

bp



**Amoco Production Company**

A Part of the BP  
501 WestLake Park Blvd.  
Houston, TX 77079-3092

Phone: 281-366-2000

February 9, 2005

Bureau of Land Management  
Farmington District Office  
1235 La Plata Highway, Suite A  
Farmington, New Mexico 87401  
Attn: Lucy Bee

State of New Mexico  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Attn: ~~Ms. Lori Wootenberry, Director~~  
MR. MARK E. FESMIRE

Re: 2004 Review of Operations  
2005 Plan of Development  
Gallegos Canyon Unit  
San Juan County, New Mexico

2005 FEB 16 PM 3 33


Case 247  
R-68

Gentlemen:

BP America Production Company, as Unit Operator for the Gallegos Canyon Unit, submits for your approval the attached Review of 2004 Operations and 2005 Plan of Development.

Please signify your approval of this Plan of Development by signing in the space provided on the attached sheet and returning to me at the letterhead address. If you have any questions, please feel free to call me at (281) 366-4691.

Very truly yours,

  
Brett Woody

Enclosures

## Review of 2004 Operations

Shown in Table I are the cumulative volumes of gas and condensate produced from each reservoir in the Gallegos Canyon Unit. Table II summarizes the well status in each horizon. Because Gallegos Canyon Unit has many down hole commingled wells producing from more than one formation, Table II reflects active completions rather than wellbores. Historical production graphs for each horizon are attached.

**TABLE I**  
**Cumulative Production as of 7/31/2004**

| <b>FORMATION</b> | <b>GAS<br/>(MMCF)</b> | <b>CONDENSATE<br/>(MBLS)</b> |
|------------------|-----------------------|------------------------------|
| Farmington Sands | 366                   |                              |
| Fruitland Sands  | 13,935                |                              |
| Fruitland Coal   | 46,808                |                              |
| Pictured Cliffs  | 190,125               | 4                            |
| Chacra           | 514                   | 4                            |
| Gallup           | 8,871                 | 1,947                        |
| Dakota           | 464,384               | 3,470                        |

**TABLE II**  
**Production Status by Formation as of 7/31/2004**

| <b>FORMATION</b> | <b>ACTIVE</b> | <b>INACTIVE</b> |
|------------------|---------------|-----------------|
| Farmington Sands | 3             | 0               |
| Fruitland Sands  | 38            | 2               |
| Fruitland Coal   | 88            | 5               |
| Pictured Cliffs  | 146           | 10              |
| Chacra           | 6             | 0               |
| Gallup           | 5             | 14              |
| Dakota           | 197           | 7               |

## 2004 GCU Development

Table III below shows the status of each of the proposed activities from the 2004 GCU Plan of Development. As of December 9, 2004, 1 new well has been drilled and xx wells have been recompleted.

**TABLE III-A**  
**2004 Work Status**

| WELL NO. | DEDICATION              | TYPE                             | OBJECTIVE | STATUS                 |
|----------|-------------------------|----------------------------------|-----------|------------------------|
| GCU 003  | W/2 24-T28N-R12W        | Recomplete and commingle with FC | PC        | P&A                    |
| GCU 004  | NE/4 34-T28N-R12W       | Recomplete and commingle with FC | PC        | Deferred               |
| GCU 040  | NE/4 29-T28N-R12W       | Recomplete and commingle with FC | PC        | Deferred               |
| GCU 137  | S/2 & SE/4 36-T28N-R13W | Recomplete                       | FC & PC   | Completed - Evaluating |
| GCU 169  | E/2 35-T29N-R12W        | Recomplete                       | PC        | Cancelled              |
| GCU 243E | E/2 24-T28N-R12W        | Recomplete                       | FC        | P&A                    |
| GCU 572  | SE/4 19-T28N-R12W       | Drill                            | PC        | Deferred               |
| GCU 583  | S/2 04-T27N-R12W        | Drill                            | FC        | Completed - Successful |
| GCU 585  | SW/4 29-T28N-R12W       | Drill                            | PC        | Deferred               |

**TABLE III-B**  
**2004 Plug and Abandon Candidates**

| WELL NO.     | DEDICATION        | CURRENT HORIZON | STATUS                    |
|--------------|-------------------|-----------------|---------------------------|
| GCU 003      | W/2 24-T28N-R12W  | FC              | Completed                 |
| GCU 012      | NE/4 33-T28N-R12W | PC              | Planned for 2005          |
| GCU 018      | E/2 21-T28N-R12W  | FC/PC           | Completed                 |
| GCU 022      | E/2 18-T28N-R12W  | FC              | Completed                 |
| GCU 123      | NW/4 25-T28N-R12W | FS              | Completed                 |
| GCU 176E     | N/2 25-T28N-R13W  | FC/DK           | Planned for 2005          |
| GCU 209      | W/2-15-T28N-R12W  | FC              | Planned for December 2004 |
| GCU 227      | N/2 20-T28N-R12W  | DK              | Completed                 |
| GCU 242      | W/2 24-T28N-R12W  | DK              | Completed                 |
| GCU 243E     | E/2 24-T28N-R12W  | DK              | Completed                 |
| GCU 246      | E/2 35-T28N-R12W  | DK              | Planned for December 2004 |
| GCU 350      | SE/4 33-T29N-R12W | PC              | Planned for December 2004 |
| GCU 400E     | N/2 25-T28N-R12W  | FC              | Completed                 |
| GCU 578      | N/2 27-T29N-R12W  | FC              | Completed                 |
| GCU GC D 160 | S/2 27-T29N-R12W  | DK              | Completed                 |

## 2005 Plan of Development

BP America will continue to develop the Fruitland Sand, Fruitland Coal, Pictured Cliffs and Chacra horizons within the Gallegos Canyon Unit through recompletions, commingling and selective drilling. However, as higher risk prospects have been carried out, the success rate has decreased dramatically. This is driving BP America to pause and assess the operating and reservoir characteristics that appear to be most controlling results. Recent 160 Acre Fruitland Coal completions have been particularly disappointing. Current 2005 plans include the no drilling and only 2 recompletions in existing wellbores from the list below. Some of the recompletions will involve commingling the recompleted horizon with the current producing horizon. We do have 2 drilling locations on Navajo land that we hope to permit in 2005 and drill in 2006.

**Table IV**  
**Development Projects**

| WELL NO.        | DEDICATION        | TYPE                             | OBJECTIVE | PERMIT STATUS            |
|-----------------|-------------------|----------------------------------|-----------|--------------------------|
| GCU 004         | NE/4 34-T28N-R12W | Recomplete and commingle with FC | PC        | Evaluating               |
| GCU 020         | SW/4 17-T28N-R12W | Recomplete and commingle with FC | PC        | Preparing for Submission |
| GCU 028         | NE/4 30-T29N-R12W | Recomplete and commingle with FS | PC        | Preparing for Submission |
| GCU 040         | NE/4 29-T28N-R12W | Recomplete and commingle with FC | PC        | Evaluating               |
| GCU GC 'D' 160E | SW/4 27-T29N-R12W | Recomplete                       | CK        | Evaluating               |
| GCU GC 'F' 162E | NE/4 36-T29N-R12W | Recomplete and commingle with DK | CK        | Evaluating               |
| GCU 341         | NW/4 16-T28N-R12W | Recomplete and commingle with FS | PC        | Evaluating               |
| GCU 572         | SE/4 19-T28N-R12W | Drill                            | PC        | Preparing for Submission |
| GCU 585         | SW/4 29-T28N-R12W | Drill                            | PC        | Preparing for Submission |
|                 |                   |                                  |           |                          |

**TABLE V**  
**2005 Plug and Abandon Candidates**

| WELL NO. | DEDICATION        | CURRENT HORIZON | OTHER PRODUCED OR TESTED HORIZONS |
|----------|-------------------|-----------------|-----------------------------------|
| GCU 012  | NE/4 33-T28N-R12W | PC              | FC                                |
| GCU 169  | E/2 35-T29N-R12W  | DK              | None                              |
| GCU 174  | W/2 28-T28N-R12W  | DK              | None                              |
| GCU 176E | N/2 25-T28N-R13W  | FC/DK           | None                              |
| GCU 184  | E/2 28-T28N-R12W  | DK              | None                              |
|          |                   |                 |                                   |

**GALLEGOS CANYON UNIT AREA**

**2005 PLAN OF DEVELOPMENT**

**APPROVED:** \_\_\_\_\_ **Dated:** \_\_\_\_\_

Bureau of Land Management  
(Subject to like approval by the Commissioner of Public Lands and the Oil  
Conservation Division)

**APPROVED:** \_\_\_\_\_ **Dated:** \_\_\_\_\_

Commissioner of Public Lands  
(Subject to like approval by the Bureau of Land Management and the Oil  
Conservation Division)

**APPROVED:** \_\_\_\_\_ **Dated:** \_\_\_\_\_

Oil Conservation Division  
(Subject to like approval by the Bureau of Land Management and the  
Commissioner of Public Lands)

The foregoing approvals are for the 2005 Plan of Development for the Gallegos Canyon  
Unit.

**GALLEGOS CANYON UNIT AREA**

**2005 PLAN OF DEVELOPMENT**

**APPROVED:** \_\_\_\_\_ **Dated:** \_\_\_\_\_

Bureau of Land Management  
(Subject to like approval by the Commissioner of Public Lands and the Oil  
Conservation Division)

**APPROVED:** \_\_\_\_\_ **Dated:** \_\_\_\_\_

Commissioner of Public Lands  
(Subject to like approval by the Bureau of Land Management and the Oil  
Conservation Division)

**APPROVED:** \_\_\_\_\_ **Dated:** \_\_\_\_\_

Oil Conservation Division  
(Subject to like approval by the Bureau of Land Management and the  
Commissioner of Public Lands)

The foregoing approvals are for the 2005 Plan of Development for the Gallegos Canyon  
Unit.

1999 Operations

| FM               | MMCF    | MBO   |
|------------------|---------|-------|
| Farmington Sands | 89      |       |
| Fruitland Sands  | 12,211  |       |
| Fruitland Coal   | 33,714  |       |
| Pictured Cliffs  | 160,812 | 4     |
| Gallup           | 11,050  | 3,150 |
| Dakota           | 453,086 | 3,582 |

| Production Status by Formation |        |          |
|--------------------------------|--------|----------|
| FM                             | Active | Inactive |
| Farmington Sands               | 1      | 1        |
| Fruitland Sands                | 22     | 6        |
| Fruitland Coal                 | 60     | 11       |
| Pictured Cliffs                | 124    | 59       |
| Gallup                         | 6      | 17       |
| Dakota                         | 201    | 52       |

2000 Operations

| FM               | MMCF    | MBO   |
|------------------|---------|-------|
| Farmington Sands | 91      |       |
| Fruitland Sands  | 11,861  |       |
| Fruitland Coal   | 35,608  |       |
| Pictured Cliffs  | 163,357 | 4     |
| Gallup           | 9,809   | 2,005 |
| Dakota           | 450,275 | 3,373 |

| Production Status by Formation |        |          |
|--------------------------------|--------|----------|
| FM                             | Active | Inactive |
| Farmington Sands               | 1      | 1        |
| Fruitland Sands                | 21     | 3        |
| Fruitland Coal                 | 64     | 8        |
| Pictured Cliffs                | 120    | 20       |
| Gallup                         | 6      | 16       |
| Dakota                         | 200    | 21       |

2001 Operations

| FM               | MMCF    | MBO   |
|------------------|---------|-------|
| Farmington Sands | 100     |       |
| Fruitland Sands  | 12,215  |       |
| Fruitland Coal   | 39,800  |       |
| Pictured Cliffs  | 174,635 | 4     |
| Gallup           | 8,719   | 1,943 |
| Dakota           | 455,695 | 3,412 |

| Production Status by Formation |        |          |
|--------------------------------|--------|----------|
| FM                             | Active | Inactive |
| Farmington Sands               | 1      | 1        |
| Fruitland Sands                | 21     | 3        |
| Fruitland Coal                 | 80     | 9        |
| Pictured Cliffs                | 128    | 21       |
| Gallup                         | 6      | 17       |
| Dakota                         | 196    | 21       |

2002 Operations

| FM               | MMCF    | MBO   |
|------------------|---------|-------|
| Farmington Sands | 242     |       |
| Fruitland Sands  | 12,989  |       |
| Fruitland Coal   | 42,586  |       |
| Pictured Cliffs  | 181,233 | 4     |
| Gallup           | 8,738   | 1,945 |
| Dakota           | 459,006 | 3,434 |
| Chacra           | 206     | 2     |

| Production Status by Formation |        |          |
|--------------------------------|--------|----------|
| FM                             | Active | Inactive |
| Farmington Sands               | 2      | 1        |
| Fruitland Sands                | 26     | 1        |
| Fruitland Coal                 | 81     | 5        |
| Pictured Cliffs                | 132    | 10       |
| Gallup                         | 5      | 15       |
| Dakota                         | 204    | 4        |
| Chacra                         | 5      | 0        |

2003 Operations

| FM               | MMCF    | MBO   |
|------------------|---------|-------|
| Farmington Sands | 324     |       |
| Fruitland Sands  | 13,624  |       |
| Fruitland Coal   | 45,277  |       |
| Pictured Cliffs  | 187,075 | 4     |
| Gallup           | 8,823   | 1,946 |
| Dakota           | 462,448 | 3,456 |
| Chacra           | 395     | 3     |

| Production Status by Formation |        |          |
|--------------------------------|--------|----------|
| FM                             | Active | Inactive |
| Farmington Sands               | 2      | 1        |
| Fruitland Sands                | 32     | 1        |
| Fruitland Coal                 | 88     | 3        |
| Pictured Cliffs                | 149    | 7        |
| Gallup                         | 6      | 13       |
| Dakota                         | 202    | 7        |
| Chacra                         | 6      | 0        |

2004 Operations

| Cumulative Production as of 7/31/04 |         |       |
|-------------------------------------|---------|-------|
| FM                                  | MMCF    | MBO   |
| Farmington Sands                    | 366     |       |
| Fruitland Sands                     | 13,935  |       |
| Fruitland Coal                      | 46,808  |       |
| Pictured Cliffs                     | 190,125 | 4     |
| Gallup                              | 8,871   | 1,947 |
| Dakota                              | 464,384 | 3,470 |
| Chacra                              | 514     | 4     |

| Production Status by Formation |        |          |
|--------------------------------|--------|----------|
| FM                             | Active | Inactive |
| Farmington Sands               | 3      | 0        |
| Fruitland Sands                | 38     | 2        |
| Fruitland Coal                 | 88     | 5        |
| Pictured Cliffs                | 146    | 10       |
| Gallup                         | 5      | 14       |
| Dakota                         | 197    | 7        |
| Chacra                         | 6      | 0        |