



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3270

BP America Production Company
P.O. Box 3092
Houston, TX 77253

Attention: Mary Corley

Storey LS Well No. 3
API No. 30-045-07094
Unit M, Section 26, Township 28 North, Range 8 West, NMPM,
San Juan County, New Mexico
South Blanco-Pictured Cliffs (Prorated Gas - 72439),
Undesignated Otero-Chacra (Gas - 82329), and
Blanco-Mesaverde (Prorated Gas - 72319) Pools

Dear Ms. Corley:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C.(1), the maximum amount of gas that may be produced from the well shall be determined by Division Rules and Regulations.

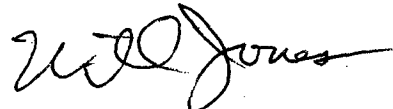
For allocation purposes, the Chacra production shall be the remainder after subtracting Pictured Cliffs and Mesaverde production from the total well production. Pictured Cliffs production shall be declined at approximately 31 percent to the economic limit beginning at 18 Mcf per day in January, 2004. Mesaverde production shall be declined at approximately 11 percent to the economic limit beginning at 116 Mcf per day in January, 2004.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 6th day of April 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOANNA PRUKOP
Acting Division Director

JP/wvjj

cc: Oil Conservation Division – Aztec
Bureau of Land Management – Farmington