

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 _____

2006 JUL 7 PM 1 12

- [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

2006 JUL 7 PM 1 12

[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.

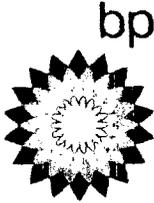
Cherry Hlava
 Print or Type Name

Cherry Hlava
 Signature

Regulatory Analyst
 Title

07/03/2006
 Date

hlavacl@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

June 29, 2006

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

Surface Commingling Notice
Ludwick LS 15N
Ludwick LS 2
Section 19, T30N, R10W
San Juan County, New Mexico

BP America Production Company respectfully request authorization to surface commingle gas production from the Aztec Pictured Cliffs, Blanco Mesaverde and Basin Dakota. Surface commingling Aztec Pictured Cliffs production will be from the Ludwick LS Well No. 2 and Blanco Mesaverde & Basin Dakota production will be from the Ludwick LS Well No. 15N. Both of these 'leases' are of the same base lease with different ownership between formations. *separated then*

The production from each well will be metered prior to commingling ~~then the commingled production will flow into through the separator where the liquids will be removed.~~ The commingled gas will then be sent through compression prior to entering the sales meter.

See
←
DIAGRAM

All interest owners are being notified by being furnished a copy of this application on June 30, 2006, via certified mail return receipt requested.

Attached in support of our application and in compliance with NMOCD Rule 303(B) are the following documents:

1. A Plat with lease boundaries showing all well and facility locations.
2. Site Facility Schematic Flow Diagram
3. Address listing Interest Owners Notified
4. Form C-107-B

Should you have any questions concerning this matter please contact me at 281-366-4081.

Yours very truly

Cherry Hlava
Regulatory Analyst

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
Blanco Pictured Cliffs (#2)	1165 BTU	1165 BTU	490	490
Blanco Mesaverde (#15N)	1174 BTU	1174 BTU	2810	2810
Basin Dakota (#15N)	1174 BTU	1174 BTU	2810	2810

- (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.
(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: Cherry Hlava TITLE: Regulatory Analyst DATE: 06/29/2006

TYPE OR PRINT NAME Cherry Hlava TELEPHONE NO.: 281-366-4081

E-MAIL ADDRESS: hlavacl@bp.com

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 71599, 72319 & 71280	³ Pool Name Basin Dakota, Blanco Mesaverde & Aztec PC
⁴ Property Code 000811	⁵ Property Name Ludwick LS	⁶ Well Number 15N
⁷ OGRID No. 000778	⁸ Operator Name BP America Production Company	⁹ Elevation

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from	North/South	Feet from	East/West	County
P (lot 20)	19	30N	10W			South		East	San Juan

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from	North/South	Feet	East/West	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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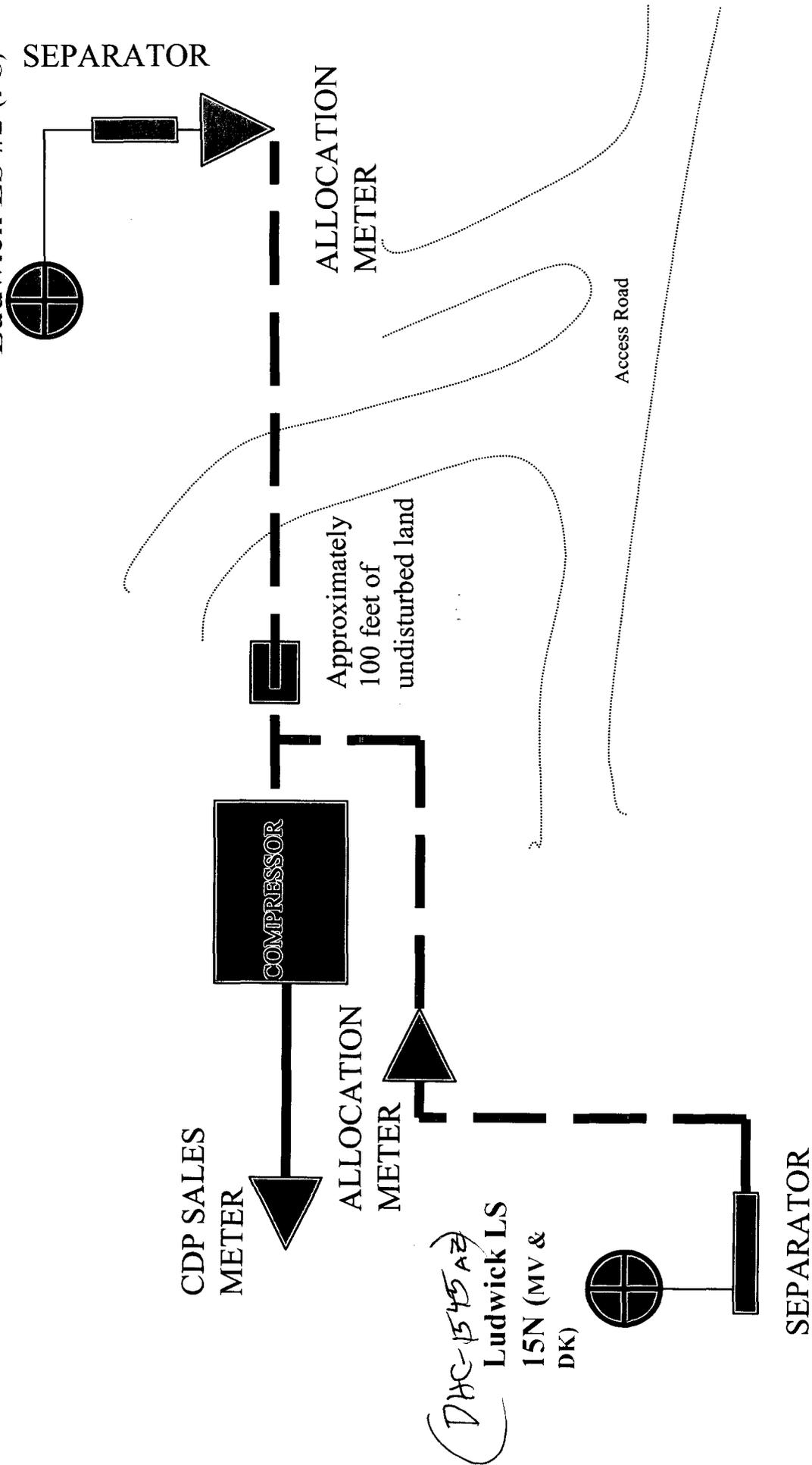
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>Ludwick LS 11 30-045-09389 990' FNL & 1580' FEL MV & PC Unit outline</p>		<p>Ludwick LS 15 30-045-09383 990' FNL & 990' FEL DK & MV Unit outline</p>	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Cherry Hlava</i> Signature</p> <p>Cherry Hlava Printed Name</p> <p>Regulatory Analyst Title</p> <p>6/30/2006 Date</p>
			<p>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.</p> <p>on file</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>
<p>(DHC 1545 AZ)</p> <p>Ludwick LS 15N 30-045-09389 32081 1140' FSL & 915' FEL DK & MV Unit outline</p>		<p>Ludwick LS 2 30-045-09299 1040' FSL & 1090' FEL PC Unit outline</p>	

SHARED COMPRESSOR SCHEMATIC FOR LUDWICK LS 15N &

LUDWICK LS 2 SECTION 19, T30N, R10W Ludwick LS #2 (PC)

Access Road



(DHC-1545 AZ)
Ludwick LS
15N (MV &
DK)

INTEREST OWNERS

LUDWICK LS 15N 30-045-09383

ConocoPhillips,

Attn: Jane Strickland

600 North Dairy Ashford WL-3

Houston, TX 77079-1175

Jones, William V., EMNRD

From: Hlava, Cherry L [Cherry.Hlava@bp.com]
Sent: Tuesday, July 25, 2006 9:17 AM
To: Jones, William V., EMNRD
Subject: Surface Commingling

Wil,
On July 3rd I sent you an application (C-103 & Plat) for the Ludwick LS 2 & 15N surface commingling. I have the wrong API for the 15N.
The API for Ludwick LS 15N should be 30-045-32081.

This might be causing some confusion and just wanted to clarify.

Thank you,

Cherry Hlava
BP America Production
San Juan South Asset Team
WL I Room 19.132
281-366-4081

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, 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
 Revised March 25, 1999

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

WELL API NO. Reference Below
5. Indicate Type of Lease STATE FEE
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: Ludwick LS & Ludwick LS (Federal Lease SF - 078194 BLM Notified on Form 3160-5)
8. Well No. Nos. 2 & 15N
9. Pool name or Wildcat Aztec PC, Dakota & Blanco MV

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 Attn: Cherry Hlava

3. Address of Operator
P.O. Box 3092 Houston, TX 77253

4. Well Location
 Unit Letter P (see C-102) feet from the South line and _____ feet from the East line
 Section 19 Township 30N Range 10W NMPM San Juan County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Surface Commingle <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. 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.

BP America Production Company respectfully request authorization to surface commingle gas production from the Aztec PC, Basin Dakota and Blanco Mesaverde from our Ludwick LS wells No. 2 & 15N. Surface commingling Aztec PC production will consist of the Ludwick LS No. 2 API 30-045-09299 and DK & MV production will be from the Ludwick LS Well No. 15N API 30-045-~~09305~~³²⁰⁸¹. The production from each well will be metered prior to commingling then the commingled production will flow into through the separator where the liquids will be removed. The commingled gas will then be sent through compression prior to entering the sales meter.

The working interest, royalty and overriding royalty interest owners in the subject wells are different therefore notification is required to ConcoPhillips only. (sent certified return receipt 7/3/06) The proposed commingling of production is to reduce operating expenses between the wells and will result in increased economic life of the wells.

BLM has also been notified of this proposal by copy of BLM Form 3160-5.

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

SIGNATURE Cherry Hlava TITLE Regulatory Analyst DATE 07/03/2006
 Type or print name Cherry Hlava Telephone No. 281-366-4081

(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any: