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Kristle L. McBride

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North America Gas Production

2007 APR 23 AM 11 43

BP America Production Company
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April 16, 2007

United States Department of the Interior
Bureau of Land Management
2909 W. 2nd Street
Roswell, New Mexico 88201

Attn: Alexis Swoboda, P.E.

State of New Mexico
Commissioner of Public Lands
P.O Box 1148
Santa Fe, New Mexico 87501

Attn: Pete Martinez

State of New Mexico
Department of Energy and Minerals
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87505

Attn: Mark E. Fesmire, P.E.

Re: 2007 EAU Plan of Operation – Section 11 of EAU Agreement,
Contract No. 14-08-0001-13801

Ladies and Gentlemen:

In compliance with Section 11 of the Unit Agreement, Empire Abo Unit, Eddy County, New Mexico, BP America Production Company, as Unit Operator, on behalf of itself and other participating working interest owners, hereby submits the 2007 Empire Abo Unit Plan of Operation for your approval to cover the period beginning March 1, 2007, and extending through February 28, 2008.

Sincerely,

Kristle L. McBride

Kristle L. McBride,
Field Production Engineer
Enclosed: Exhibit A – EAU P&A Well Status, Exhibit B – EAU 2002-2006 Production History Summary
Cc: Preston Abbott, Scott Wilkins, Leah Brumlow, David Newell, Marvin Whitmire, Kristle McBride

EMPIRE ABO UNIT 2007 Plan of Operation

Summary of the Plan of Operation for 2007

BP America Production Company has been committed to assessing and executing Empire Abo Unit workover projects that have been identified by the New Mexico Oil Conservation Division (NMOCD) and the Bureau of Land Management (BLM) as either being out of compliance or approaching compliance deadlines. An intensive regulatory workover program has been implemented to either return shut-in or temporarily abandoned EAU wells to production or plug and abandon EAU wells that are uneconomic. BP America Production Company will continue to be proactive in our efforts to evaluate and return EAU regulatory wells to production, maximize EAU field production, and most importantly, comply with NMOCD and BLM rules and regulations.

Project Area- Description and History

The Empire Abo Unit is located in portions of Sections 34, 35, 36, Township 17 South, Range 27 East; Sections 1, 2, 3, 4, 8, 9, 10, 11, 12, 15, 16, 17, Township 18 South, Range 27 East; Sections 25, 26, 27, 28, 31, 32, 33, 34, 35, 36, Township 17 South, Range 28 East; Sections 4, 5, 6, Township 18 South, Range 28 East; Sections 29, 30, Township 17 South, Range 29 East, Eddy County, New Mexico.

The effective date of the Unit was October 1, 1973. Tracts 2, 6, 41, 42, 46, 79, and 84 of the Unit Area did not qualify for participation on October 1, 1973. The Riverwolf Unit, comprised of Tracts 2, 6, 42, and 46, received NMOCD participation approval in June 1974, and Tracts 41, 79, and 84, included in the Empire Abo Unit, received NMOCD participation approval in September 1975. The acreage breakdown of the Unit Area is as follows:

| <u>Area</u> | <u>Acres</u> |
|------------------|---------------|
| Empire Abo Unit: | 10, 814.44 |
| Riverwolf Unit: | <u>241.05</u> |
| Total Area | 11, 055.49 |

Current Performance

In March 2007, the Empire Abo Unit averaged 1972 BOEPD. Cumulative monthly oil production from the Empire Abo Unit from January 2002 through November 2006 was 1.81 MMBO. Cumulative monthly gas production from January 2002 through November 2006 was 17.3 BCF. To date, the Empire Abo Unit has a total of 210 active wells.

Discussion of Past, Current, and Future Operations

- a) **Empire Abo 2002-2006 Summary of Operations**
Enclosed is the EAU 2002 - 2006 Production History Summary (Exhibit B) and the EAU Field Production Curve covering January 2002 to November 2006.
- b) **Empire Abo Plug and Abandonment and Drilling Operations**
Enclosed is the EAU P&A Well Status document (Exhibit A), which identifies EAU wells that have been plugged and abandoned to date and future plug and abandonment well operations. No drilling operations have been performed within the years of 2002 to 2006.
- c) **Workovers**
An intensive workover program has been implemented to identify uphole potential in the shallow part of the Abo reef, optimize EAU field production utilizing artificial lift techniques, and analyze inactive wells to ensure compliance with NMOCD and BLM regulations.
- d) **Continuing Field Optimization**
In an effort to maximize future reserves, BP America Production Company will continue to monitor field performance. Furthermore, BP America Production Company will continue to evaluate options to improve performance such as the use of compression to lower wellhead pressures.

Modifications to Plan

It is understood that to meet changing conditions, this plan of operation may be modified from time to time, with the approval of the Supervisor of the U.S.G.S., the Commissioner of Public Land of the State of New Mexico, and the Department of Energy and Minerals, Oil Conservation, State of New Mexico.

BP America Production Company, as Unit Operator, will act prudently to preserve the rights of mineral owners, and to effectively and efficiently recover the Unit Area Reserves. BP America Production Company will meet all economical offset obligations, act to prevent waste, conserve natural resources, and protect correlative rights.

Effective Date and Duration of the Plan

The 2007 EAU Plan of Operation shall be effective March 1, 2007 and extended through February 28, 2008 unless otherwise amended.

Empire ABO Unit 2007 Plan of Operation

If the proposed Plan of Operation meets BLM Approval, please sign below and return one copy for BP America Production Company's files.

Regards,
BP America Production Company
Operator

Kristle L. McBride

Kristle L. McBride
Production Engineer
Permian Asset
Office: 432-688-5237
Mobile: 432-238-1910

APPROVED BY: _____ DATE: _____
District Manager
United States Department of the Interior
Bureau of Land Management - Roswell District

APPROVED BY: _____ DATE: _____
Commissioner of Public Lands
State of New Mexico

APPROVED BY: *for Mark Ferris* _____ DATE: *4-23-07*
Division Director
Department of Energy and Minerals
Oil Conservation Division
State of New Mexico

Exhibit A: EAU P&A Well Status

| EAU P&A WELL STATUS | | | |
|--------------------------------|------------------|-------------------------|-------------|
| updated as of 03/07 | CONDITION | | |
| WELL NAME | CODE | CONDITION | DATE |
| EMPIRE ABO UNIT PH-2 B40 | 93 | Abandoned-nonproductive | 08/02 |
| EMPIRE ABO UNIT PH-2 B42 | 93 | Abandoned-nonproductive | 01/03 |
| EMPIRE ABO UNIT PH-2 C45 | 93 | Abandoned-nonproductive | 01/03 |
| EMPIRE ABO UNIT PH-2 D42 | 93 | Abandoned-nonproductive | 10/03 |
| EMPIRE ABO UNIT PH-2 E27 | 93 | Abandoned-nonproductive | 03/03 |
| EMPIRE ABO UNIT PH-2 E28 | 93 | Abandoned-nonproductive | 03/03 |
| EMPIRE ABO UNIT PH-2 E31 | 93 | Abandoned-nonproductive | 09/02 |
| EMPIRE ABO UNIT PH-2 E374 | 93 | Abandoned-nonproductive | 11/03 |
| EMPIRE ABO UNIT PH-2 E41 | 93 | Abandoned-nonproductive | 10/02 |
| EMPIRE ABO UNIT PH-2 F32 | 93 | Abandoned-nonproductive | 09/03 |
| EMPIRE ABO UNIT PH-2 F333 | 93 | Abandoned-nonproductive | 11/03 |
| EMPIRE ABO UNIT PH-2 F334 | 93 | Abandoned-nonproductive | 09/03 |
| EMPIRE ABO UNIT PH-2 F336 | 93 | Abandoned-nonproductive | 09/03 |
| EMPIRE ABO UNIT PH-2 F363 | 93 | Abandoned-nonproductive | 09/03 |
| EMPIRE ABO UNIT PH-2 F37 | 93 | Abandoned-nonproductive | 04/91 |
| EMPIRE ABO UNIT PH-2 F374 | 93 | Abandoned-nonproductive | 10/03 |
| EMPIRE ABO UNIT PH-2 F39 | 93 | Abandoned-nonproductive | 10/03 |
| EMPIRE ABO UNIT PH-2 F40 | 93 | Abandoned-nonproductive | 12/02 |
| EMPIRE ABO UNIT PH-2 G21 | 93 | Abandoned-nonproductive | 09/02 |
| EMPIRE ABO UNIT PH-2 G23 | 93 | Abandoned-nonproductive | 08/03 |
| EMPIRE ABO UNIT PH-2 G30 | 93 | Abandoned-nonproductive | 06/99 |
| EMPIRE ABO UNIT PH-2 G301 | 93 | Abandoned-nonproductive | 12/03 |
| EMPIRE ABO UNIT PH-2 G31 | 93 | Abandoned-nonproductive | 12/03 |
| EMPIRE ABO UNIT PH-2 G311 | 93 | Abandoned-nonproductive | 05/03 |
| EMPIRE ABO UNIT PH-2 G313 | 93 | Abandoned-nonproductive | 05/03 |
| EMPIRE ABO UNIT PH-2 G32 | 93 | Abandoned-nonproductive | 05/99 |
| EMPIRE ABO UNIT PH-2 G321 | 93 | Abandoned-nonproductive | 01/03 |
| EMPIRE ABO UNIT PH-2 G332 | 93 | Abandoned-nonproductive | 03/03 |
| EMPIRE ABO UNIT PH-2 G343 | 93 | Abandoned-nonproductive | 05/03 |
| EMPIRE ABO UNIT PH-2 G37 | 93 | Abandoned-nonproductive | 09/02 |
| EMPIRE ABO UNIT PH-2 H21 | 93 | Abandoned-nonproductive | 07/05 |
| EMPIRE ABO UNIT PH-2 H302 | 93 | Abandoned-nonproductive | 05/03 |
| EMPIRE ABO UNIT PH-2 H33 | 93 | Abandoned-nonproductive | 12/03 |
| EMPIRE ABO UNIT PH-2 H34 | 93 | Abandoned-nonproductive | 10/03 |
| EMPIRE ABO UNIT PH-2 H341 | 93 | Abandoned-nonproductive | 12/03 |
| EMPIRE ABO UNIT PH-2 I29 | 93 | Abandoned-nonproductive | 12/03 |
| EMPIRE ABO UNIT PH-2 J-8 | 93 | Abandoned-nonproductive | 02/07 |
| EMPIRE ABO UNIT PH-2 J27 | 93 | Abandoned-nonproductive | 12/03 |
| EMPIRE ABO UNIT PH-2 K11 | 93 | Abandoned-nonproductive | 08/04 |
| EMPIRE ABO UNIT PH-2 K181 | 93 | Abandoned-nonproductive | 05/03 |
| EMPIRE ABO UNIT PH-2 K20 | 93 | Abandoned-nonproductive | 01/03 |
| EMPIRE ABO UNIT PH-2 K24 | 93 | Abandoned-nonproductive | 07/88 |

Exhibit A continued: EAU P&A Well Status

| EAU P&A WELL STATUS | | | |
|----------------------------------|----|------------------------------|-------|
| <i>EMPIRE ABO UNIT PH-2 L131</i> | 93 | Abandoned-nonproductive | 07/04 |
| <i>EMPIRE ABO UNIT PH-2 L17</i> | 93 | Abandoned-nonproductive | 07/04 |
| <i>EMPIRE ABO UNIT PH-2 L18</i> | 93 | Abandoned-nonproductive | 10/03 |
| <i>EMPIRE ABO UNIT PH-2 L7</i> | 93 | Abandoned-nonproductive | 07/04 |
| <i>EMPIRE ABO UNIT PH-2 M10</i> | 93 | Abandoned-nonproductive | 03/03 |
| <i>EMPIRE ABO UNIT PH-2 M11</i> | 93 | Abandoned-nonproductive | 03/03 |
| <i>EMPIRE ABO UNIT PH-2 M15</i> | 93 | Abandoned-nonproductive | 07/04 |
| <i>EMPIRE ABO UNIT PH-2 M16</i> | 93 | Abandoned-nonproductive | 01/07 |
| <i>EMPIRE ABO UNIT PH-2 M151</i> | 93 | Abandoned-nonproductive | 08/06 |
| <i>EMPIRE ABO UNIT PH-2 N4</i> | 93 | Abandoned-nonproductive | 08/04 |
| <i>EMPIRE ABO UNIT PH-2 N10</i> | 93 | Abandoned-nonproductive | 07/04 |
| <i>EMPIRE ABO UNIT PH-2 N13</i> | 93 | Abandoned-nonproductive | 01/07 |
| <i>EMPIRE ABO UNIT PH-2 N701</i> | 93 | Abandoned-nonproductive | 02/05 |
| <i>EMPIRE ABO UNIT PH-2 N9</i> | 93 | Abandoned-nonproductive | 08/04 |
| <i>EMPIRE ABO UNIT PH-2 O9</i> | 93 | Abandoned-nonproductive | 03/04 |
| <i>EMPIRE ABO UNIT PH-2 S7</i> | 93 | Abandoned-nonproductive | 11/03 |
| <i>EMPIRE ABO UNIT PH-2 S8</i> | 93 | Abandoned-nonproductive | 09/02 |
| <i>EMPIRE ABO UNIT PH-2 T6</i> | 93 | Abandoned-nonproductive | 11/87 |
| EAU FUTURE P&A WELLS | | | |
| WELL NAME | | Proposed P&A Date | |
| <i>EMPIRE ABO UNIT F-38</i> | | Jul-07 | |
| <i>EMPIRE ABO UNIT H-32</i> | | Jul-07 | |
| <i>EMPIRE ABO UNIT I-30</i> | | Jul-07 | |
| <i>EMPIRE ABO UNIT N-901</i> | | Jul-07 | |
| <i>EMPIRE ABO UNIT Q-7</i> | | Jul-07 | |

Exhibit B: Empire Abo Unit 2002 through 2006 Production History

| EMPIRE ABO UNIT | | | | |
|-------------------------|---------|-----------|-----------|--------------|
| 2002 PRODUCTION HISTORY | | | | |
| Month | BO | BW | MCF | Injected MCF |
| January | 35,285 | 193,701 | 413,373 | 0 |
| February | 30,342 | 170,446 | 367,963 | 0 |
| March | 35,213 | 193,638 | 414,263 | 0 |
| April | 31,695 | 175,282 | 403,278 | 0 |
| May | 30,441 | 149,106 | 469,303 | 0 |
| June | 30,057 | 170,958 | 437,501 | 0 |
| July | 28,949 | 178,098 | 424,661 | 0 |
| August | 27,907 | 164,455 | 500,082 | 0 |
| September | 28,934 | 162,367 | 458,678 | 0 |
| October | 32,162 | 186,560 | 448,434 | 0 |
| November | 30,246 | 185,652 | 416,432 | 0 |
| December | 32,539 | 195,873 | 445,952 | 0 |
| Total | 373,770 | 2,126,136 | 5,199,920 | 0 |

| EMPIRE ABO UNIT | | | | |
|-------------------------|---------|-----------|-----------|--------------|
| 2003 PRODUCTION HISTORY | | | | |
| Month | BO | BW | MCF | Injected MCF |
| January | 37,700 | 176,827 | 409,811 | 0 |
| February | 36,413 | 205,476 | 344,414 | 0 |
| March | 37,765 | 239,689 | 405,215 | 0 |
| April | 36,959 | 222,074 | 378,261 | 0 |
| May | 32,830 | 223,892 | 377,639 | 0 |
| June | 28,827 | 215,657 | 353,819 | 0 |
| July | 28,459 | 196,755 | 357,234 | 0 |
| August | 31,153 | 202,438 | 331,327 | 0 |
| September | 28,734 | 180,736 | 330,877 | 0 |
| October | 31,350 | 162,599 | 280,938 | 0 |
| November | 28,125 | 188,262 | 227,050 | 0 |
| December | 35,525 | 223,309 | 283,595 | 0 |
| Total | 393,840 | 2,437,714 | 4,080,180 | 0 |

Exhibit B continued : Empire Abo Unit 2002 through 2006 Production History

| EMPIRE ABO UNIT | | | | |
|-------------------------|---------|-----------|-----------|--------------|
| 2004 PRODUCTION HISTORY | | | | |
| Month | BO | BW | MCF | Injected MCF |
| January | 34,957 | 229,605 | 337,701 | 0 |
| February | 33,050 | 194,132 | 312,948 | 0 |
| March | 32,997 | 215,943 | 317,530 | 0 |
| April | 25,210 | 185,889 | 285,534 | 0 |
| May | 27,324 | 167,842 | 295,189 | 0 |
| June | 26,008 | 164,340 | 273,354 | 0 |
| July | 27,740 | 171,709 | 285,308 | 0 |
| August | 31,609 | 185,033 | 287,387 | 0 |
| September | 34,115 | 176,601 | 272,289 | 0 |
| October | 33,406 | 192,122 | 284,880 | 0 |
| November | 33,334 | 161,838 | 256,063 | 0 |
| December | 33,629 | 161,647 | 248,428 | 0 |
| Total | 373,379 | 2,206,701 | 3,456,611 | 0 |

| EMPIRE ABO UNIT | | | | |
|-------------------------|---------|-----------|-----------|--------------|
| 2005 PRODUCTION HISTORY | | | | |
| Month | BO | BW | MCF | Injected MCF |
| January | 31,345 | 182,669 | 242,737 | 0 |
| February | 27,579 | 168,425 | 205,742 | 0 |
| March | 31,007 | 159,187 | 243,766 | 0 |
| April | 31,042 | 181,218 | 191,459 | 0 |
| May | 32,963 | 202,406 | 194,428 | 0 |
| June | 30,415 | 145,020 | 198,599 | 0 |
| July | 31,174 | 155,725 | 215,431 | 0 |
| August | 28,295 | 183,721 | 210,691 | 0 |
| September | 26,208 | 184,043 | 195,803 | 0 |
| October | 28,966 | 199,685 | 216,573 | 0 |
| November | 28,398 | 190,985 | 202,854 | 0 |
| December | 28,923 | 219,487 | 205,802 | 0 |
| Total | 356,315 | 2,172,571 | 2,523,885 | 0 |

Exhibit B continued : Empire Abo Unit 2002 through 2006 Production History

| EMPIRE ABO UNIT | | | | |
|-------------------------|---------|-----------|-----------|--------------|
| 2006 PRODUCTION HISTORY | | | | |
| Month | BO | BW | MCF | Injected MCF |
| January | 25,204 | 207,493 | 194,381 | 0 |
| February | 25,235 | 188,391 | 166,570 | 0 |
| March | 28,876 | 205,587 | 198,880 | 0 |
| April | 29,083 | 200,890 | 183,235 | 0 |
| May | 23,204 | 160,117 | 176,497 | 0 |
| June | 29,278 | 194,583 | 180,155 | 0 |
| July | 30,891 | 194,264 | 176,271 | 0 |
| August | 32,865 | 200,868 | 188,015 | 0 |
| September | 29,315 | 182,231 | 178,251 | 0 |
| October | 31,808 | 199,782 | 176,476 | 0 |
| November | 31,167 | 204,607 | 172,442 | 0 |
| December | | | | |
| Total | 316,926 | 2,138,813 | 1,991,173 | 0 |

Empire Abo Unit Field Production 2002-2006

