

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 _____

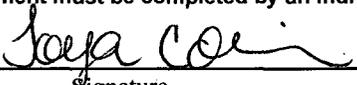
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval 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

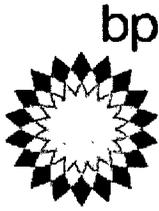
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[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[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.

Toya Colvin  Regulatory Analyst 10/22/2007
 Print or Type Name Signature Title Date
 Toya.colvin@bp.com
 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

October 22, 2007

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

Surface Commingling Notice
GCU 138 (DK) API 3004507578
GCU 544 (PC) API 3004529317
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 Pictured Cliffs Formations. Surface commingling Basin Dakota production will be from the Gallegos Canyon Unit 138 and W. Kutz Pictured Cliffs production will be from the GCU 544. 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

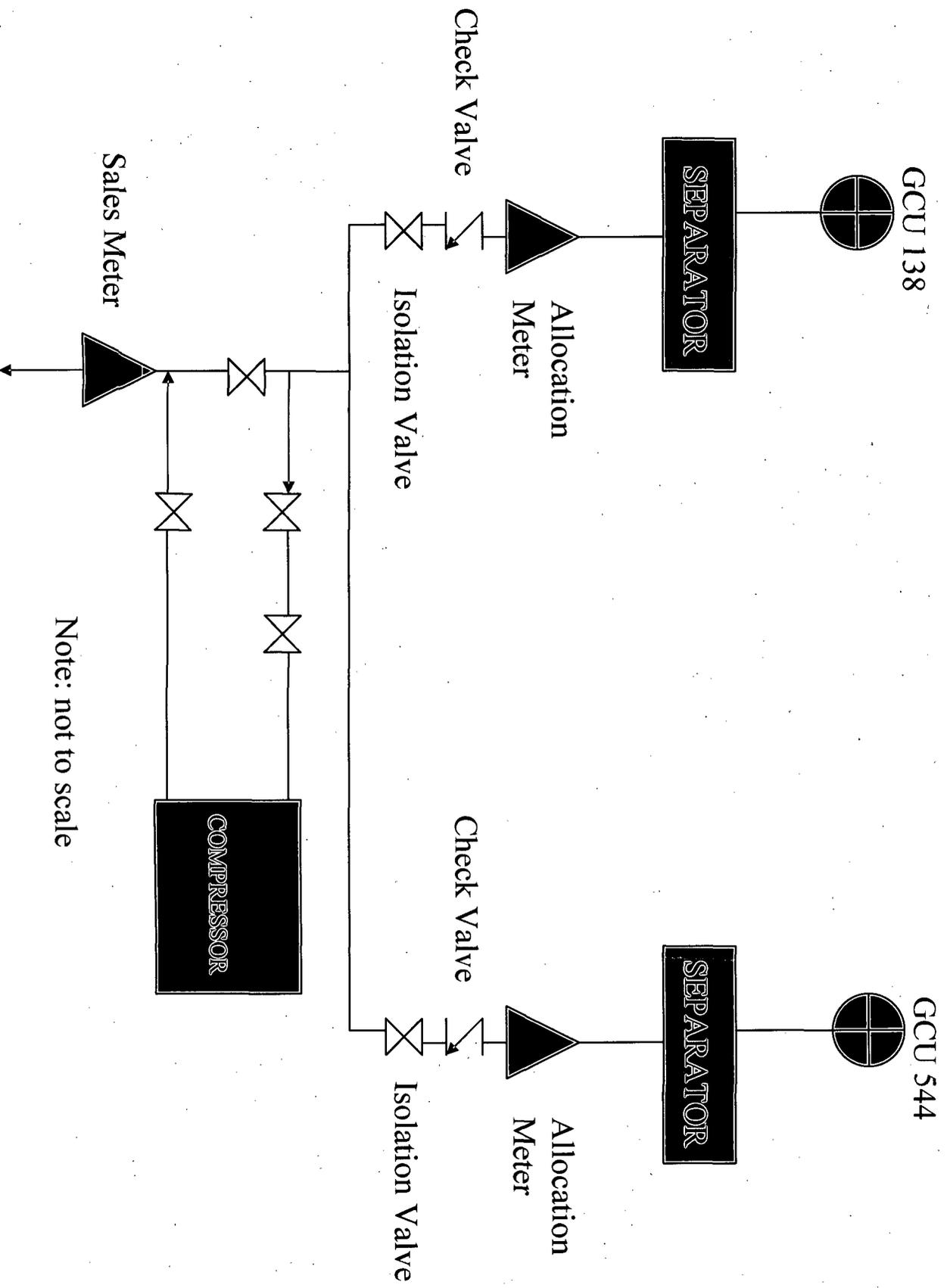
Should you have any questions concerning this matter please contact Toya Colvin at 281-366-7148.

Sincerely,

A handwritten signature in black ink that reads 'Toya Colvin'.

Toya Colvin
Regulatory Analyst

GCU Shared Compression



Note: not to scale

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-107
 Revised February 21, 1991

OIL CONSERVATION DIVISION Submit to Appropriate District Office
 PO Box 2088
 Santa Fe, NM 87504-2088
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|------------------------------|--|----------------------|--|
| * APT Number 30-045-20317 | | * Pool Code 79680 | * Pool Name West Kutz Pictured Cliffs |
| * Property Code 2038 | * Property Name GALLEGOS CANYON UNIT | | * Well Number 544 |
| * OGRID No. 2217 | * Operator Name BHP PETROLEUM (AMERICAS) INC. | | * Elevation 5511 |

¹⁰ Surface Location

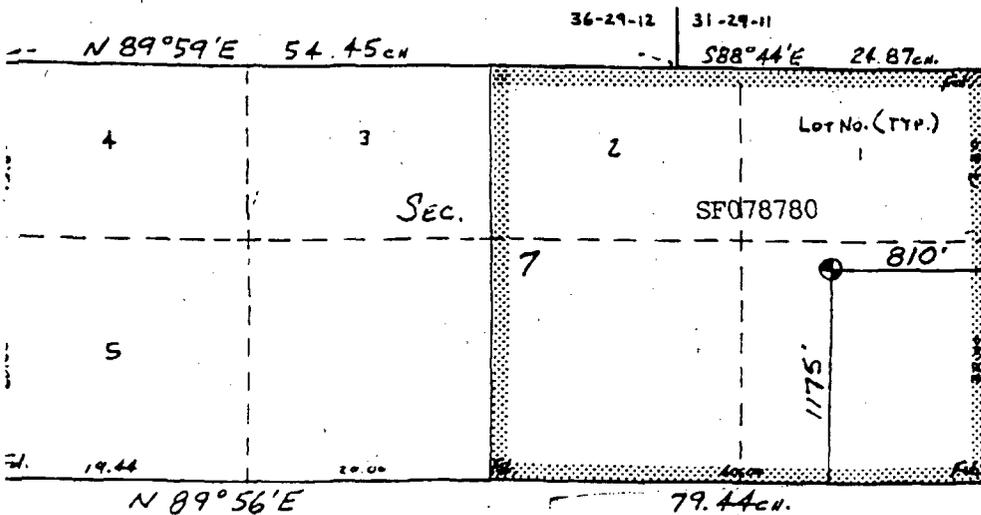
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| P | 7 | 28 N | 11 W | | 1175 | South | 810 | East | San Juan |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| ¹² Dedicated Acres | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| 134.43 | | U | |

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



¹⁷ OPERATOR CERTIFICATION

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

[Signature]
 Signature
 J. C. Harris
 Printed Name
 Operations Superintendent
 Title
 11/3/95
 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.

15 Feb 4 1995
 Date of Survey
 Signature and Seal of Professional Surveyor
 #8466
 WILLIAM J. HANKE II
 REGISTERED PROFESSIONAL LAND SURVEYOR
 Certificate Number 8466

RECORDED
 DEC 1 1995
 COUNTY CLERK
 DISTRICT

Well Location and Acreage Dedication Plat

AUGUST 7, 1963

Operator **PAN AMERICAN PETROLEUM CORPORATION** **GALLEGOS CANYON UNIT**
 Well No. **138** Unit Letter **P** Section **7** Township **28 NORTH** Range **11 WEST** N.M.P.M.
 Located **1090** Feet From **the SOUTH** Line **990** Feet From **the EAST** Line
 County **SAN JUAN** G. L. Elevation **REPORT LATER** Dedicated Acreage **335.02** Acres
 Name of Producing Formation **DAKOTA** Pool **BASIN DAKOTA**

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
 Yes No
2. If the answer to question one is "no", have the interests of all the owners been consolidated by a unitization agreement or otherwise? Yes No If answer is "yes" Type of Consolidation:
Gallegos Canyon Unit - Unitized by NMOCC Order No. R-1814 (11-4-60) Unit (10)
3. If the answer to question two is "no", list all the owners and their respective interests below:

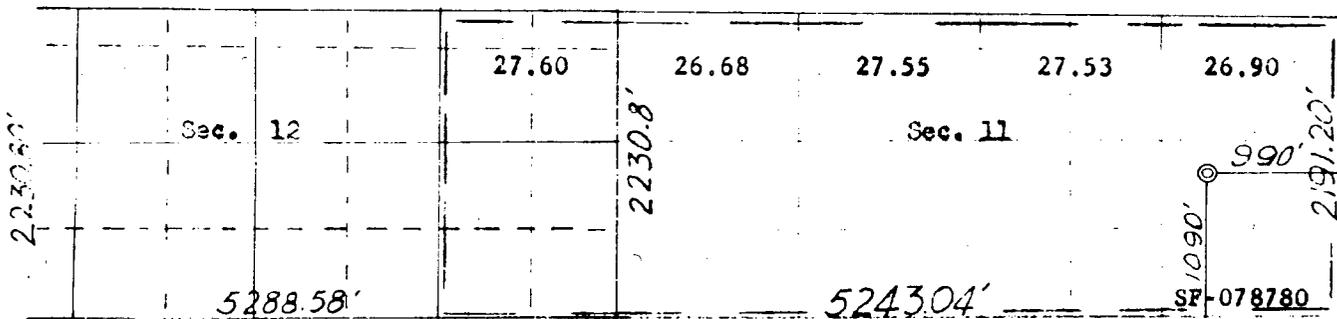
| Owner | Land Description |
|-------|------------------|
|-------|------------------|

Section 12. Note: All distances must be from outer boundaries of section.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.



F. H. Hollingsworth
PAN AMERICAN PETROLEUM CORPORATION
F. H. Hollingsworth
 Petr. Engr. (Representative)
 P. O. Box 480
 Farmington, New Mexico



R. 12 W.

R. 11 W.

Scale: 1 inch equals 1 mile

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed **25 July 1963**
James P. Leese
 Registered Professional Engineer and/or Land Surveyor
James P. Leese, N. Mex. Reg. No. 1463
 San Juan Engineering Company

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 138) | 1256 BTU | 1256 BTU | 18 | 18 |
| Picture Cliffs (GCU 544) | 1012 BTU | 1012 BTU | 126 | 126 |
| | | | | |
| | | | | |

(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: 10/22/07

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

E-MAIL ADDRESS: hlavacl@bp.com