

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

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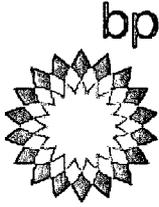
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
 [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

| | | | |
|--|--|---|--------------------------|
| <u>Toya Colvin</u> Print or Type Name | <u><i>Toya Colvin</i></u> Signature | <u>Regulatory Analyst</u> Title | <u>9/18/2007</u> Date |
| | | <u>Toya.Colvin@bp.com</u> e-mail Address | |



San Juan South Asset

Cherry Hlava
WL1-19.132
281-366-4081 (direct)
281-366-0700 (FAX)
hlavacl@bp.com

P. O. Box 3092
Houston, Texas 77253-3092
501 Westlake Park Boulevard
Houston, Texas 77079

September 18, 2007

New Mexico Oil Conservation Division
Energy and Minerals Department
P. O. Box 2088
Santa Fe, New Mexico 87501

Surface Commingling Notice
GCU 138E (DK) API 3004526155
GCU 516 (PC) API 3004528063
Section 7, T28N, R11W
San Juan County, New Mexico

BP America Production Company respectfully request authorization to surface commingle gas production from the Basin Dakota & W. Kutz Picture Cliffs Formations. Surface commingling Basin Dakota production will be from the Gallegos Canyon Unit 138E and the W. Kutz Picture Cliffs production will be from the Gallegos Canyon Unit 516. Both of these 'leases' are of the same base lease with different ownership between formations. Order R-12724 allows surface commingling in the GCU without notification.

After separation, the production from each well, will be metered prior to commingling. The commingled gas will then be sent through compression prior to entering the sales meter. (please reference attached schematic)

The difference between what is measured prior to commingling and what is sold through the sales meter is the fuel usage. This fuel usage is allocated back to each well based on the well production.

Attached in support of our application and in compliance with NMOCD Rule 303(B) are the following documents:

1. Plats with lease boundaries showing all wells and facility locations.
2. Site Facility Schematic Flow Diagram
3. Forms C-103 & C-107-B

Should you have any questions concerning this matter please contact Toya Colvin at 281-366-7148.

Sincerely,

A handwritten signature in black ink that reads "Toya Colvin". The signature is fluid and cursive, with a long, sweeping underline.

Toya Colvin
Regulatory Analyst

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 IV
1220 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 DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit 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 Federal

Is 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 |
|----------------------------------|--|---|---|---------|
| Basin Dakota (GCU 138E) | 1242 BTU | 1242 BTU | 63 | 63 |
| W. Kutz Picture Cliffs (GCU 516) | 1066 BTU | 1066 BTU | 81 | 81 |
| | | | | |
| | | | | |

(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)
(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.

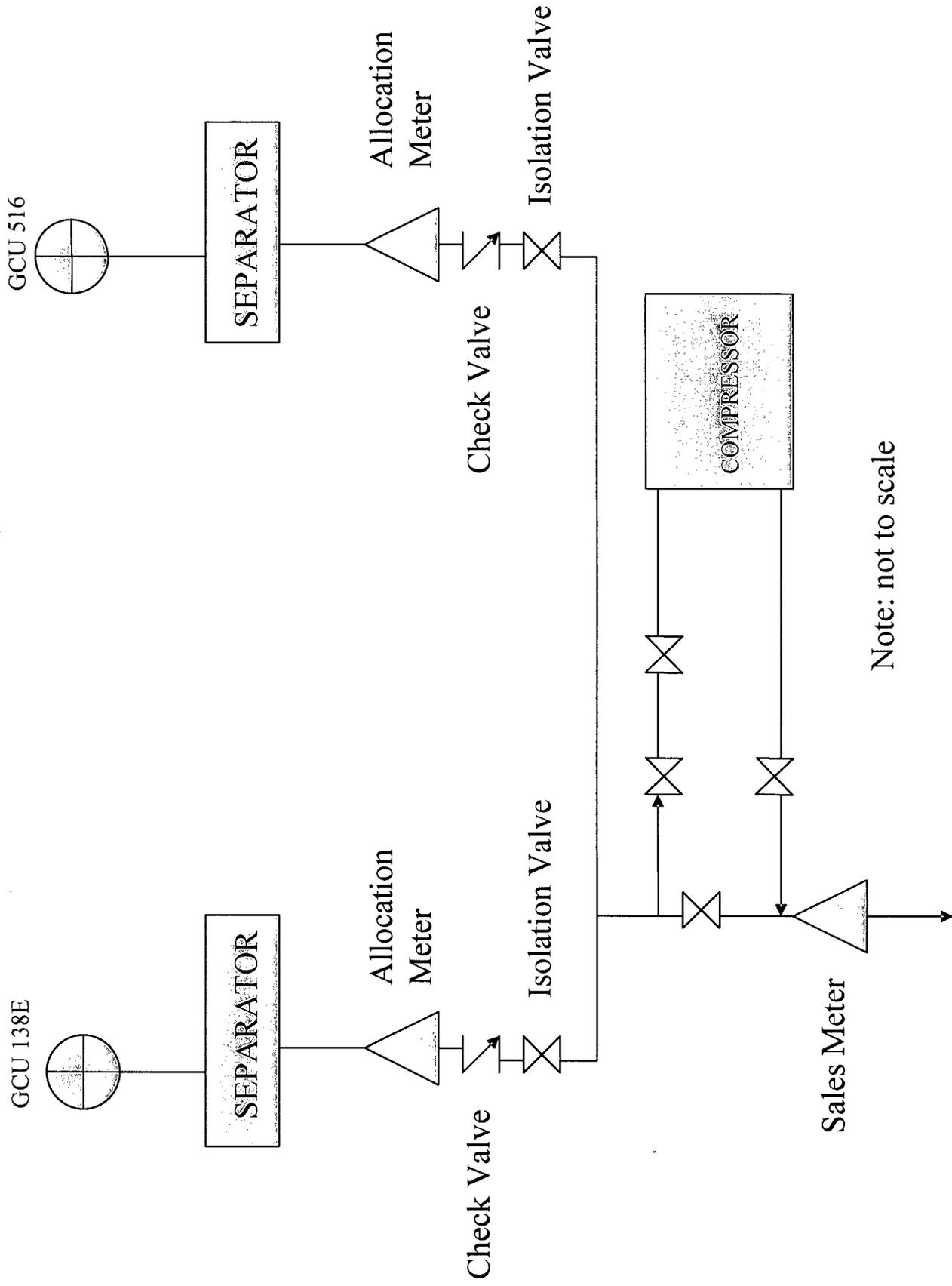
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Toya Colvin TITLE: Regulatory Analyst DATE: 09/18/07

TYPE OR PRINT NAME Toya Colvin TELEPHONE NO.: 281-366-7148

E-MAIL ADDRESS: hlavacl@bp.com

GCU Shared Compression



OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-107
Revised 10-1-

All distances must be from the outer boundaries of the Section.

| | | | | | |
|---|--------------------------------------|--------------------------------------|-----------------------------|--|-------------------------|
| Operator AMOCO PRODUCTION COMPANY | | Lease GALLEGOS CANYON UNIT | | | Well No. 138E |
| Unit Letter L | Section 7 | Township 28N | Range 11W | County San Juan | |
| Actual Footage Location of Well: 1650 feet from the South line and 890 feet from the West line | | | | | |
| Ground Level Elev: 5427 | Producing Formation Dakota | | Pool Basin Dakota | Dedicated Acreage: 320 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

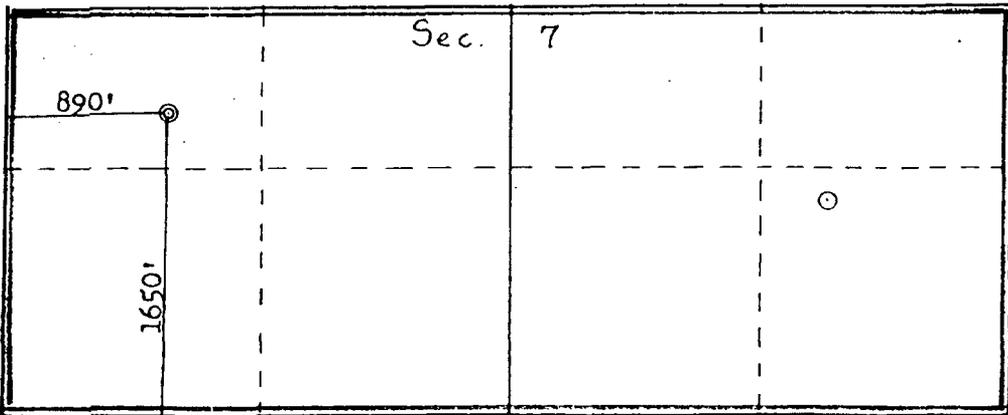
Yes No If answer is "yes," type of consolidation Unitized

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

12/18/84
Sec 7
#1042 12 28N 11W

138E
OIL
138E



Scale: 1"=1000'

| | |
|---|----------------------------------|
| CERTIFICATION | |
| I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. | |
| Original Signed By | |
| Name | B. D. Shaw |
| Position | Administrative Supervisor |
| Company | Amoco Production Company |
| Date | 12-6-84 |
| 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 knowledge and belief. | |
| Date Surveyed | November 27, 1984 |
| Registered Professional Engineer and Land Surveyor | |
| <i>Fred B. Kerr Jr.</i> Fred B. Kerr Jr. | |
| Certificate No. | 3950 |

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-162
 Revised 1-1-89

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

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

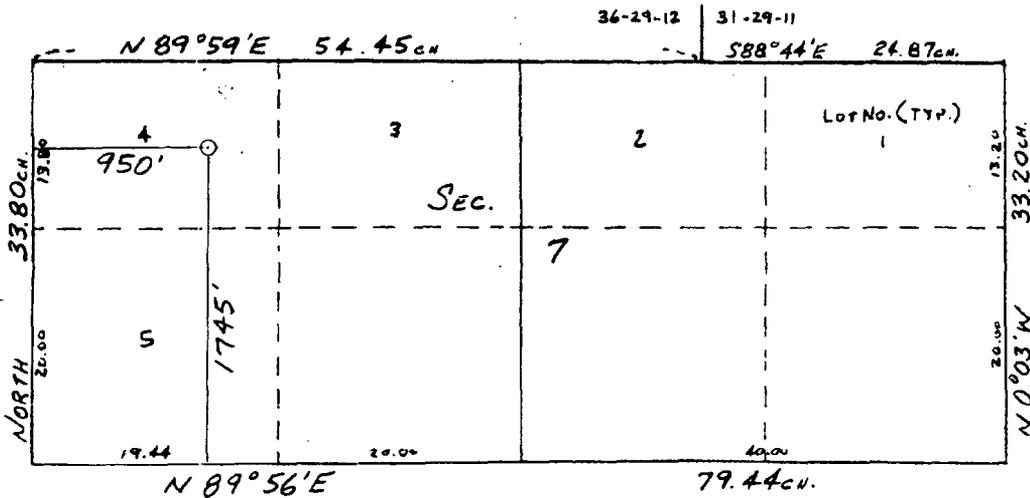
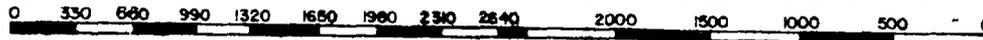
DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section.

| | | | | |
|---|---|--|----------------------|---|
| Operator BHP PETROLEUM (AMERICAS) INC. | | Lease GALLEGOS CANYON UNIT | | Well No. 516 |
| Unit Letter L | Section 7 | Township 28 N | Range 11 W | County San Juan |
| Actual Footage Location of Well: 1745 feet from the South line and 950 feet from the West line | | | | |
| Ground level Elev. 5426 | Producing Formation Pictured Cliffs | Pool W. Kutz Pictured Cliffs EXT | | Dedicated Acreage: 132.99 Acres |
| <p>1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? <input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)</p> <p>No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p> | | | | |



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

Signature: *Chuck Williams*
 Printed Name: **Chuck Williams**
 Position: **Field Services Administrator**
 Company: **BHP Petroleum (Americas) Inc**
 Date: **7/26/90**

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 knowledge and belief.
 7-5-90

Date Surveyed: **William E. Mahnke II**
 Signature & Seal of Professional Surveyor: *William E. Mahnke II*
 Certificate No.: **8466**

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 AUG 1 1990
 OIL CON. DIV.
 DIST. 3