



BP America Production Co.
Lower 48 Onshore

Craig T. Ferguson
craig.ferguson@bp.com
281-366-1988 (direct)

Eldridge 3, 12.173B
737 N. Eldridge Parkway
Houston, Texas 77079

April 19, 2016

*2-68
C 217*

Bureau of Land Management
Farmington District Office
6251 College Blvd., Suite A
Farmington, New Mexico 87402
Attn: Ms. Virginia Barber

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 Depart.
Oil Conservation Division
1200 South St. Francis Drive
Santa Fe, New Mexico 87505
Attn: Mr. David Catanach-Division Director

RE: 2015 Review of Operations
2016 Plan of Development
Gallegos Canyon Unit
San Juan County, NM

Ladies and Gentlemen:

BP America Production Company, as Unit Operator for the Gallegos Canyon Unit ("GCU"), has received the required Working Interest approval from partners for the attached 2016 Plan of Development. BP now submits for your approval the attached 2016 Plan of Development.

Please signify your approval of the 2016 Plan of Development by signing in the space provided on the attached sheets and returning same to the attention of:

Craig Ferguson
BP America Production Company
737 N. Eldridge Parkway, E3, 12.173B
Houston, TX 77079

If you have any questions please do not hesitate to contact me at 281-366-1988.

Sincerely,

A handwritten signature in cursive script that reads "Craig T. Ferguson".

Craig T. Ferguson
Sr. Land Negotiator



BP America Production Co.
Lower 48 Onshore

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2016 APR 25 A 10:43

Craig T. Ferguson
craig.ferguson@bp.com
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Eldridge 3, 12.173B
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Handwritten:
2-61
Case 747

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Houston, Texas 77079

Gallegos Canyon Unit Area

2016 Plan of Development

Approved: _____ Dated: _____


Bureau of Land Management

(Subject of like approval by the Commissioner of Public Lands and the Oil
Conservation District)

Approved: _____ Dated: _____

Commissioner of Public Lands

(Subject of like approval by the Bureau of Land Management and the Oil
Conservation District)

Approved:  Dated: 8-25-2016

Oil Conservation District

(Subject of like approval by the Bureau of Land Management and the
Commissioner of Public Lands)

The foregoing approvals are for the 2016 Plan and Development of the Gallegos Canyon Unit.

Review of 2015 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 downhole commingled wells (i.e., producing from more than one formation), Table II reflects active completions rather than wellbores. Historical production graphs for each horizon are attached at the end of this document.

TABLE I
Cumulative Production as 10/31/2015

FORMATION	GAS (MMCF)	CONDENSATE (MBLS)
Farmington Sands	784	0
Fruitland Sands	16,963	0
Fruitland Coal	61,871	1
Pictured Cliffs	218,586	5
Chacra	281	0
Mesaverde	5	0
Gallup	9,827	2,123
Mancos	2,423	120
Dakota	438,316	3,175

TABLE II
Production Status by Formation as of 10/31/2015

FORMATION	ACTIVE	INACTIVE
Farmington Sands	3	0
Fruitland Sands	31	13
Fruitland Coal	71	39
Pictured Cliffs	115	100
Chacra	2	1
Mesaverde	3	2
Gallup	8	32
Mancos	17	2
Dakota	143	87

2015 GCU Development Update

Table III A below shows the status of each of the proposed 2015 activities from the 2015 GCU Plan of Development. These recompletion candidates were identified when BP performed eight recompletions in the Gallup in 2014. Note that all of the 2015 planned recompletions were not performed due to low product prices; they have been deferred until market conditions improve. See Table III A for details.

TABLE III A
2015 Recompletion Candidates (as per 2015 POD)

WELL	DEDICATION	TYPE	TARGET	STATUS
GCU 226E	W/2 Sec 18 T28N R12W	TxA Dakota + Recomplete Gallup	Gallup- Totah	Deferred
GCU 176	E/2 NW/4 Sec 25 T28N R12W	TxA Dakota + Recomplete Gallup	Gallup- ChaCha	T&A'd
GCU 232E	S/2 Sec 26 T28N R12W	PxA Dakota + Recomplete Gallup	Gallup- Kutz	Deferred
GCU 191E	Unit C Sec 25 T28N R13W	TxA Dakota + Recomplete Gallup	Gallup- ChaCha	Deferred

Plugging and abandonment (P&A) of wells has been traditionally one of the main operational activities in GCU during recent years. In 2015, seven GCU wells were P&A. Reasons to P&A included low productivity of wells in highly depleted zones or high cost for repairing mechanical problems with limited remaining production and reserves potential. Table IIIB was the 2015 Plug and Abandon candidate list from the 2015 POD. The table has been updated with current status and is included below for reference.

Table IIIB
2015 Plug and Abandon Candidates (as per 2015 POD)

WELL NAME	API Number	DEDICATION	HORIZON	STATUS
GCU 157	30045070670000	Unit B Sec 35 T28N R13W	DK	Returned to production
GCU 262E	30045261590000	Unit P Sec 24 T29N R13W	DK	2016 P&A Candidate
GCU 378	30045275540000	Unit K Sec 34 T28N R12W	FC	2016 P&A Candidate
GCU 151	30045080620000	Unit G Sec 21 T29N R12W	DK	Returned to production
GCU 163	30045077950000	Unit O Sec 26 T29N R13W	FT	Not Current 2016 P&A Candidate
GCU 232E	30045263380000	Unit P Sec 26 T28N R12W	DK	Wellwork Candidate
GCU 134E	30045252220000	Unit I Sec 17 T29N R12W	CH/DK	Returned to production
GCU 302	30045239380000	Unit O Sec 29 T29N R12W	PC	P&A'd in 2015
GCU 214	30045116230000	Unit B Sec 16 T28N R12W	DK	2016 P&A Candidate
GCU COM I 181E	30045247360000	Unit H Sec 34 T29N R12W	DK	Not Current 2016 P&A Candidate
GCU 49	30045070760000	Unit A Sec 31 T28N R12W	FC	Returned to production
GCU COM G 179	30045078050000	Unit K Sec 26 T29N R12W	DK	2016 P&A Candidate
GCU 20	30045074190000	Unit M Sec 17 T28N R12W	FC	Returned to production
GCU 396	30045283100000	Unit M Sec 35 T29N R12W	FC	Returned to production
GCU 383	30045275920000	Unit B Sec 18 T29N R12W	FC	2016 P&A Candidate
GCU 381	30045275880000	Unit H Sec 20 T29N R12W	FT	2016 P&A Candidate
GCU 510	30045283110000	Unit B Sec 28 T29N R12W	FS/PC	P&A'd on 12/22/2015
GCU 310	30045247280000	Unit J Sec 9 T28N R12W	FS/PC	Returned to production
GCU 354	30045264710000	Unit I Sec 29 T28N R12W	PC	P&A'd on 12/14/2015

The following table (Table IIIC) is a listed of wells that were not identified in the 2015 POD as 2015 P&A candidates but were P&A'd in 2015.

TABLE IIIC
Plug and Abandon Wells in 2015 not identified in 2015 POD

WELL NAME	API Number	DEDICATION	HORIZON	STATUS
GCU 057	30045069760000	Unit M Sec 35 T28N R12W	FC	P&A'd on 12/17/2015
GCU 509	30045281700000	Unit D Sec 28 T29N R12W	PC	P&A'd on 12/29/2015
GCU 323	30045246150000	Unit M Sec 32 T29N R12W	FC/PC	P&A'd on 2/5/2015
GCU 247E	30045263350000	Unit P Sec 5 T27N R12W	Dakota	P&A'd on 5/18/2015

As of 12/31/2015, there were no new production wells drilled in 2015. Primary reason for this inactivity was the weak economic environment. See Table VI for a recap of the 2015 POD New Drill Candidates and their updated status.

2016 Plan of Development

Following the production results of the 2014 Gallup recompletions, BP will continue to develop the liquid-rich Gallup horizon within the Gallegos Canyon Unit through uphole recompletions of existing Dakota wells. The 2015 plan included 4 recompletions in Gallup reservoirs. This program was deferred in 2015 and is still listed as a deferred option for 2016.

Depending on the specific candidate well, the existing Dakota completion will be plugged and abandoned (PxA), temporarily abandoned (TxA), or downhole commingled with the new Gallup completion. Summary of BP 2016 Gallup program is provided in table IV.

TABLE IV
2016 Recompletion Candidates

WELL	DEDICATION	TYPE	TARGET	STATUS
GCU 226E	W/2 Sec 18 T28N R12W	TxA Dakota + Recomplete Gallup	Gallup- Totah	Deferred
GCU 176	E/2 NW/4 Sec 25 T28N R12W	TxA Dakota + Recomplete Gallup	Gallup- ChaCha	T&A'd
GCU 232E	S/2 Sec 26 T28N R12W	PxA Dakota + Recomplete Gallup	Gallup- Kutz	Deferred
GCU 191E	Unit C Sec 25 T28N R13W	TxA Dakota + Recomplete Gallup	Gallup- ChaCha	Deferred

Table V below shows a tentative list of completions which are planned to be plugged and abandoned during 2016.

TABLE V
2016 P&A Candidates

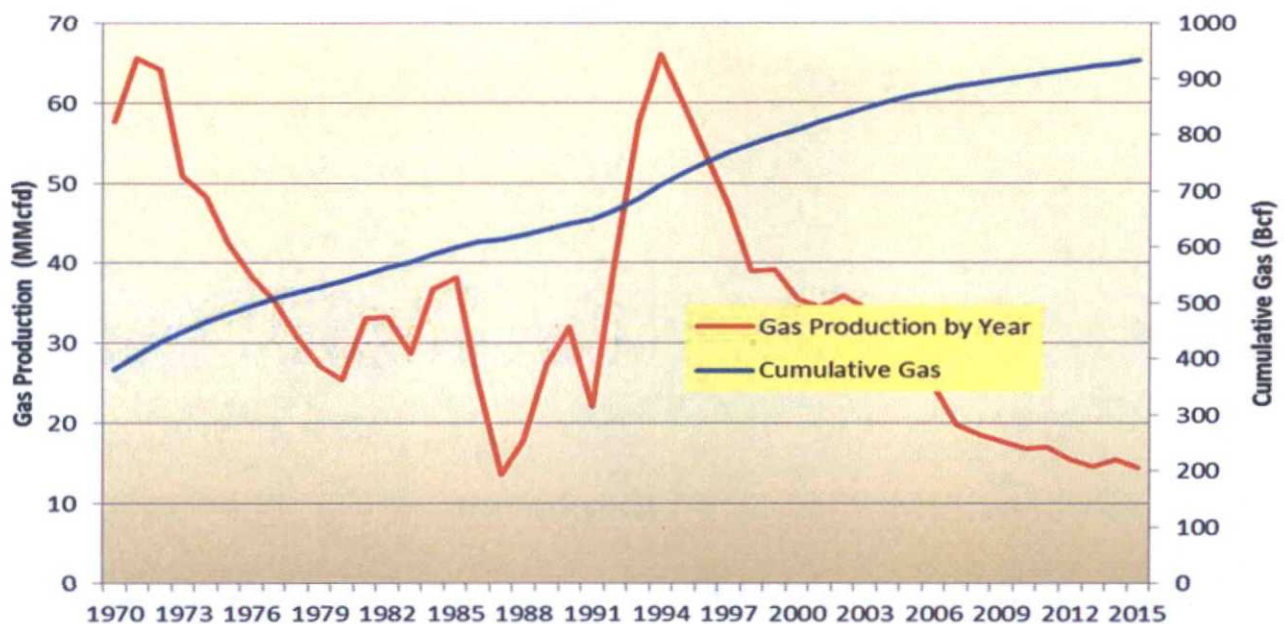
WELL NAME	API Number	DEDICATION	HORIZON
GCU 240	30045117390000	Unit K Sec 24 T28N R13W	Dakota
GCU 262E	30045261590000	Unit P Sec 24 T28N R13W	Dakota
GCU 367	30045268800000	Unit F Sec 31 T29N R12W	PC
GCU Com G 179	30045078050000	Unit K Sec 26 T29N R12W	Dakota
GCU 247	30045116780000	Unit A Sec 5 T27N R12W	Dakota
GCU 569	30045303300000	Unit H Sec 33 T29N R12W	Fruitland Coal
GCU 343	30045261050000	Unit A Sec 26 T28N R12W	PC
GCU 073	30045080020000	Unit K Sec 20 T29N R12W	PC
GCU 009	30045070060000	Unit K Sec 32 T28N R12W	Fruitland Coal
GCU 214	30045116230000	Unit B Sec 16 T28N R12W	Dakota
GCU 383	30045275920000	Unit B Sec 18 T29N R12W	Fruitland Coal
GCU 381	30045275880000	Unit H Sec 20 T29N R12W	Fruitland Coal
GCU 378	30045275540000	Unit K Sec 34 T28N R12W	Fruitland Coal
GCU 188E	30045241710000	Unit B Sec 30 T29N R12W	Dakota
GCU 157	30045070670000	Unit B Sec 35 T28N R13W	Dakota
GCU 163	30045077950000	Unit O Sec 26 T29N R13W	Fruitland Coal - P&A 1/18/2016
GCU 176	30045072280000	Unit C Sec 25 T28N R13W	Dakota - T&A'd

Table VI shows the potential horizontal wells to be drilled in Mancos/ Gallup formations. Current plan calls for four wells; three in Mancos Shale and one in Gallup ChaCha SW sand. The GCU 247E ST was to take a core sample and was not completed as a producing well. It is currently T&A'd and is being evaluated for possible P&A.

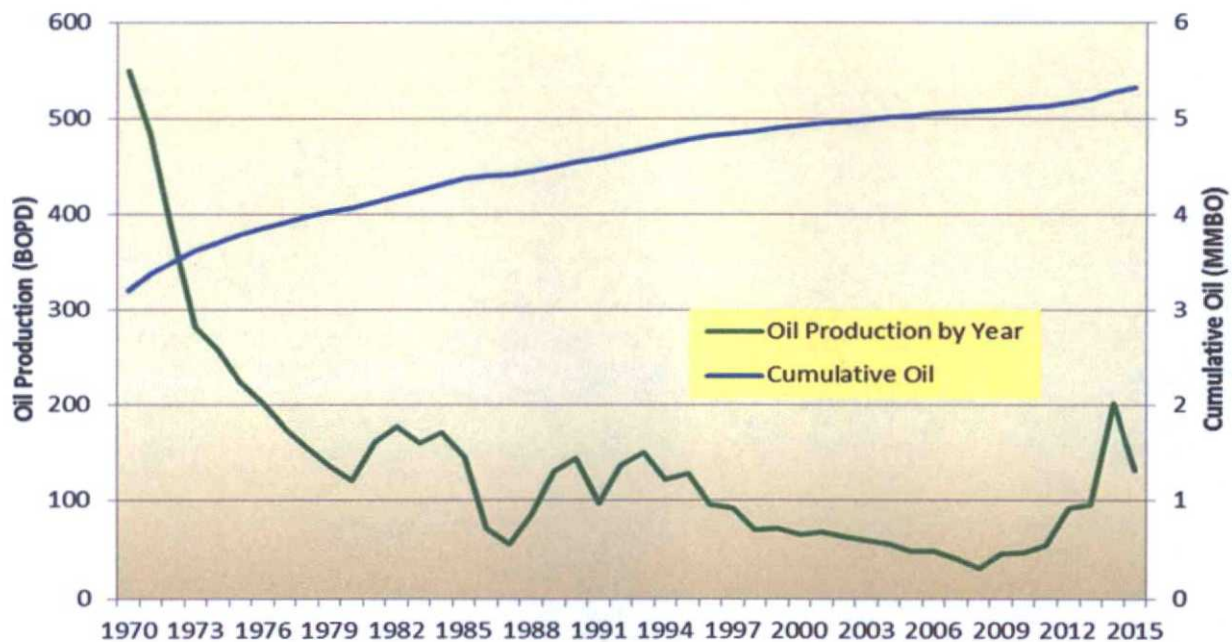
TABLE VI
2017 New Drill Candidates

WELL	DEDICATION	TYPE	TARGET	STATUS
GCU 2417E ST	All Sec 5 & 6 T27N R12W	PxA Dakota + Sidetrack	Mancos	Done in 2015
GCU 247E COM 1H	All Sec 5 & 6 T27N R12W	New Drill - Horizontal	Mancos	Deferred to 2017
GCU 247E COM 2H	All Sec 5 & 6 T27N R12W	New Drill - Horizontal	Gallup - ChaCha SW	Deferred to 2017
GCU 124E COM 1H	S/2 34 & 35 T28N R12W	New Drill - Horizontal	Mancos	Deferred to 2017
GCU 599 COM 1H	N/2 19 T28N R11W & N/2 24 T28N R12W	New Drill - Horizontal	Mancos	Deferred to 2017
GCU 599 COM 2H	S/2 19 T28N R11W & S/2 24 T28N R12W	New Drill - Horizontal	Basin Dakota	2017 Project

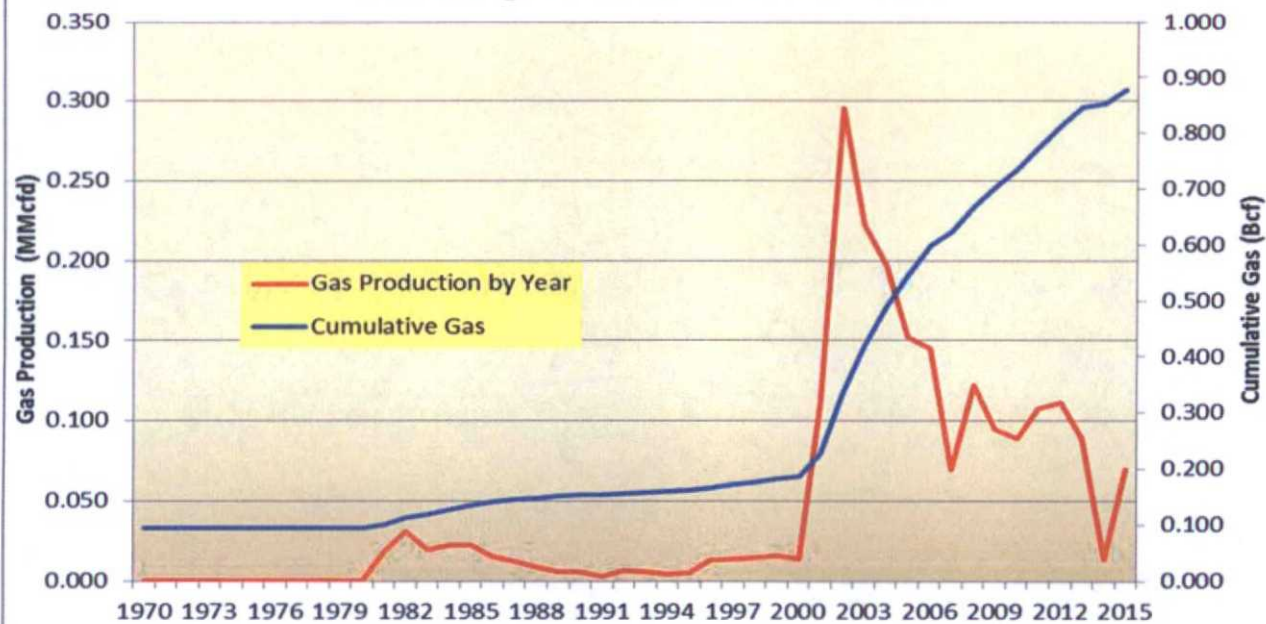
Historical **Gas** Production Gallegos Canyon Unit All Formations



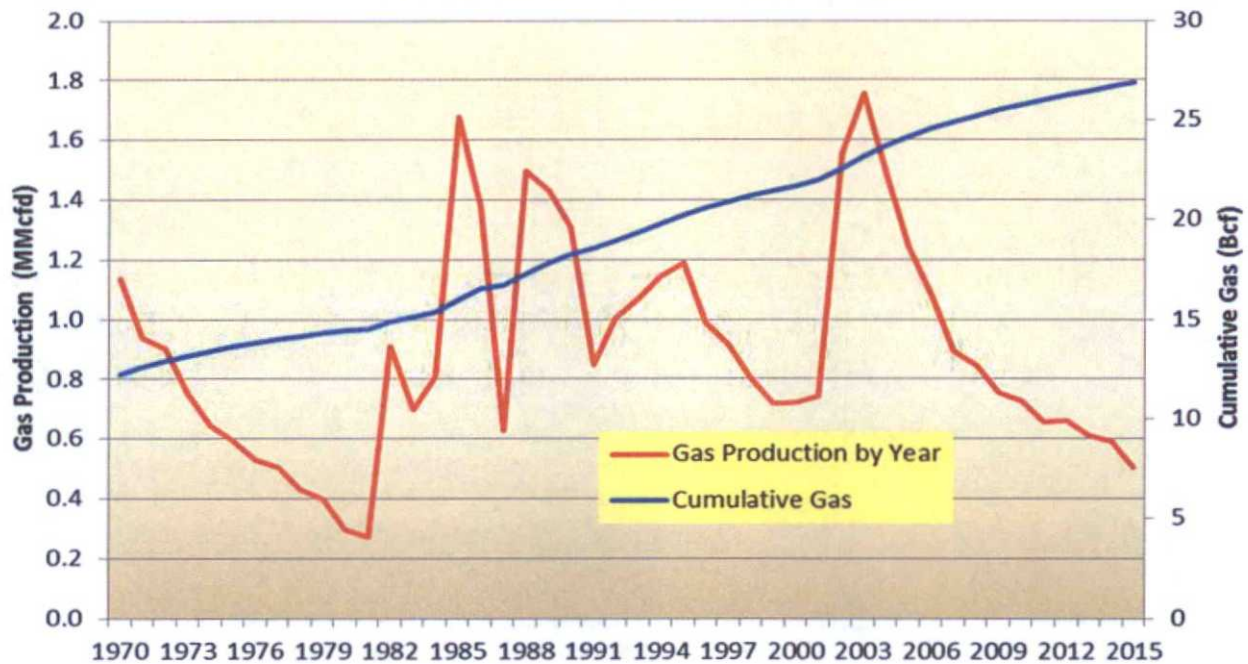
Historical **Oil** Production Gallegos Canyon Unit All Formations



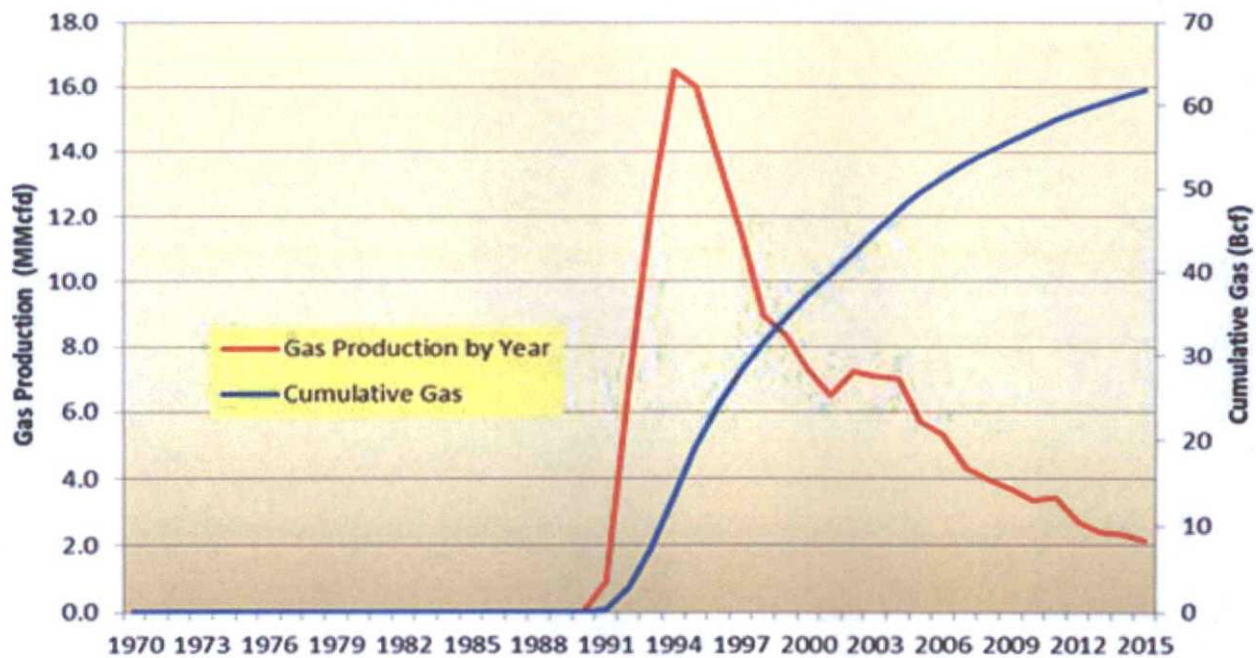
Historical *Gas* Production
Gallegos Canyon Unit
Farmington Sands Formation



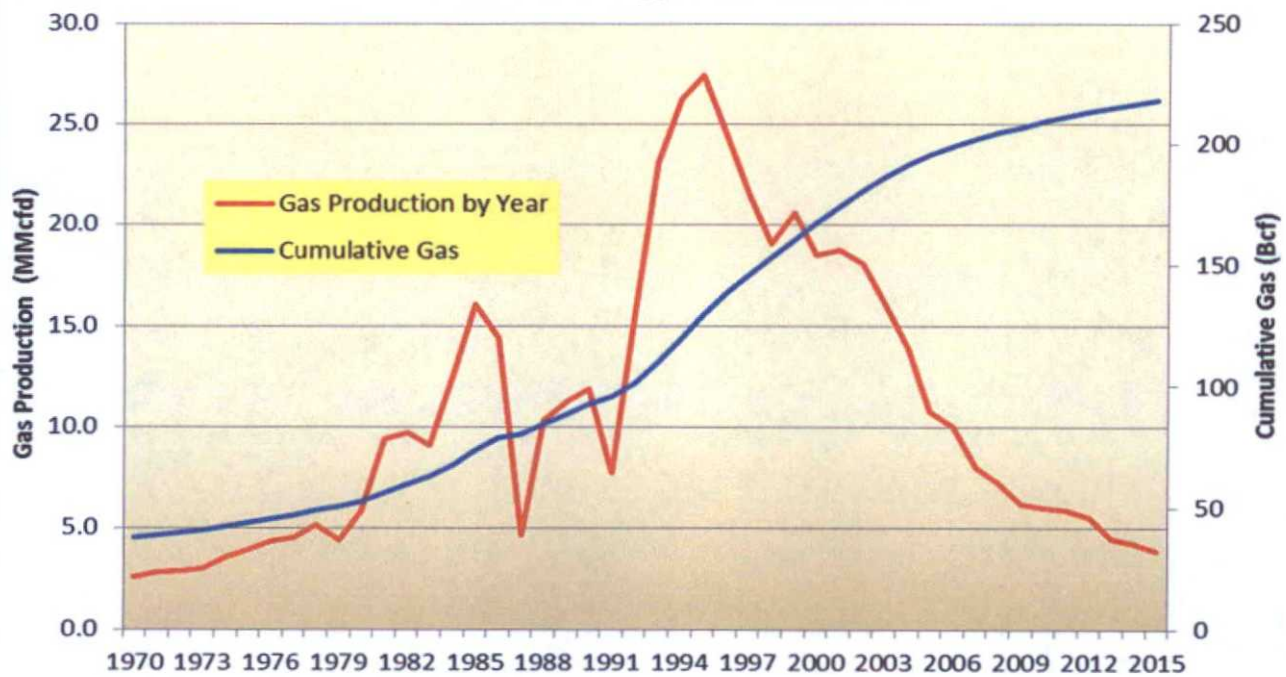
Historical **Gas** Production Gallegos Canyon Unit Fruitland Sand Formation



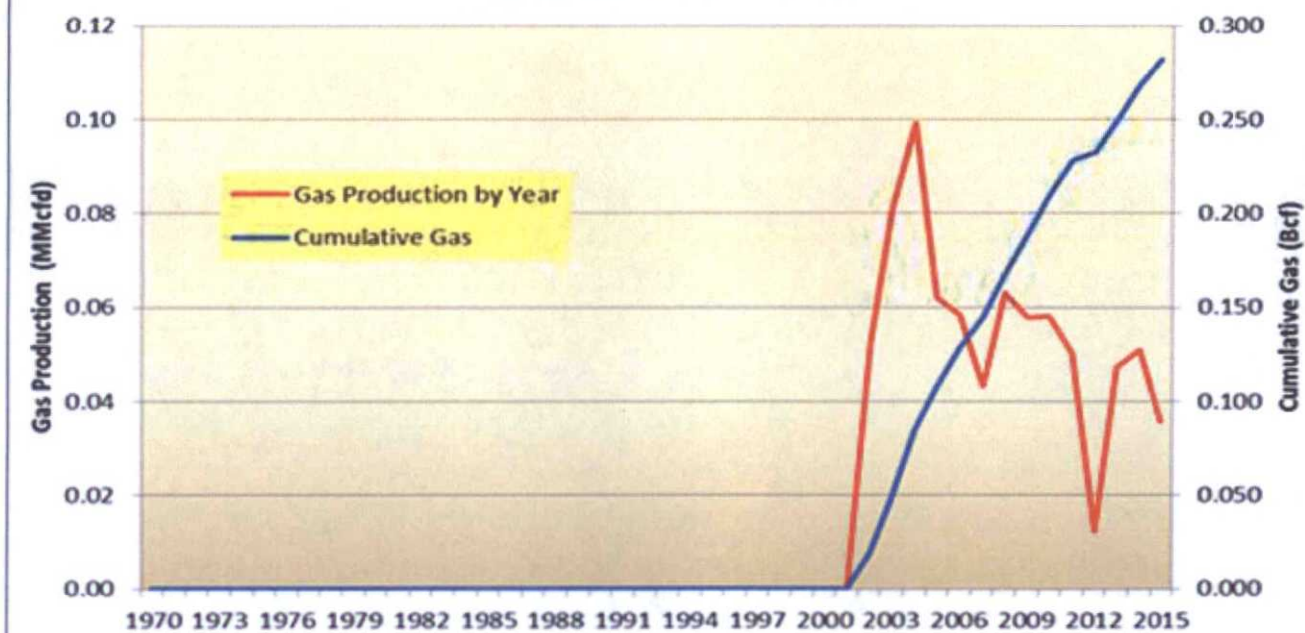
Historical **Gas** Production Gallegos Canyon Unit Fruitland Coal Formation



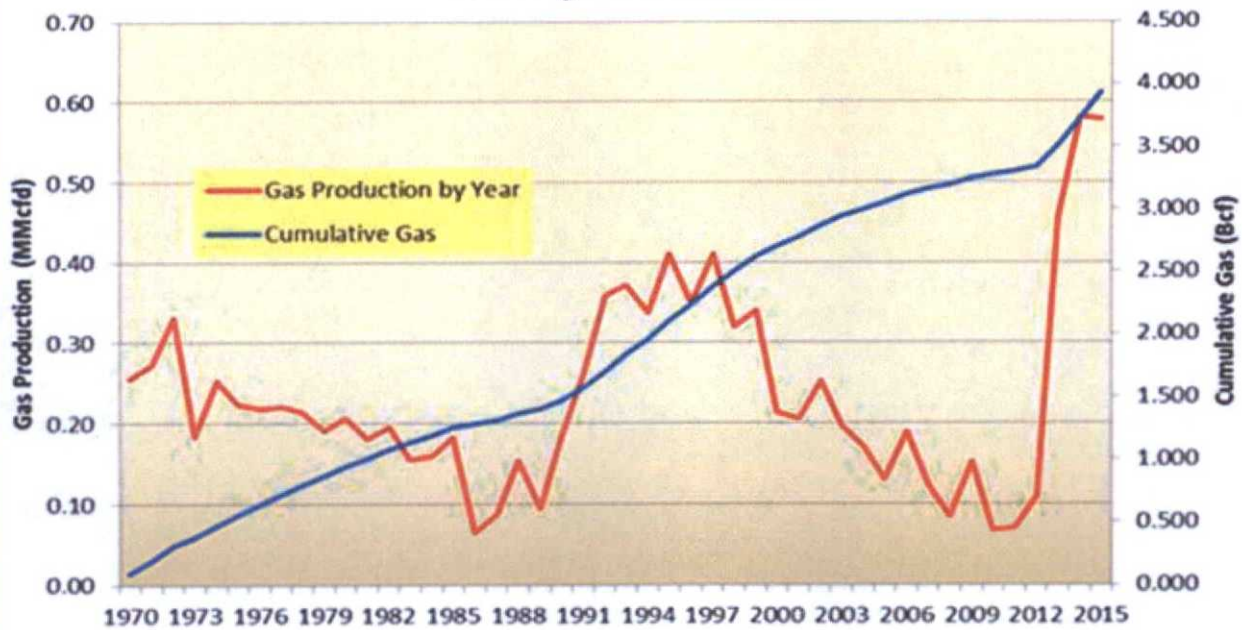
Historical *Gas* Production
Gallegos Canyon Unit
Pictured Cliffs Formation



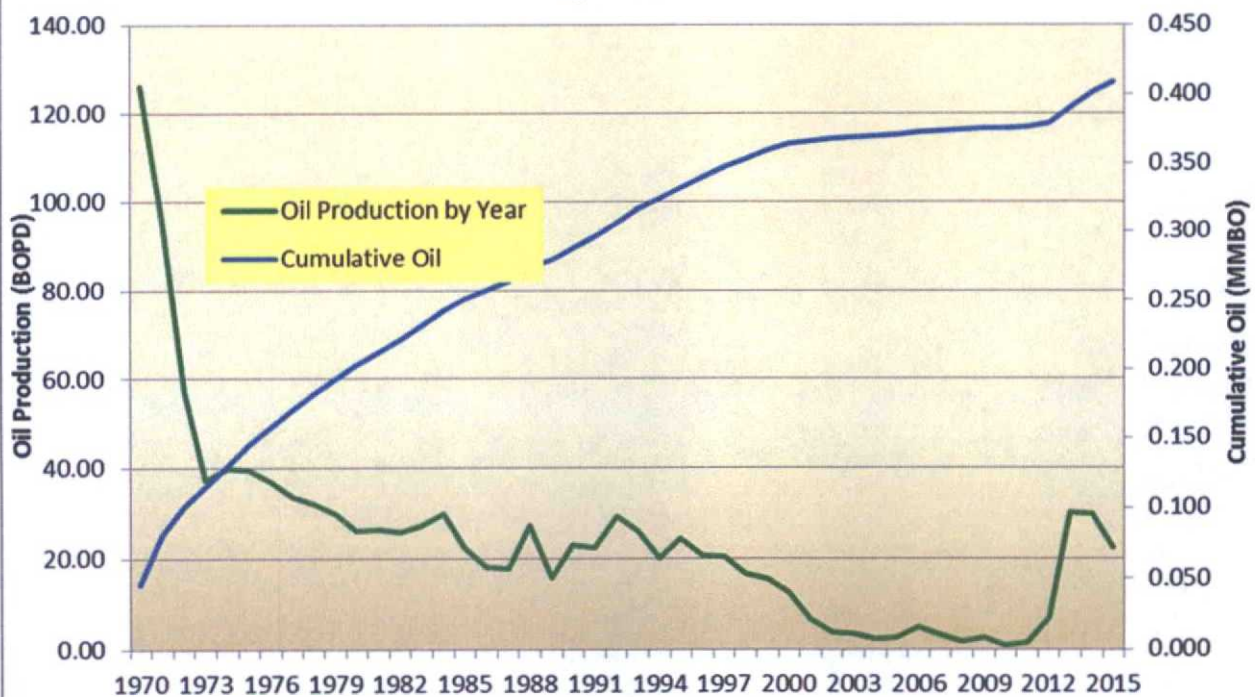
Historical *Gas* Production
Gallegos Canyon Unit
Chacra Formation



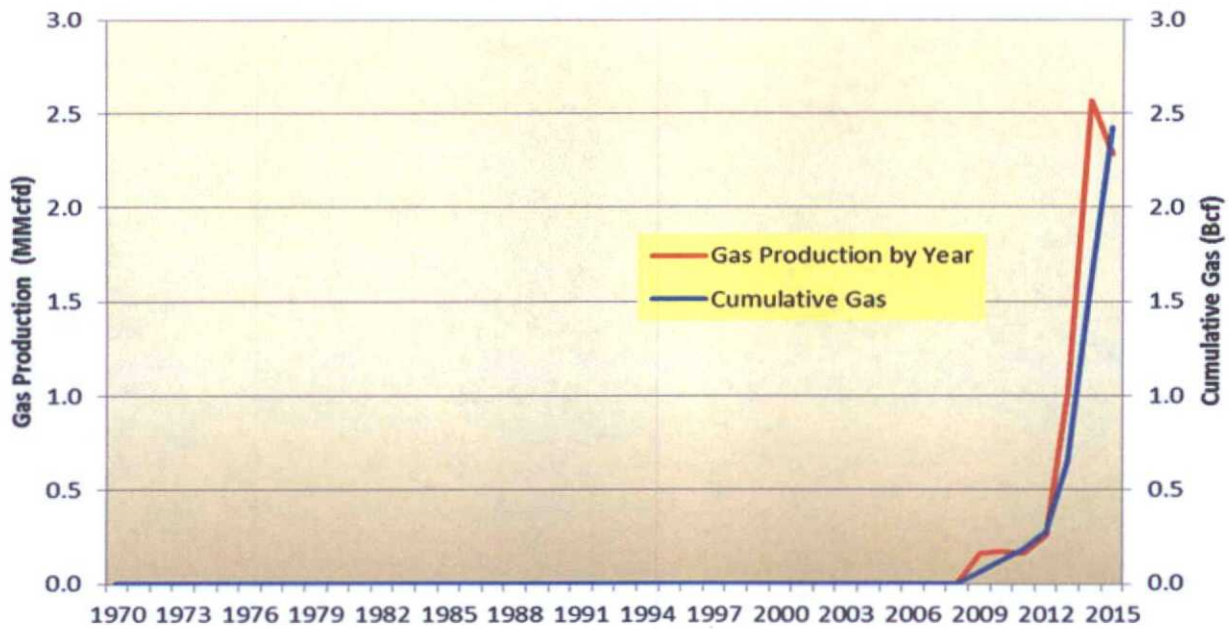
Historical **Gas** Production Gallegos Canyon Unit Gallup Formation



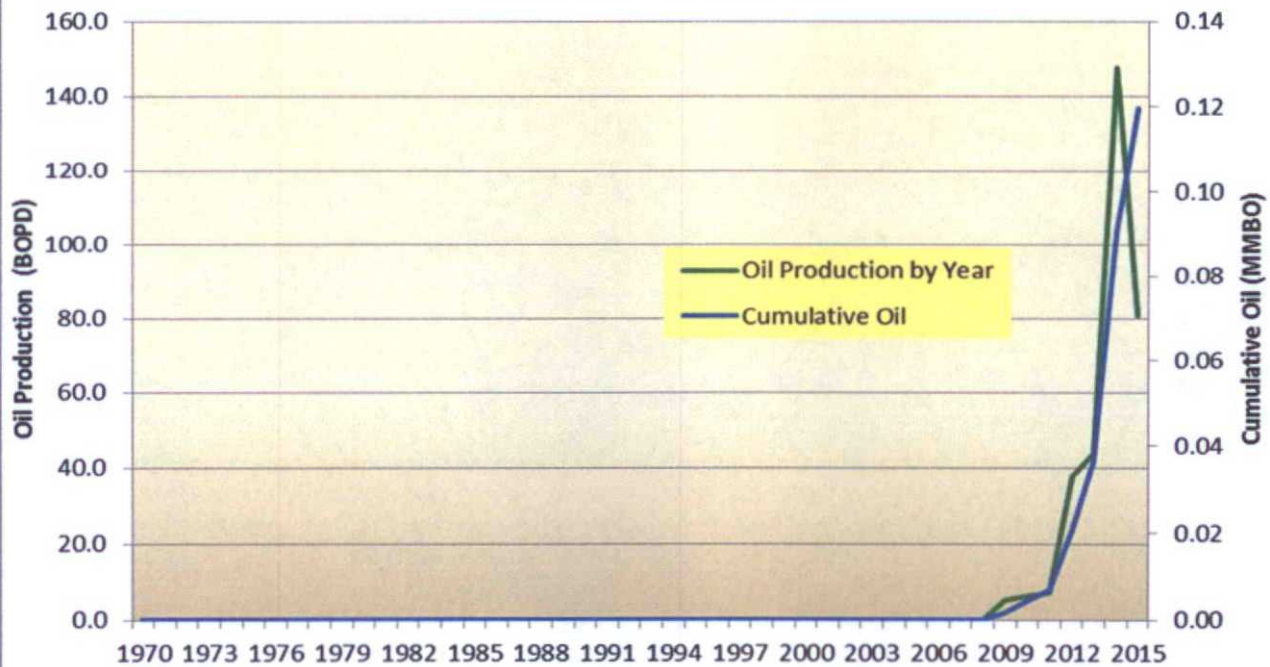
Historical **Oil** Production Gallegos Canyon Unit Gallup Formation



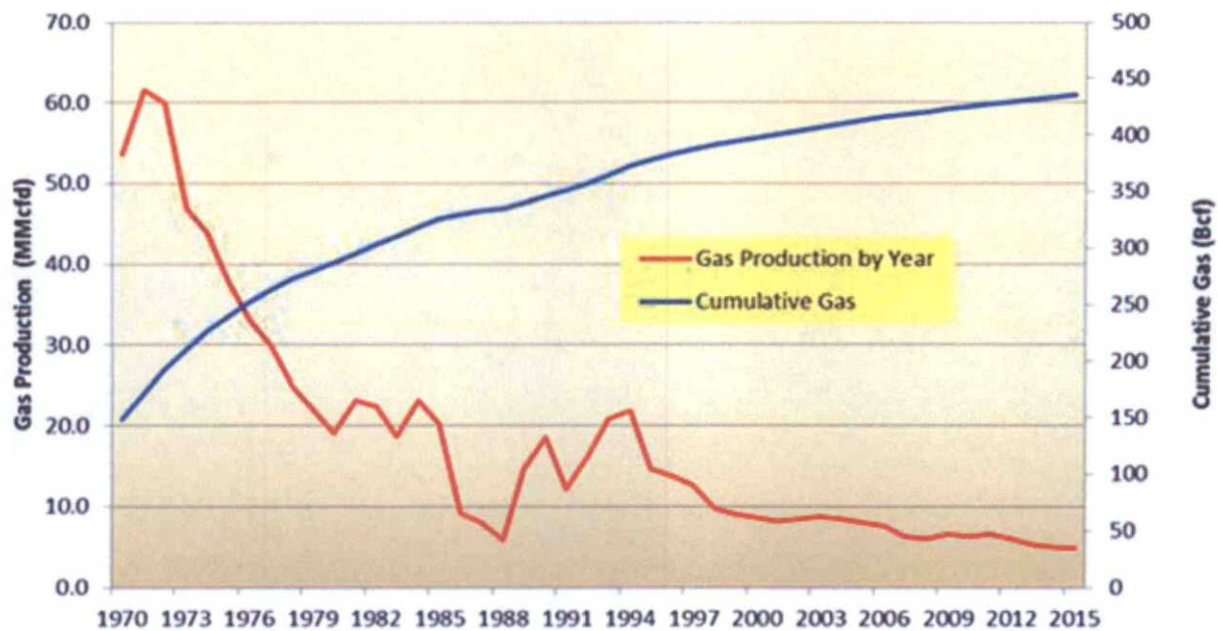
Historical **Gas** Production Gallegos Canyon Unit Mancos Formation



Historical **Oil** Production Gallegos Canyon Unit Mancos Formation



Historical **Gas** Production Gallegos Canyon Unit Dakota Formation



Historical **Oil** Production Gallegos Canyon Unit Dakota Formation

