

DATE IN 1.27.11	SUSPENSE	ENGINEER RE.	LOGGED IN 1.27.11	TYPE PLC	APP NO. 1102757367
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



BP America
Gallegos Canyon U #27
Gallegos Canyon U #35

ADMINISTRATIVE APPLICATION CHECKLIST

30-045-26441
30-045-23603

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 Add Fruitland Coal well to order PC-1103-A

2011 JAN 27 A 11:5

RECEIVED OGD

DHC 822

[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

[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

Cherry Hlava

Regulatory Analyst

01-26-2011

Print or Type Name

Signature

Title

Date

hlavacl@bp.com
e-mail Address

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
Kutz PC, West 79680(GCU 353)	1049 BTU	.6125		3090 mcf	3090 MCF
Kutz PC, 79680 West (GCU 279)	1049 BTU	.6125		3090 mcf	3090 mcf
Pinon FS 82920 (GCU 279)	1049 BTU	.6125		3090 mcf	3090 mcf

(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. (Order R-12724 No Notice Required)

(4) Measurement type: ☒ Metering ☒ Other (Specify) **2 meters & Subtraction method; (please see attachments)**

(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.

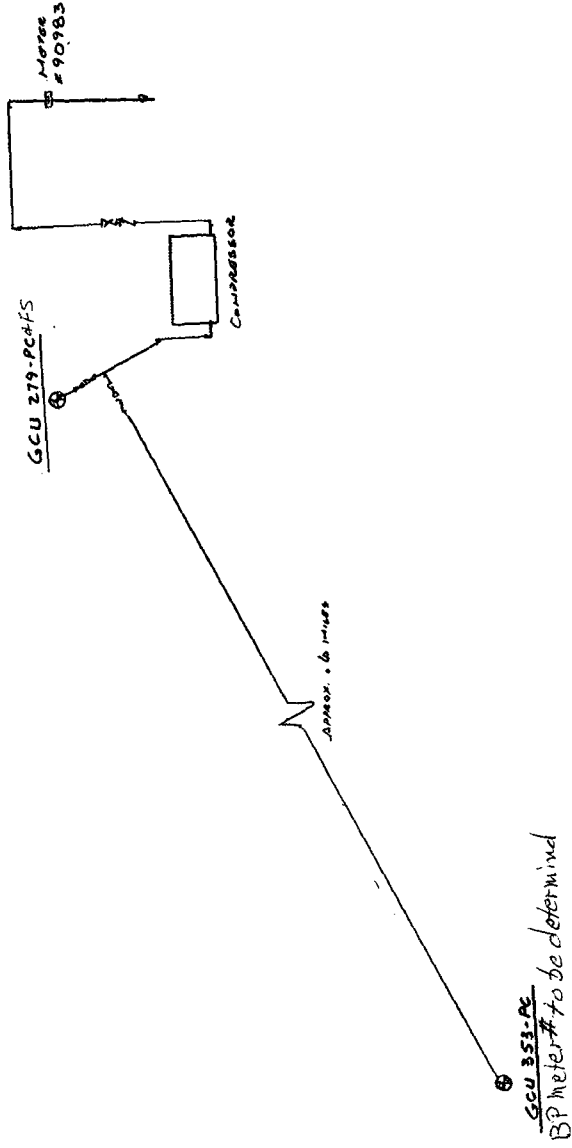
SIGNATURE: Cherry Hlava TITLE: Regulatory Analyst DATE: 1/26/2011

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

E-MAIL ADDRESS: hlavacl@bp.com

GCU 279 30-045-23603
SEC 23 28N; 12W
NMSFO78828

GCU 353 30-045-26441
SEC 22 28N; 12W
SF078905



B.P.
San Juan Sound
GCU 279/353 CDP
David Hill
12-15-09

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-26441		² Pool Code 79680	³ Pool Name Kutz Pictured Cliffs, West
⁴ Property Code 000570	⁵ Property Name Gallegos Canyon Unit		⁶ Well Number 353
⁷ OGRID No. 000778	⁸ Operator Name BP America Production Company		⁹ Elevation 5693' GL

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
Unit I	22	28N	12W		1470'	South	1060'	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
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¹² Dedicated Acres 160 Ac.	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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> <i>Cherry Hlava</i> <hr/> Signature Cherry Hlava <hr/> Printed Name Regulatory Analyst <hr/> Title 1/18/2011 <hr/> Date
				18 SURVEYOR CERTIFICATION <i>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.</i> 4/23/1985 <hr/> Date of Survey Signature and Seal of Professional Surveyor: plat on file <hr/> Certificate Number 3950

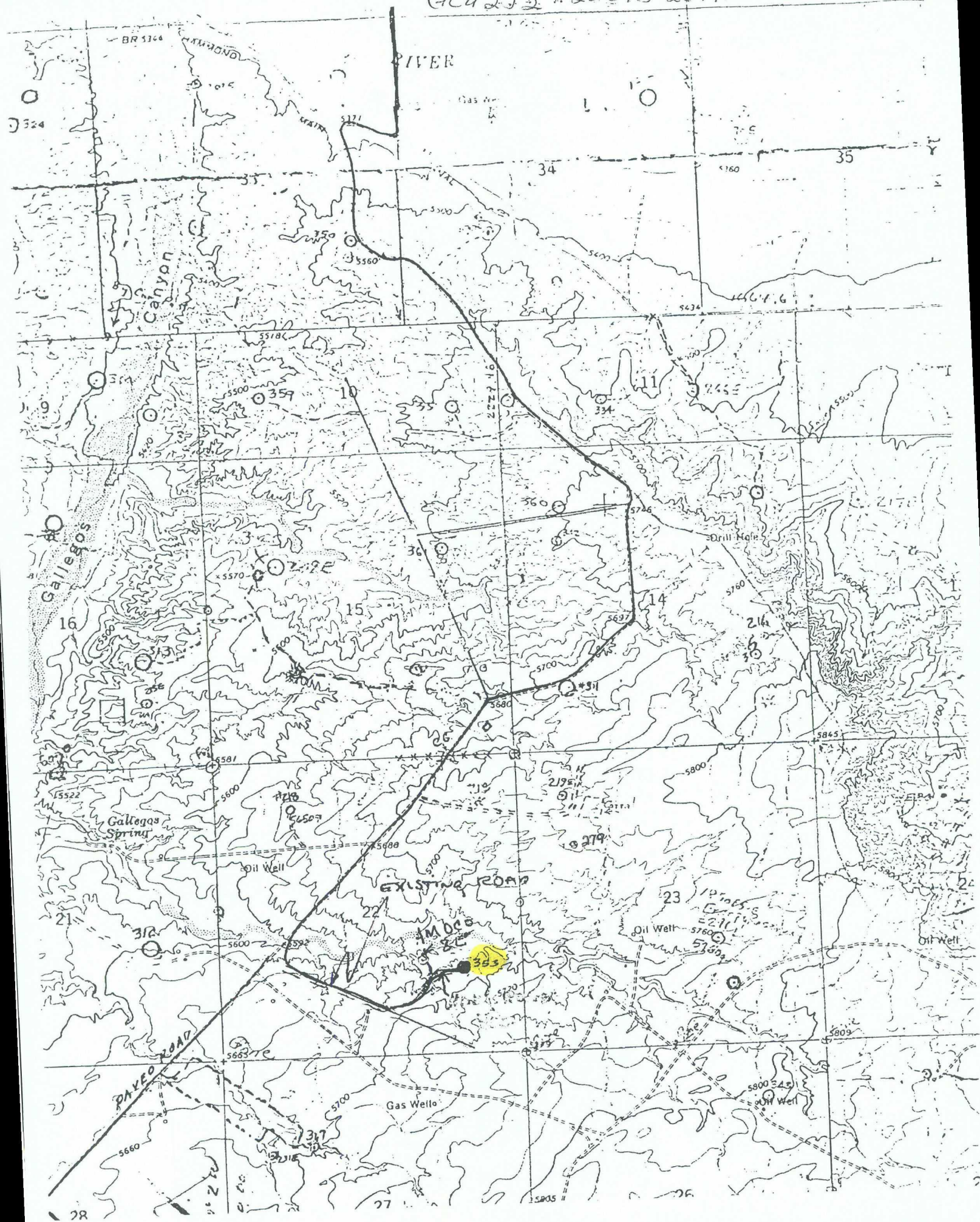
22

GCU 353 (PC)
SF 078905

1060'

1470'

GC4353 .. 30-045-26441



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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-23603	² Pool Code 82920/79680	³ Pool Name Pinon Fruitland Sand & Kutz PC, West
⁴ Property Code 000570	⁵ Property Name Gallegos Canyon Unit	⁶ Well Number 279
⁷ OGRID No. 000778	⁸ Operator Name BP America Production Company	⁹ Elevation 5767' GL

¹⁰ Surface Location


UL or lot no. Unit E	Section 23	Township 28N	Range 12W	Lot Idn	Feet from the 1650'	North/South line North	Feet from the 990'	East/West line West	County San Juan
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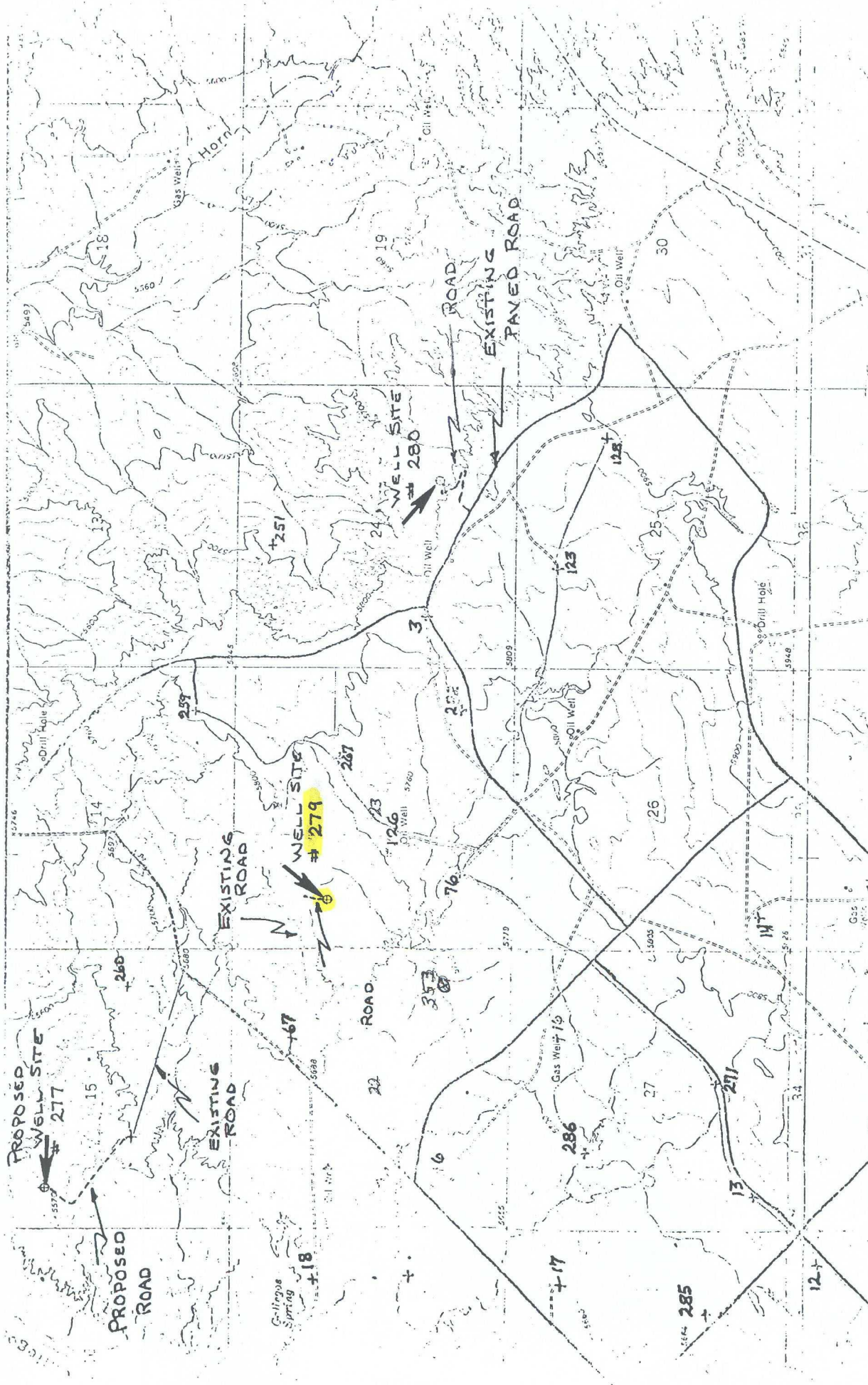
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 160 Ac.	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

	GCU 279 (FS&PC) Lease SF-078828 DHC 822 AZ	23			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 1/18/2011 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. Date of Survey Signature and Seal of Professional Surveyor: plats on file Certificate Number



GLU 279
30-045-23603
Lease SF 078828
Sec 23 28N 12W
1650' N 990' W

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 2010

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. NMSF - 078828 & SF-078905
2. Name of Operator BP America Production Company Attn: Cherry Hlava		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) 281-366-4081		8. Well Name and No. GCU 279 & GCU 353
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) GCU 279 1650' FNL & 990' FWL (Sec 23 28N 12W) GCU 353 1470' FSL & 1060' FEL (Sec 22 28N 12W) (see attached C-102s)		9. API Well No. 30-045-23603 & 30-045-26441
		10. Field and Pool, or Exploratory Area Pinon FS & Kutz PC, W (GCU 279) & KUTZ PC, W (GCU 353)
		11. County or Parish, State San Juan County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OR 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 type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Water Disposal	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	Other	Surface Commingle

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 recomple 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 recompletion 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 respectfully requests authorization to surface commingle gas production from the Pinon Fruitland Sand & Kutz Pictured Cliffs, West coming from GCU 279 API 30-045-23603 (DHC 822AZ 6/24/02 fixed rate 55% PC & 45% FS) & the production from Kutz Pictured Cliffs, West coming from our GCU 353 API 30-045-26441.

The production from the GCU 353 will be metered at the wellhead. After metering, production will travel approximately 2000' to where it will commingle with the GCU 279. The commingled production will then be sent through compression prior to entering the sales meter #90983. GCU 353 well head meter # will be provided by sundry notice when available.

What is metered at the GCU 353 will be subtracted from the total wells production and allocated to the GCU 279. The fuel usage will be estimated based on horse power and run time and allocated back to each well based on production.

The working interest, royalty and overriding royalty interest owners in the subject wells are different however approval of Order R-12724 on 3-6-2007 allows surface commingling & sharing compression without notification. The proposed commingling of production is to reduce operating expenses between the wells and will result in increased economic life of the wells.

Off lease measurement. Pictured Cliffs in Participating Area. Fruitland Sand in a stand alone drill block & non-participating area. Attached in support of our application are copies of documentation submitted to the NMOCD for State approval.

14. I hereby certify that the foregoing is true and correct
Name (Printed/typed)

Cherry Hlava

Title **Regulatory Analyst**

Signature *Cherry Hlava*

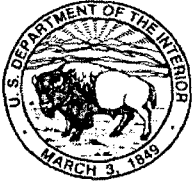
Date **1/25/2011**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>[Signature]</i> 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.	Title Petr. Eng Office	Date 2/9/11
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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.





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO

CONDITIONS OF APPROVAL FOR OFF-LEASE MEASUREMENT AND SURFACE COMMINGLING OF OIL AND GAS

- Liquid hydrocarbons produced at the CDP must be allocated back to each well in proportion to the well's allocated gas production. Fuel used at the CDP must also be allocated back to each contributing well in proportion to each well's allocated gas production.
- Allocation must be made on an MMBTU basis. BTU measurements must be taken from each well prior to commingling gas production.
- Measurement of gas at the CDP must be conducted in accordance with the requirements outlined in Onshore Order No. 3, Site security, Onshore Order No. 4, Oil Measurement, Onshore Order No. 5, Gas Measurement and NM NTL 2008-01, Standards for the Use of Electronic Flow Computers.
- In Order to prevent waste and conserve natural gas, periodic review of each well's venting procedures must be conducted in accordance with the requirements outlined in NTL-ADO-93-1.
- No other wells can be added to this system of measurement and sales without the prior approval of this office.
- Contact this office in the event of any lost hydrocarbons between the wells and the CDP.

Ezeanyim, Richard, EMNRD

From: Hlava, Cherry L [Cherry.Hlava@bp.com]
Sent: Monday, March 07, 2011 7:50 AM
To: Ezeanyim, Richard, EMNRD
Subject: GCU 279 & GCU 353 Surface Commingling
Attachments: 3004523603_18_WF[1].tif

Hi Richard - heard your voice message this morning. I hope this attached C-103 is what you are requesting for approval of our surface commingling application. But if not please e-mail to me what you need.

Thank you for your help.
Cherry

<<3004523603_18_WF[1].tif>>

Cherry Hlava
BP America Production
San Juan So.
WL 1 Room 3.340B
281-366-4081

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

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.)		WELL API NO. Reference Below
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator BP America Production Company		6. State Oil & Gas Lease No.
3. Address of Operator P.O. Box 3092 Houston, TX 77253		7. Lease Name or Unit Agreement Name Gallegos Canyon Unit
4. Well Location Unit Letter <u>(see C-102s)</u> feet from the _____ line and _____ feet from the _____ line Section 23 & 22 Township 28N Range 12W NMPM County San Juan		8. Well Number 279 & 353
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 000778
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wildcat Pinon FS/Kutz PC, W (GCU 279) & Kutz PC, W (GCU 353)
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

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

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: SURFACE COMMINGLE <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> RCVD FEB 17 '11 OIL CONS. DIV. OTHER: DIST. 3 <input type="checkbox"/>
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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.
BP America Production Company respectfully requests authorization to surface commingle gas production from the Pinon Fruitland Sand & Kutz Pictured Cliffs, West coming from GCU 279 API 30-045-23603 (DHC 822AZ 6/24/02 fixed rate 55% PC & 45% FS) & the production from Kutz Pictured Cliffs, West coming from our GCU 353 API 30-045-26441.

The production from the GCU 353 will be metered at the wellhead. After metering, production will travel approximately 2000' to where it will commingle with the GCU 279. The commingled production will then be sent through compression prior to entering the sales meter #90983

What is metered at the GCU 353 will be subtracted from the total wells production and allocated to the GCU 279. The fuel usage will be estimated based on horse power and run time and allocated back to each well based on production.

The working interest, royalty and overriding royalty interest owners in the subject wells are different however approval of Order R-12724 on 3-6-2007 allows surface commingling & sharing compression without notification. The proposed commingling of production is to reduce operating expenses between the wells and will result in increased economic life of the wells.

Off lease measurement. Pictured Cliffs in Participating Area. Fruitland Sand in a stand alone drill block & non-participating area. Documentation also provided to the BLM for their leases NMSF 078828 & SF 078905

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 1/25/2011

Type or print name Cherry Hlava E-mail address: Hlavacl@bp.com Telephone No. 281-366-4081
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any): Accepted for Record only Surface commingle application
Are processed in Santa Fe