



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

October 17, 2003

Lori Wrotenbery

Director

Oil Conservation Division

BP America Production Company
P.O. Box 3092
Houston, Texas 77253-3092
Attention: Ms. Mary Corley

Re: Surface Commingling Application
Warren LS Wells No. 5 & 12
Section 24, T-28N, R-9W, NMPM,
San Juan County, New Mexico

Dear Ms. Corley:

I have reviewed your application dated September 22, 2003, to surface commingle the gas production from the subject wells. Please be advised that surface commingling gas production from wells with diverse ownership requires that the production be measured prior to commingling (see Rule No. 303.B.(4)(a).) Your application seeks approval to allocate production from the wells based upon a fixed percentage that is based upon historical production. This type of allocation is not allowed in this instance, and is generally not allowed in any type of surface commingling situation.

Please advise me at your earliest convenience how you wish to proceed with this application. Your options are:

- 1) the application can be set to hearing before a Division examiner if you wish to pursue this type of production allocation;
- 2) the application can be amended to reflect a different method of production allocation; or
- 3) the application can be withdrawn.

I can be reached at (505) 476-3466. Please be advised that current Division policy regarding administrative applications precludes me from holding this application for more than 30 days. Your early attention will be appreciated.

Sincerely,

David Catanach
Engineer