

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000**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.**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

| | | | |
|---|--|--|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMSF080000 | |
| 2. Name of Operator BP AMERICA PRODUCTION CO | | 6. If Indian, Allottee or Tribe Name | |
| 3a. Address P. O. BOX 3092 HOUSTON, TX 77253 | | 7. If Unit or CA/Agreement, Name and/or No. | |
| 3b. Phone No. (include area code) Ph: 281.366.4491 Fx: 281.366.0700 | | 8. Well Name and No. FLORANCE 126 | |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 26 T29N R9W NWSW 1300FSL 1190FWL 36.69304 N Lat, 107.75438 W Lon | | 9. API Well No. 30-045-25022-00-D1 | |
| | | 10. Field and Pool, or Exploratory BASIN DAKOTA OTERO CHACRA | |
| | | 11. County or Parish, and State SAN JUAN COUNTY, NM | |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Subsurface Commingling |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

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 recompleat 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 recompleat 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 request permission to convert the subject well from a dual string to a single string and commingle production downhole from the Basin Dakota & Otero Chacra Pools as per the attached procedure.

The Basin Dakota(71599) & the Otero Chacra(82329) Pools are Pre-Approved Pools for Downhole Commingling per NMOCD order R-11363. The working and overriding royalty interest owners in the proposed commingled pools are identical, therefore no further notification of this application is required.

Production is proposed to be allocated based on actual production from both the Dakota and Chacra Pools as reflected on the attached allocation chart.

OHC 1017 A2

| | |
|---|---------------------------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #16898 verified by the BLM Well Information System For BP AMERICA PRODUCTION CO, sent to the Farmington Committed to AFMSS for processing by Matthew Halbert on 01/31/2003 (03MXH0425SE) | |
| Name (Printed/Typed) MARY CORLEY | Title AUTHORIZED REPRESENTATIVE |
| Signature (Electronic Submission) | Date 12/16/2002 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------|--------------|
| Approved By <u>/s/ Jim Lovato</u> | Title | Feb - 3 2003 |
| 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 entitle the applicant to conduct operations thereon. | Office | |

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Additional data for EC transaction #16898 that would not fit on the form

32. Additional remarks, continued

Commingling Production Downhole in the subject well from the proposed Pools with not reduce the value of the total remaining production.

Florance #126 Commingle Procedure

Procedure:

1. Check anchors. MIRU workover rig.
2. Check and record tubing, casing, and bradenhead pressures.
3. Blow down wellhead. Kill with 2% KCL water ONLY if necessary.
4. Nipple down WH. NU BOPs.
5. Tag for fill above 7" Model 'D' packer set at 3215' and TOH with 1-1/4" short string currently set at 3100'.
6. If fill was detected, TIH and cleanout fill above packer. TOH and LD 1-1/4" production tubing.

TOH with 2-3/8" production tubing currently set at 6541'.
7. Mill slip elements on 7" Model 'D' packer set at 3215' and retrieve packer with packer plucker.
8. Tag for fill and, if necessary, cleanout fill to PBTD at 6613'.
9. RIH with 7" casing scraper. Work casing scraper across Chacra perforations from 3046' – 3162'. TOH.
10. RIH with 4-1/2" casing scraper. Work casing scraper across Dakota perforations from 6403' – 6604'. TOH.
11. Rabbit tubing and RIH with 2-3/8" production tubing.
12. Land 2-3/8" production tubing at 6550'.
13. ND BOP's. NU WH. Test well for air. Return well to production and downhole commingle Chacra and Dakota production.

| Allocation Based on 2002 Production through August | | | | |
|--|-------|-----|-----|-----|
| Pool | Gas | % | Oil | % |
| Dakota | 11327 | 41% | 3 | 4% |
| Chacra | 16600 | 59% | 67 | 96% |

Florance #126

Sec 26, T29N, R9W

API # 30-045-25022

GL: 5626'

History:

Completed as DK/Chacra dual
in Jan 1882

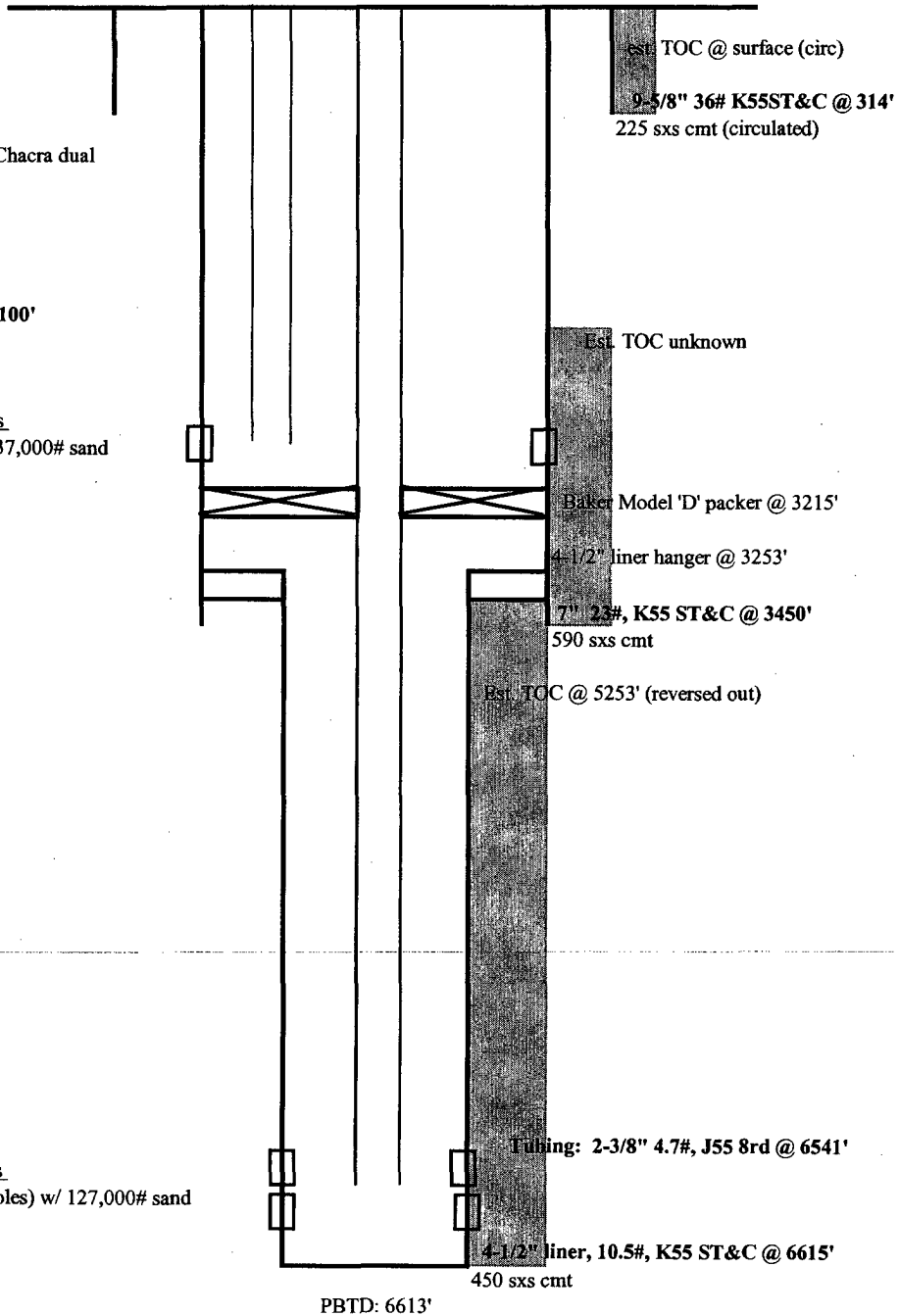
1-1/4" tubing @ 3100'

Chacra Perforations

3046' - 3162' w/ 137,000# sand

Dakota Perforations

6403' - 6604' (46 holes) w/ 127,000# sand



NOTES:

updated: 10/21/02 jad

| | | | | | | |
|----------|----|-------|----|-----|-----|--------|
| October | 0 | 2839 | 10 | 31 | 741 | 568963 |
| November | 16 | 2537 | 0 | 26 | 757 | 571500 |
| December | 15 | 2569 | 0 | 29 | 772 | 574069 |
| Total | 64 | 28368 | 10 | 359 | | |

Year: 2002

Pool Name: BASIN DAKOTA (PRORATED GAS)

| Month | Oil(BBLS) | Gas(MCF) | Water(BBLS) | Days Produce | Accum. Oil | Accum. Gas(MCF) |
|-----------|-----------|----------|-------------|--------------|------------|-----------------|
| January | 0 | 1573 | 0 | 31 | 772 | 575642 |
| February | 0 | 1415 | 0 | 28 | 772 | 577057 |
| March | 0 | 1575 | 41 | 31 | 772 | 578632 |
| April | 0 | 1395 | 0 | 30 | 772 | 580027 |
| May | 3 | 1397 | 0 | 31 | 775 | 581424 |
| June | 0 | 1204 | 0 | 23 | 775 | 582628 |
| July | 0 | 1437 | 0 | 31 | 775 | 584065 |
| August | 0 | 1331 | 0 | 31 | 775 | 585396 |
| September | 0 | 0 | 0 | 0 | 775 | 585396 |
| October | 0 | 0 | 0 | 0 | 775 | 585396 |
| November | 0 | 0 | 0 | 0 | 775 | 585396 |
| December | 0 | 0 | 0 | 0 | 775 | 585396 |
| Total | 3 | 11327 | 41 | 236 | | |

Pool Name: OTERO CHACRA (GAS)

| Month | Oil(BBLS) | Gas(MCF) | Water(BBLS) | Days Produce | Accum. Oil | Accum. Gas(MCF) |
|----------|-----------|----------|-------------|--------------|------------|-----------------|
| January | 0 | 2685 | 0 | 31 | 775 | 588081 |
| February | 0 | 2404 | 0 | 28 | 775 | 590485 |
| March | 7 | 2731 | 0 | 31 | 782 | 593216 |
| April | 2 | 2556 | 0 | 30 | 784 | 595772 |
| May | 47 | 2684 | 0 | 31 | 831 | 598456 |
| June | 1 | 1618 | 0 | 23 | 832 | 600074 |
| July | 5 | 707 | 0 | 21 | 837 | 600781 |
| August | 5 | 1215 | 0 | 31 | 842 | 601996 |
| Total | 67 | 16600 | 0 | 226 | | |

| 2002 Production through August | | | | |
|--------------------------------|-------|-----|-----|-----|
| Pool | Gas | % | Oil | % |
| Dakota | 11327 | 41% | 3 | 4% |
| Chacra | 16600 | 59% | 67 | 96% |

27927 70
0.405593 0.042857
0.594407 0.957143