

# RED WILLOW PRODUCTION COMPANY

AN ENTERPRISE OF THE SOUTHERN UTE INDIAN TRIBE

November 28, 2006

State of New Mexico  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

2006 DEC 8 PM 2 11

Re: CASE NUMBER 13842  
Application for Surface Commingling  
BP America Production Company  
Gallegos Canyon Unit  
San Juan County, New Mexico

Gentlemen:

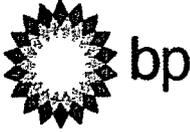
Red Willow Production Company dba/Running Horse Production, LLC and Kukui Operating Company hereby concurs with Case Number 13842, Application of BP America Production Company for surface commingling of production from all formations and/or pools from existing and future wells in the Gallegos Canyon Unit, San Juan County, New Mexico, only if BP America maintains separate allocation meters at each dedicated separator, tests and samples on each well for the purpose of allocating products to each well.

Sincerely,

By   
Barbara G. Wickman  
President

cc William F. Carr – Holland & Hart  
J. William Hawkins - BP America Production Company

WVS 12/11/06



BP America Production Company  
1660 Lincoln Street, Suite 3000  
Denver CO 80264

RECEIVED

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November 28, 2006

Mr. Carroll E. Crawford  
83 Road 5295  
Farmington NM, 87401

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

Re: NMOCD Case No. 13842, BP America Application for Surface Commingling  
Gallegos Canyon Unit  
San Juan County, New Mexico

Dear Mr. Crawford,

This letter is pursuant to our telephone conversation of November 27, 2006 regarding BP America Production Company's application for surface commingling in the Gallegos Canyon Unit. This will confirm the description of our plans for surface commingling operations in the unit as we discussed. I am also sending a copy of this letter to Mr. William V. Jones, Hearing Officer at the New Mexico Oil Conservation Division to be included in the hearing file.

BP is planning to surface commingle production from a number of wells in the unit. We are focusing on situations with two wells that are located on a common well pad or in close proximity to a well pad with an existing compressor. Our plan is to produce the wells individually through separators and individually meter production from each well prior to commingling the gas production into a single onsite compressor. Individually metering the production prior to commingling will ensure we are able to properly account for the gas production from each well. This will allow BP America to economically produce more gas through the compressor and protect the correlative rights of all owners sharing in the production from the wells.

*10/11/21 (11/11/06)*

Please feel free to give me a call for any other questions you may have about our application. My office phone number is (303)-830-3259.

Sincerely,

Bill Hawkins  
San Juan Regulatory Consultant

Copy: → Mr. William V. Jones  
New Mexico Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, NM 87505