

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JAN 27 2011

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.

5. Lease Serial No.

NMSF - 078828 & SF-078905

6. If Indian, Allottee or tribe Name

7. If Unit or CA/Agreement, Name and/or No.

NMM 78391A (PC)

8. Well Name and No.

GCU 279 & GCU 353

9. API Well No.

30-045-23603 & 30-045-26441

10. Field and Pool, or Exploratory Area

**Pinon FS & Kutz PC, W (GCU 279)
& KUTZ PC, W (GCU 353)**

11. County or Parish, State

San Juan County, New Mexico**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well



Oil Well



Gas Well



Other

2. Name of Operator

BP America Production Company Attn: Cherry Hlava

3a. Address

P.O. Box 3092 Houston, TX 77253

3b. Phone No. (include area code)

281-366-4081

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**GCU 279 1650' FNL & 990' FWL (Sec 23 28N 12W) GCU 353 1470' FSL & 1060' FEL
(Sec 22 28N 12W) (see attached C-102s)**

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

TYPE OF SUBMISSION

☒ Notice of Intent

Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION



Acidize



Deepen



Production (Start/Resume)



Water shut-Off



Alter Casing



Fracture Treat



Reclamation



Well Integrity



Casing Repair



New Construction



Recomplete



Change Plans



Plug and Abandon



Water Disposal



Convert to Injection



Plug Back

Other

Surface Commingle**RCVD FEB 11 '11
OIL CONS. DIV.
DIST. 3**

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 to recomplete 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 recompletion 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 respectfully requests authorization to surface commingle gas production from the Pinon Fruitland Sand & Kutz Pictured Cliffs, West coming from GCU 279 API 30-045-23603 (DHC 822AZ 6/24/02 fixed rate 55% PC & 45% FS) & the production from Kutz Pictured Cliffs, West coming from our GCU 353 API 30-045-26441.

The production from the GCU 353 will be metered at the wellhead. After metering, production will travel approximately 2000' to where it will commingle with the GCU 279. The commingled production will then be sent through compression prior to entering the sales meter #90983. GCU 353 well head meter # will be provided by sundry notice when available.

What is metered at the GCU 353 will be subtracted from the total wells production and allocated to the GCU 279. The fuel usage will be estimated based on horse power and run time and allocated back to each well based on production.

The working interest, royalty and overriding royalty interest owners in the subject wells are different however approval of Order R-12724 on 3-6-2007 allows surface commingling & sharing compression without notification. The proposed commingling of production is to reduce operating expenses between the wells and will result in increased economic life of the wells.

OCD PLC Application in Santa Fe for Review

Off lease measurement. Pictured Cliffs in Participating Area. Fruitland Sand in a stand alone drill block & non-participating area.

Attached in support of our application are copies of documentation submitted to the NMOC for State approval.

14. I hereby certify that the foregoing is true and correct

Name (Printed/typed)

Cherry Hlava

Title Regulatory Analyst

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**Signature *Cherry Hlava*

Date 1/25/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Jim Lohab

Title

Petr. Eng.

Date

2/9/11

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 enable the applicant to conduct operations thereon.

Office

District I

1625 N. French Drive, Hobbs, NM 88240

District II

1301 W. Grand Ave, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-107-B

Revised June 10, 2003

OIL CONSERVATION DIVISION1220 S. St Francis Drive
Santa Fe, New Mexico 87505Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**OPERATOR NAME: **BP America Production Company**OPERATOR ADDRESS: **P O Box 3092 Houston, TX 77253**

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)LEASE TYPE: ☐ Fee ☐ State ☒ FederalIs this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☒ Yes ☐ No**(A) POOL COMMINGLING**

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Kutz PC, West 79680(GCU 353)	1049 BTU	.6125		3090 mcf	3090 MCF
Kutz PC, 79680 West (GCU 279)	1049 BTU	.6125		3090 mcf	3090 mcf
Pinon FS 82920 (GCU 279)	1049 BTU	.6125		3090 mcf	3090 mcf

(2) Are any wells producing at top allowables? ☐ Yes ☒ No(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☒ No. (Order R-12724 No Notice Required)(4) Measurement type: ☒ Metering ☒ Other (Specify) **2 meters & Subtraction method; (please see attachments)**(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved**(B) LEASE COMMINGLING**

Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☐ Yes ☐ No(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No(4) Measurement type: ☐ Metering ☐ Other (Specify)**(C) POOL and LEASE COMMINGLING**

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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: 1/26/2011TYPE OR PRINT NAME Cherry Hlava TELEPHONE NO.: 281-366-4081E-MAIL ADDRESS: hlavacl@bp.com

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources DepartmentForm C-102
Revised August 15, 2000OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-23603		² Pool Code 82920/79680		³ Pool Name Pinon Fruitland Sand & Kutz PC, West	
⁴ Property Code 000570		⁵ Property Name Gallegos Canyon Unit			⁶ Well Number 279
⁷ OGRID No. 000778		⁸ Operator Name BP America Production Company			⁹ Elevation 5767' GL

¹⁰ Surface Location

UL or lot no. Unit E	Section 23	Township 28N	Range 12W	Lot Idn	Feet from the 1650'	North/South line North	Feet from the 990'	East/West line West	County San Juan
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¹¹ 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
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¹² Dedicated Acres 160 Ac.	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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>¹⁷ 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><i>Cherry Hlava</i></p> <p>Signature</p> <p>Cherry Hlava</p> <p>Printed Name</p> <p>Regulatory Analyst</p> <p>Title</p> <p>1/18/2011</p> <p>Date</p>

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-26441		² Pool Code 79680	³ Pool Name Kutz Pictured Cliffs, West
⁴ Property Code 000570	⁵ Property Name Gallegos Canyon Unit		⁶ Well Number 353
⁷ OGRID No. 000778	⁸ Operator Name BP America Production Company		⁹ Elevation 5693' GL

¹⁰ Surface Location

UL or lot no. Unit I	Section 22	Township 28N	Range 12W	Lot Idn	Feet from the 1470'	North/South line South	Feet from the 1060'	East/West line East	County San Juan
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¹¹ 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
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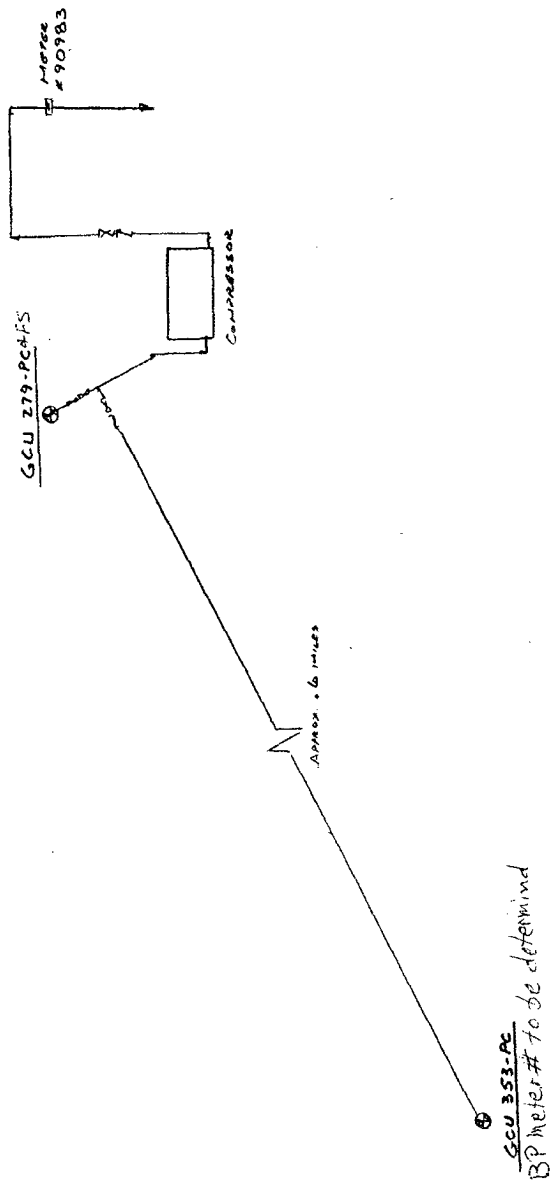
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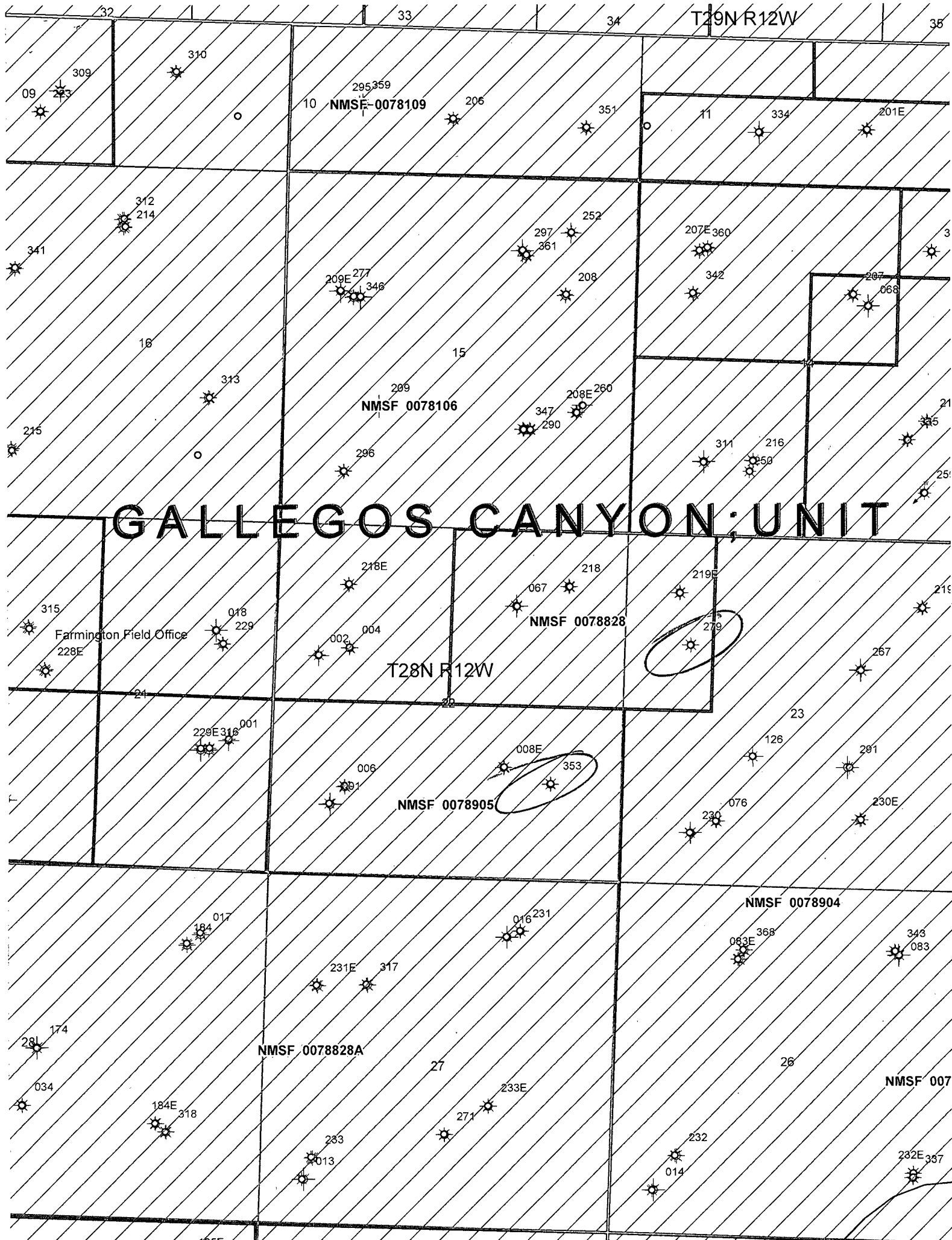
	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Cherry Hlava</i> Signature Cherry Hlava Printed Name Regulatory Analyst Title 1/18/2011 Date
	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location 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. 4/23/1985 Date of Survey Signature and Seal of Professional Surveyor: plat on file Certificate Number 3950

GCU 279 30-045-23603
SEC 23 28N; 12W
NMSFO78828

GCU 353 30-045-26441
SEC 22 28N; 12W
SF078905



B.P.
San Juan South
GCU 279/353 COP
David Hill
12-15-09





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

CONDITIONS OF APPROVAL FOR OFF-LEASE MEASUREMENT AND SURFACE COMMINGLING OF OIL AND GAS

- Liquid hydrocarbons produced at the CDP must be allocated back to each well in proportion to the well's allocated gas production. Fuel used at the CDP must also be allocated back to each contributing well in proportion to each well's allocated gas production.
- Allocation must be made on an MMBTU basis. BTU measurements must be taken from each well prior to commingling gas production.
- Measurement of gas at the CDP must be conducted in accordance with the requirements outlined in Onshore Order No. 3, Site security, Onshore Order No. 4, Oil Measurement, Onshore Order No. 5, Gas Measurement and NM NTL 2008-01, Standards for the Use of Electronic Flow Computers.
- In Order to prevent waste and conserve natural gas, periodic review of each well's venting procedures must be conducted in accordance with the requirements outlined in NTL-ADO-93-1.
- No other wells can be added to this system of measurement and sales without the prior approval of this office.
- Contact this office in the event of any lost hydrocarbons between the wells and the CDP.