



BP America Production Company  
North America Gas SPU  
200 Energy Court  
Farmington, NM 87401

February 1, 2010

RCVD FEB 12 '10

United States Department of the Interior  
Bureau of Land Management  
1235 La Plata Highway  
Farmington, NM 87401

OIL CONS. DIV.

DIST. 3

Attn: Jim Lovato

30-045-28351

**RE: Pritchard Oil Recovery and Water Disposal Facility Surface Commingling and Off-Lease Sales and Measurement (01/10-06/10)**

In accordance with your approval letter dated March 9, 1998 for surface commingling and/or off-lease sales, storage, usage and measurement of the oil sold from the Pritchard Oil Recovery and Water Disposal Facility, herein submitted for your records is the semi-annual re-determination of wells to be included in the allocation during the upcoming period covering **January 1, 2010 to June 30, 2010**. In accordance with the original approval, the re-determination has been performed by identifying those wells delivering water to the facility during the period **July 2009 through December 2009**. Wells not producing condensate have been eliminated from the calculation of the allocation factors. The total water delivered to the facility from oil producing wells and leases is totalled and then each well allocated a percent of the oil sold from the facility based upon its' portion of this total.

Produced water from various wells/leases operated by BP America Production Company, is picked up at the well location from pits and or water storage tanks and hauled via truck to the Oil Recovery Facility (ORF) where it is offloaded into the load line on the 400 bbl gunbarrel tank. Through separation, incidental volumes of condensate entrained in the water delivered to the facility are recovered into the 300 bbl salestank, tank no. 58017. Sales of condensate are made periodically from tank 58017 in accordance with Onshore Orders No. 3, Site Security, and No. 4, Oil Measurement.

Exhibit No. 1 is a listing of wells to be included in the allocation during the period **January 1, 2010 to June 30, 2010**. Exhibit No. 2 is a listing of those wells added to the allocation from the previous period. Exhibit No. 3 is a listing of those wells deleted from the allocation from the previous period.

ACCEPTED FOR RECORD

FEB 10 2010

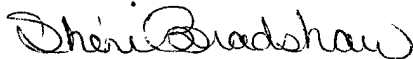
FARMINGTON FIELD OFFICE  
BY 

NMCCD

All volumes will be properly allocated to the appropriate Federal Lease or CA and reported on the OGOR Form 4045. Allocated sales volumes of condensate from the ORF are combined with sales at the lease, and recorded as sales and production on the OGOR, and royalties and taxes are paid on the total sales volume. Volumes reported for royalty determination and Federal royalties paid are not reduced in any way by this allocation process.

If there are any questions regarding this proposed allocation, please call me at (505) 326-9260.

Respectfully,

A handwritten signature in black ink, appearing to read "Sheri Bradshaw", with a stylized, cursive script.

Sheri Bradshaw  
Production Systems Operator

**Attachments**

- Exhibit I Proposed Allocation, Pritchard ORF
- Exhibit II Wells Added, Pritchard ORF
- Exhibit III Wells Deleted, Pritchard ORF