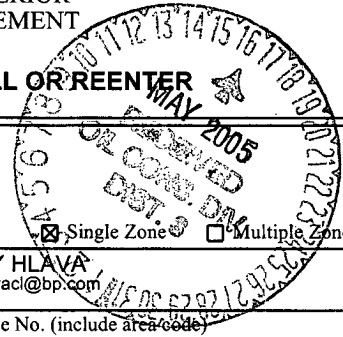


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER



1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 013688
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator BP AMERICA PRODUCTION COMPANY		7. If Unit or CA Agreement, Name and No.
3a. Address HOUSTON, TX 77253-3092		8. Lease Name and Well No. ATLANTIC LS 1 B
3b. Phone No. (include area code) Ph: 281.366.4081		9. API Well No. 30-045-32874
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SENE Lot 5 1500FNL 760FEL 36.87250 N Lat, 107.83000 W Lon # At proposed prod. zone NENE Lot 1 760FNL 760FEL A		10. Field and Pool, or Exploratory BLANCO MESAVERDE
14. Distance in miles and direction from nearest town or post office* 10.4 MILES EAST FROM AZTEC, NM		11. Sec., T., R., M., or Blk. and Survey or Area H Sec 25 T31N R10W Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 760	16. No. of Acres in Lease 297.40	12. County or Parish SAN JUAN
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 6095 MD 5995 TVD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6546 GL	22. Approximate date work will start 04/01/2005	17. Spacing Unit dedicated to this well E/P 297.4
		20. BLM/BIA Bond No. on file WY2924
		23. Estimated duration 7

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) CHERRY HLAVA Ph: 281.366.4081	Date 02/03/2005
Title AGENT		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 5-13-05
Title AEM	Office FFO	

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

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 Operator Remarks (see next page)

Electronic Submission #53703 verified by the BLM Well Information System
For BP AMERICA PRODUCTION COMPANY, sent to the Farmington

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

HOLD C104 FOR Directional Survey

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

NMOCDD

District I
PO Box 1980, Hobbs NM 88241-1980
District II
PO Drawer KK, Artesia, NM 87211-0719
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

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number 30-045-32874		* Pool Code 72319	* Pool Name Blanco Mesaverde
* Property Code 000278	* Property Name Atlantic LS		* Well Number # 1B
* OGRID No. 000778	* Operator Name BP AMERICA PRODUCTION COMPANY		* Elevation 6546

10 Surface Location

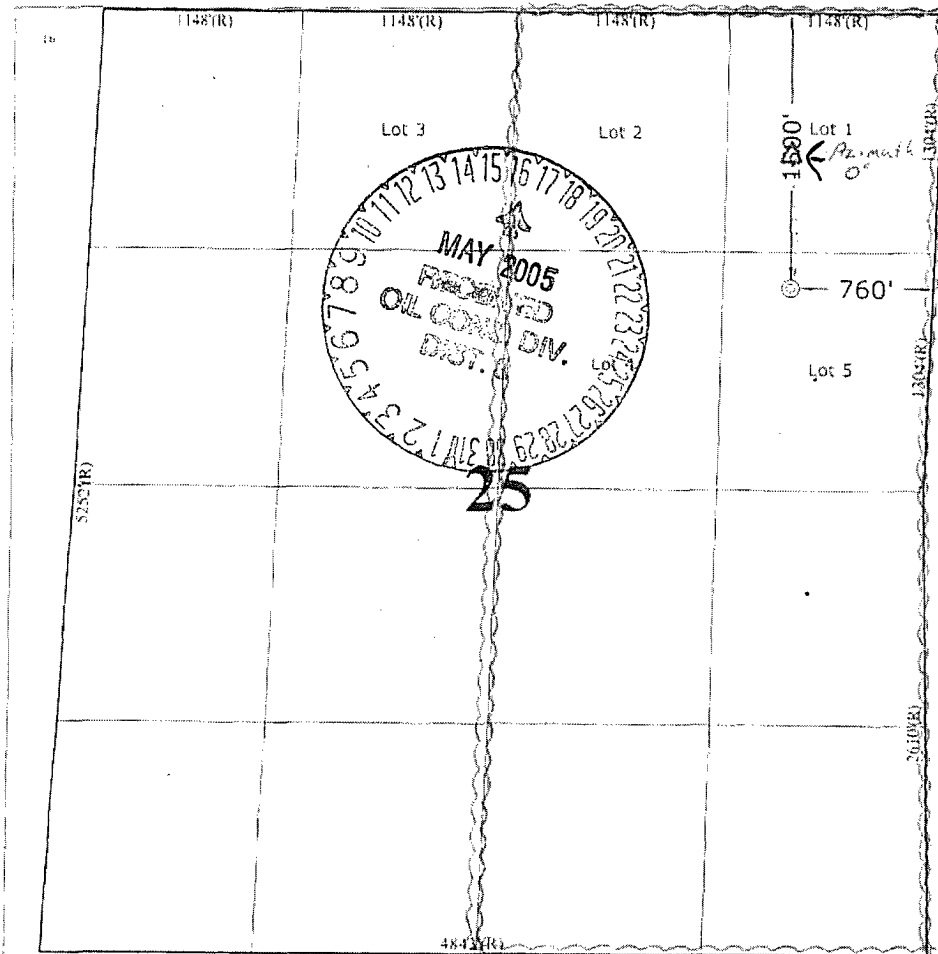
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H (Lot 5)	25	31 N	10 W		1500	NORTH	760	EAST	SAN JUAN

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
A (lot 1)	25	31 N	10 W		760	NORTH	760	EAST	SAN JUAN

12 Dedicated Acres 297.40	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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

Cherry Hlava
Signature
Cherry Hlava
Printed Name
Regulatory Analyst
Title
02-02-05
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

November 19, 2004
Date of Survey
Signature and Seal of Professional Surveyor

7016
Certificate Number

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO.	
NEW WELL	
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name Atlantic LS (BLM Lease# NM - 013688)	
8. Well Number	1 B
9. OGRID Number	000778
10. Pool name or Wildcat Blanco Mesaverde	

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
BP AMERICA PRODUCTION COMPANY

3. Address of Operator
P.O. BOX 3092 HOUSTON, TX 77079-2064

4. Well Location
 Unit Letter H : 1500 feet from the North line and 760 feet from the East line
 Section 25 Township 31N Range 10W NMPM SAN JUAN County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6546' GR

Pit or Below-grade Tank Application or Closure
 Pit type DRILLING Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water >1000'
 Pit Liner Thickness: 12 mil Below-Grade Tank: Volume 95 bbls; Construction Material IMPERVIOUS

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK PLUG AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING MULTIPLE COMPL

SUBSEQUENT REPORT OF:

- REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. P AND A
 CASING/CEMENT JOB

OTHER: LINED DRILLING PIT OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Construct a lined drilling pit per BP America - San Juan Basin Drilling/ Workover Pit Construction Plan issued date of 11/17/2004. Pit will be closed according to closure plan on file.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Cherry Hlava TITLE Regulatory Analyst DATE 02/02/2005

Type or print name Cherry Hlava E-mail address: hlavacl@bp.com Telephone No. 281-366-4081

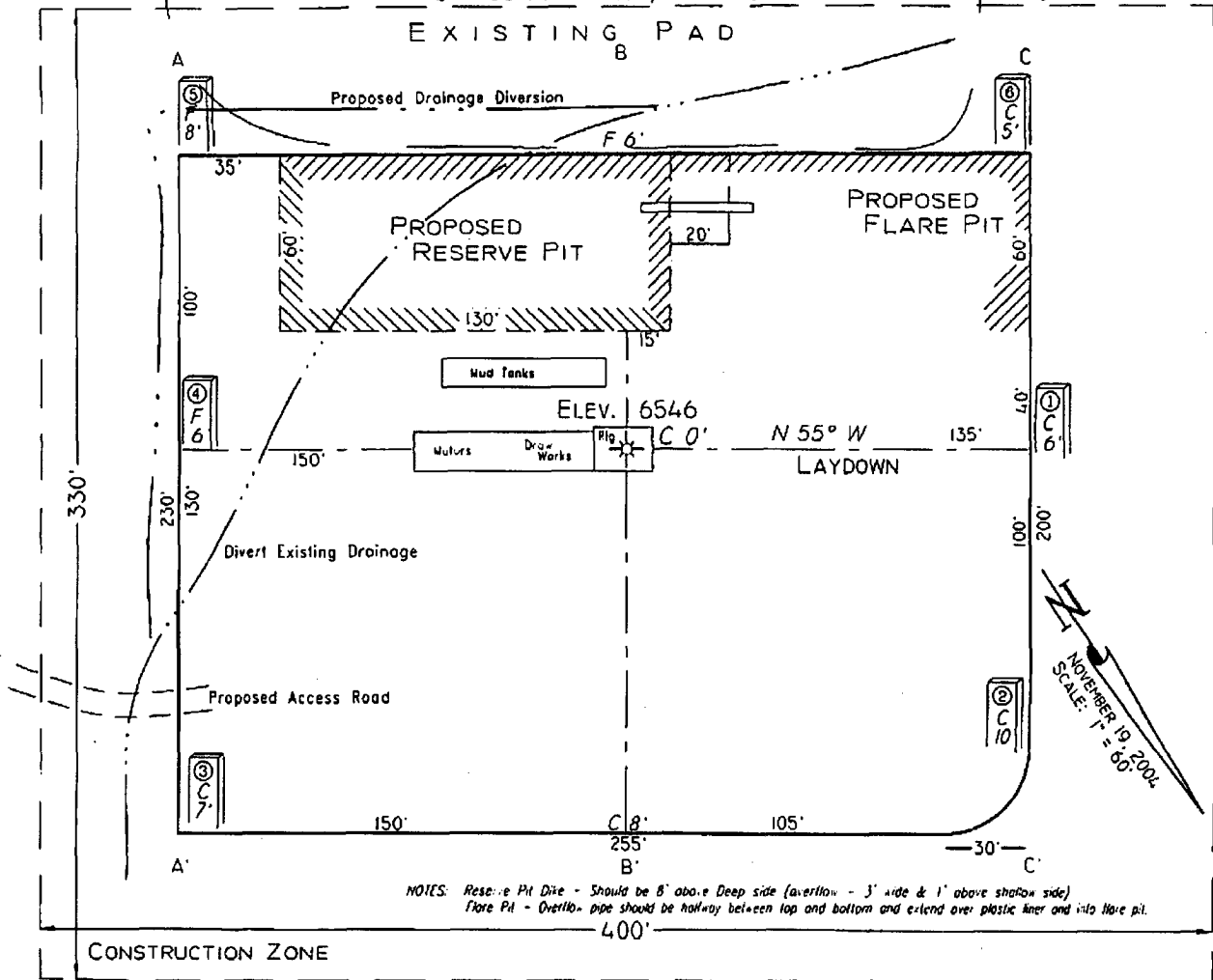
For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 50 DATE MAY 16 2005

Conditions of Approval (if any)

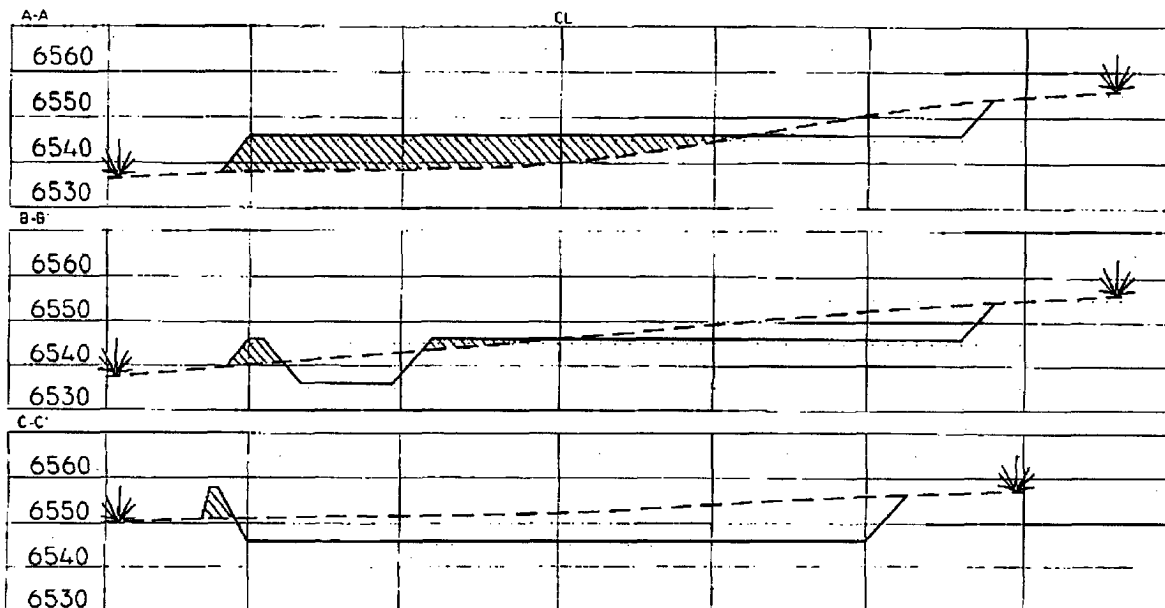
PAD LAYOUT PLAN & PROFILE
 BP AMERICA PRODUCTION COMPANY
 Atlantic LS # 1B
 1500' F/NL 760' F/EL
 SEC. 25, T31N, R10W, N.M.P.M.
 SAN JUAN COUNTY, NEW MEXICO

Lat: 36°52'21"
 Long: 107°49'48"



Area of Construction Zone - 330'x400' or 3.03 acres, more or less

SCALE: 1"=60'-HORIZ.
 1"=40'-VERT.



NOTE: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least 140 (2) working days prior to construction.

Cuts and fills shown are approximate - final finished elevation is to be adjusted so earthwork will balance. Corner stakes are approximate and do not include additional areas needed for sideslopes and drainages. Final Pad Dimensions are to be verified by Contractor.

VANN SURVEYS
 P. O. Box 1306
 Farmington, NM

Additional Operator Remarks
Atlantic LS 1B
APD

BP America Production Company respectfully requests permission to directionally drill the subject well to a total MD depth of approximately 6095' and a TVD of 5995' and complete into the Blanco Mesaverde.

If terrain allows it is our intent to pre-set the 9 5/8" casing on the above mentioned well by drilling a surface hole with air/air mist in lieu of drilling mud and the surface casing be cemented with 94.5 cu/ft type I-II, 20% FLYASH, 14.5 PPG, 7.41 gal/sk, 1.61 cf/sk Yield, 80 DEG BHST ready mix cement. If the area will not allow for pre-set the approved cement program will be followed.

SUPPLEMENTAL TO SURFACE USE PLAN

New Facilities:

A 4.5" diameter buried steel pipeline that is +/- 200 feet in length will be constructed. The pipe wall thickness is .156 and the pipe wall strength is 42,000#. It will be adjacent to the access road and tie the well into an existing gas meter operated by BP America Production Company. The pipeline will not be used to transport gas to drill the well. After the well is spud the pipeline will be authorized by a right-of-way issued by El Paso Field Services.

APD/ROW

Cementing Program

Well Name:	Atlantic LS #1B	Well Flac	
Location:	25-31N-10W : 1500' FNL, 760' FEL	Formation:	MesaVerde
County:	San Juan	KB Elev (est)	6560
State:	New Mexico	GL Elev. (est)	6546

Casing Program:

Casing String	Est. Depth (ft.)	Hole Size (in.)	Casing Size (in.)	Thread	TOC (ft.)	Stage Tool Or TOL (ft.)
Surface	200	13.5	9.625	ST&C	Surface	NA
Intermediate	3083	8.75	7	LT&C	Surface	NA
Production -	6095	6.25	4.5		2983	2561

Casing Properties:

Casing String	Size (in.)	Weight (lb/ft)	Grade	Burst (psi.)	Collapse (psi.)	Joint St. (1000 lbs.)	Capacity (bbl/ft.)	Drift (in.)
Surface		9.625	32 H-40	2270		1400	254	0.0787
Intermediate		7	20 K-55	3740		2270	234	0.0405
Production -		4.5	10.5 J-55	4790		4010	132	0.0159

Mud Program

Apx. Interval (ft.)	Mud Type	Mud Weight	<u>Recommended Mud Properties Prio Cementing:</u>	
			PV	<20
			YP	<10
			Fluid Loss	<15
0 - SCP	Water/Spud	8.6-9.2		
SCP - ICP	Water/LSND	8.6-9.2		
ICP - ICP2	Gas/Air Mist	NA		
ICP2 - TD	LSND	8.6 - 9.2		

Cementing Program:

	Surface	Intermediate	Production
Excess %, Lead	100	100	40
Excess %, Tail	NA	0	40
BHST (est deg. F)	72	110	159
Time Between Stages, (hr)	NA	NA	NA
Special Instructions	1,6	1,6	2,6

1. Do not wash pumps and lines.
2. Wash pumps and lines.
3. Reverse out
4. Run Blend Test on Cement
5. Record Rate, Pressure, and Density on 3.5" disk
6. Confirm densitometer with pressurized mud scales

Surface:

Preflush	20 bbl.	FreshWater	
Slurry 1	154 sx Class C Cement		195 cuft
TOC@Surface	+ 2% CaCl2 (accelerator)		
			0.4887 cuft/ft OH
			100 % excess

Slurry Properties:	Density (lb/gal)	Yield (ft ³ /sk)	Water (gal/sk)
Slurry 1	15.2	1.27	5.8

Casing Equipment:

- 9-5/8", 8R, ST&C
- 1 Guide Shoe
- 1 Top Wooden Plug
- 1 Autofill insert float valve

Cementing Program

Centralizers, as needed
1 Stop Ring
1 Thread Lock Compound

Intermediate:

Fresh Water	20 bbl	fresh water	
Lead Slurry 1 TOC@Surface		288 sx Class "G" Cement + 3% D79 extender + 1/4 #/sk. Cellophane Flake + 0.1% D46 antifoam'	751 cuft
Tail Slurry 2		59 sx 50/50 Class "G"/Poz + 2% gel (extender) 0.1% D46 antifoam	75 cuft
	500 ft fill	+ 1/4 #/sk. Cellophane Flake + 2% S1 Calcium Chloride	0.1503 cuft/ft OH 0.1746 cuft/ft csg ann 80 % excess

Slurry Properties:	Density (lb/gal)	Yield (ft3/sk)	Water (gal/sk)
Slurry 1	11.7	2.61	17.77
Slurry 2	13.5	1.27	5.72

Casing Equipment: 7", 8R, ST&C

- 1 Float Shoe
- 1 Float Collar
- 1 Stop Ring
- Centralizers, as needed
- 1 Top Rubber Plug
- 1 Thread Lock Compound

Production:

Fresh Water	10 bbl	CW100	
Slurry		181 LiteCrete D961 / D124 / D154 + 0.03 gps D47 antifoam + 0.5% D112 fluid loss + 0.11% D65 TIC	457 cuft
TOC@Liner Top			0.1026 cuft/ft OH 40 % excess 0.1169 cuft/ft csg ann

Slurry Properties:	Density (lb/gal)	Yield (ft3/sk)	Water (gal/sk)
Slurry	9.5	2.52	6.38

Casing Equipment: 4-1/2", 8R, ST&C

- 1 Float Shoe
- 1 Float Collar
- 1 Stop Ring
- Centralizers, as needed
- 1 Top Rubber Plug
- 1 Thread Lock Compound

SAN JUAN BASIN
Blanco Mesaverde
Pressure Control Equipment

Background

The objective Mesaverde formation maximum surface pressure is anticipated to be less than 1000 psi, based on shut-in surface pressures from adjacent wells. Pressure control equipment working pressure minimum requirements are therefore 2000 psi. Equipment to be used will conform to API RP-53 (Figure 2.C.2) for a 2000 psi system per Federal Onshore Order No. 2. Due to available conventional equipment within the area, 3000 psi rated pressure control equipment will typically be utilized in a single ram type arrangement. Regional drilling rights to be utilized have substructure height limitations which exclude the use of annular preventers; therefore a rotating head will be installed above these rams. This pressure control equipment will be utilized for conventional drilling below conductor to total depth in the Blanco Mesaverde. No abnormal temperature, pressure, or H2S anticipated.

Equipment Specification

Interval

BOP Equipment

Below conductor casing to total depth

11" nominal or 7 1/16", 2000 psi Single ram preventer with 3000 psi annular preventer and rotating head.

All ram type and annular preventers as well as related control equipment will be hydraulically tested to 250 psi (low pressure) and 1500 psi (high pressure), upon installation, following any repairs or equipment replacements, or at 30 day intervals. Accessories to BOP equipment will include kelly cock, upper kelly cock with a handle available, floor safety valves and choke manifold which will also be tested to equivalent pressure.

BP American Production Company

Well Control Equipment Schematic

