000 Rio Brazos Rd, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170

District IV

1220 S St Francis Dr, Santa Fe, NM 87505
Phone (505) 476-3470 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division**1220 S. St Francis Dr.****Santa Fe, NM 87505**

Form C-102
Permit 79196

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-26706	2 Pool Code 41880 17232	3 Pool Name CHA-CHA GALLUP Basin Marcos
4 Property Code 570	5 Property Name GALLEGOS CANYON UNIT	6 Well No 265E
7 OGRID No 778	8 Operator Name BP AMERICA PRODUCTION COMPANY	9 Elevation 5896

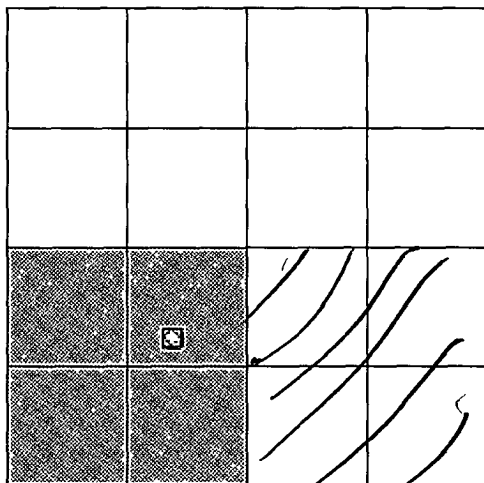
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
K	25	28N	12W		1650	S	1800	W	SAN JUAN

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12 Dedicated Acres 160.00		13 Joint or Infill		14 Consolidation Code		15 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

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: *Kristen Holden*
Title: *Regulatory Analyst*
Date: *8/07/08*

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.

Surveyed By: **Fred Kerr**
Date of Survey: **1/9/1985**
Certificate Number: **3050**

SJ Basin Well Work Procedure

July 22, 2008

Well Name: GCU 265E
API #: 30-045-26706
Location: T28N-R12W-Sec25
County: San Juan
State: New Mexico
Horizon: DK
CO2:

Engr: Matt Mientka
ph (281) 366-5721

Objective: Add and Stimulate Gallup and Rod Up.

1. Pull out completion.
2. Clean out.
3. Perforate and frac Gallup
4. Clean out to TD and land tubing.
5. Install down hole pump and rods
6. Return well to production, downhole commingle Gallup and Dakota

History: Spud date of 01/13/1986, originally a DK well, still producing.
Tubing was landed above Dakota Formation in 1998

Procedure:

Preparations

1. Perform pre-rig site inspection. Check for size of location, gas taps, other wells, other operators, running equipment, wetlands, wash (dikes required), H2S, barriers needed for equipment, landowner issues, location of pits (buried lines in pits), raptor nesting, critical location.
2. Check anchors. Check ID wellhead, if earth pit is required have One Call made 48 hours prior to digging.
3. Have P&S strip location and set barriers as necessary. Lock out/tag out any remaining production equipment.

Rig Operations

4. MIRU workover rig. Hold safety meeting and perform JSA. Complete necessary paperwork and risk assessment.
5. Check and record tubing, casing, and bradenhead pressures. Ensure production casing has double casing valves installed. Double valve all casing strings. Check hold down pins on hanger.
6. Blow down well to flow back tank. Kill with 2% KCl water ONLY if necessary. Check all casing strings to ensure no pressure exist on any annulus.

7. RU slickline. Set mechanical barrier plugs in tubing. Blowdown / kill tubing and casing.
8. Nipple down Wellhead. NU BOPs and diversion spool with 3" outlets and 3" pipe to the blow tank. Pressure test BOPs to 200 psi above BHP. Monitor flowing casing pressure with gauge (with casing flowing to blow tank) throughout workover.
9. Install stripping rubber, pull tubing hanger up above pipe rams, and shut pipe rams. Remove stripping rubber. Strip tubing hanger out of hole. Re-install stripping rubber.
8. PU and TIH tubing until tag fill. Tubing currently landed at 6214'. Tally out of hole, calculate depth of tag and/or hole, and check tubing for wear or scale. **Note: Tubing is from 1986 and may need replacement.**
9. POOH with completion and lay down if necessary.
10. TIH with 7" scraper. Check the distance between the top of the blind rams and the length of the bottom hole assembly that is being run. If the BHA is too long then the well has to be top killed and monitored prior to opening blind rams. RIH and scrape pipe to PBTD (~6395'). POOH. Lay down bit and scraper.
11. Pick up cast iron bridge plug and TIH. Set cast iron bridge plug at +/- 6200'. Pressure test bridge plug to ensure it is holding. Fill casing w/ 2% KCl. POOH.
12. RU E-line unit and equipment. Test lubricator and equipment.
13. **Log well w/ CBL and RST log from 6200' to 3000' (DV tool).** Contact engineer after determining TOC in 7" liner to discuss perforation placement or need for remedial cement squeeze if cement coverage is inadequate for the pay-add or if integrity of casing appears sub-par. Transmit log data to Matt Mientka at matt.mientka@bp.com and Mark Durio at mark.durio@bp.com and please call to confirm at 281-366-5721.
14. RIH with 3-1/8" High Shot Density casing gun loaded with HEG charges at 1 SPF 120 Degree Phasing and perforate Gallup formation.

Perforated intervals will be:

Gallup formation: 5332' – 6213' (881' gross)

Perf Based on RST results

NOTE: Verify final perf intervals with engineer/geologist.

15. POOH with perforating guns.
16. Hold Risk Assessment (JHA) meeting prior to initiating pumping services.
17. RU 10,000 psi frac isolation equipment (Stinger Isolation Tool).
18. RU frac equipment. NOTE: Frac tanks should be filled with fresh water, the KCl will be added on the fly.
19. Pressure test iron to Stinger frac valve at 5000 psi for 10 minutes. Function test treating line check valve during the prime and pressure test operation.
20. The frac is expected to pump at approximately 3000 psi. Maximum allowable treating pressure will be 3200 psi.

21. Set stagger pump trips to 3200-3400 psi. Function test pump trips individually.
22. Install and monitor production casing and treating pressure during entire job in frac van via pressure transducers on production casing and treating line. Be sure to monitor the casing annulus pressure throughout the duration of stimulation treatment.
23. Flowback frac immediately. Flow well through choke manifold on ¼", ½" and ¾" chokes slowly increasing drawdown until well dies or stabilizes. This is to aid in reducing sand flowback. Recommend 8 hours of flow for each choke size.
24. Rig up air package/unit, pressure test all lines (Testing procedure to be supplied from air company). Make sure air rates are high enough to move solids in 7" by 2 3/8" annulus.
25. TIH with 2-3/8" tubing with notched collar (muleshoe) and float check valve.
26. Clean fill to CIBP set at 6200'
27. POOH with tubing and float.
28. RIH with tubing and wireline retrievable pump through plug. Hang off tubing at 5300'. Retrieve plug.
29. Flow test the Gallup for 24 hrs for regulatory, allocation, and deliverability purposes.
30. POOH with tubing.
31. TIH w/ tubing and bit for 7" casing. Drill out CIBP set at 6200'. Cleanout to PBTD at 6395'. Blow well dry.
32. TIH tubing with BHA for bottom hold-down rod pump to 6360'.

TIH Pump & Put well back on production

33. PU and TIH pump, rods, polish rod. Set pump a few feet off of EOT. (~6360) MU stuffing box and hang off rods.
34. Load tubing with 2% KCl water. Test stroke pump to 500 psi. Check all casing string for pressure. The operations of removal of BOP's and installation of wellhead will be performed under a dispensation for one (1) barrier on the backside.
35. ND BOP's. NU Wellhead.
36. Schedule Service Company to install horses head, hang on polish rod and space out pump.
37. Follow lock out/tag out procedures to power up, pressure up, purge and return to service all surface equipment. Start pump jack, run to check for proper tag of pump.
38. Return well to production.
32. Test well for air. Hook up well to surface facilities and return well to production and downhole commingle Gallup and Dakota.



WELL NAME: GCU 265E
LOCATION: 1650' FSL 1800' FWL
SEC/TWN/RNG 25 T28N R12W
COUNTY, ST: San Juan Co., NM
WELL TYPE: Gas
BP WI: 52.5% NRI: 45.1%
BCPD BWPD MCFD
DK IP 1,771

SPUD DATE: 01/13/86
RIG REL: 02/08/86
COMP DATE: 04/09/86
FORMATION: Dakota
API#: 3004526706

GCU 265E

SURFACE CASING DESIGN

9 5/8"
349' J-55 36#/ft
SET @ 349'
1st Stg CEMENT 271 cu Ft class 'B' portland
TAIL IN W/
TOC Surface
DETER. BY Circulated

PRODUCTION CASING DESIGN

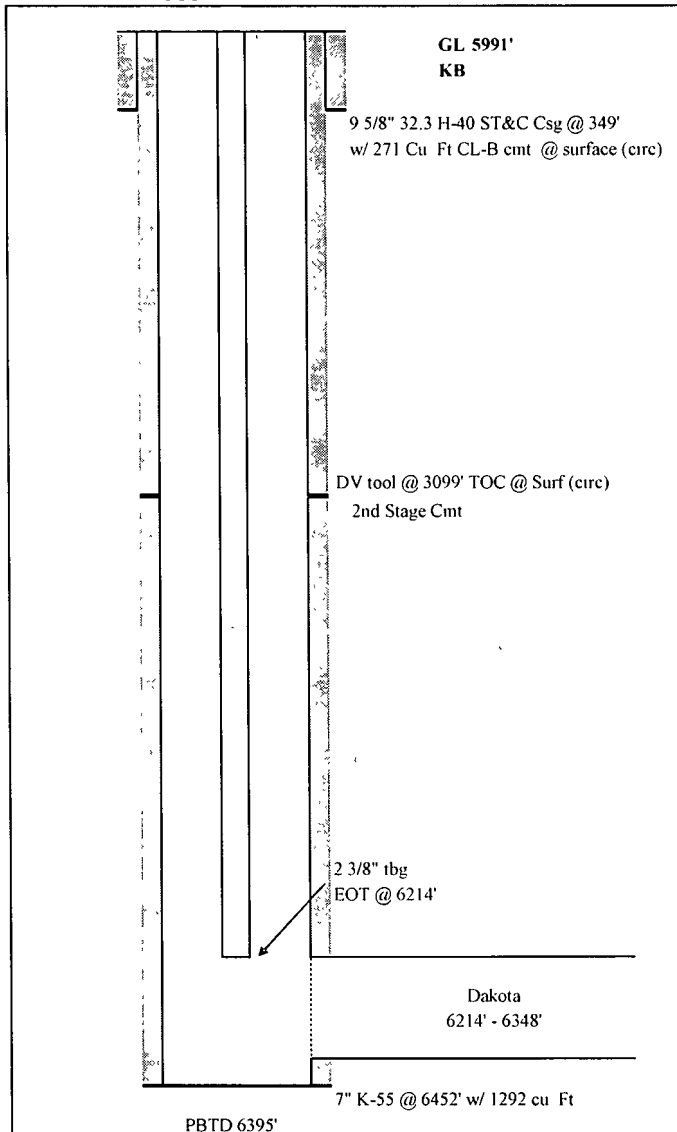
7"
K-55 23#
K-55 26#
SET @ 6452'
1st Stg CEMENT 260 cu Ft Class B Portland
TAIL IN W/ 322 cu Ft class B Portland
2nd Stg CEMENT 710 cu Ft Class B Portland
TAIL IN W/
DETER. BY

PERF. DATA:	SPF	FORM.
1 6214' - 6228'	2	DK
1 6238' - 6248'	2	DK
1 6284' - 6326'	2	DK
1 6336' - 6348'	2	DK

TUBING DATA
2 3/8" J-55 4 7 #/ft

SET @ 6214'
PACKER
S.N ID / @

Prepared By: Matt Mientka
Date: 22-Jul-08



FRAC JOB: (1) - 110,000 gal 70Q Foam w/ 165,000# 20/40 brady sand

NOTES: Tubing relanded (maybe changed) in 1998