



Case No. 236

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

May 28, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

BP America Production Company

P. O. Box 3092

Houston, Texas 77253-3092

Attention: Mary Corley
corleym@bp.com

Administrative Order NSL-1053-B

Dear Ms. Corley:

Reference is made to the following: (i) your application dated April 19, 2004 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on April 26, 2004 (***administrative application reference No. pMES0-414136198***); and (ii) the Division's records in Santa Fe and Aztec, including the files on Division Administrative Orders NSL-1053, NSL-1053-A, NWU-352, and NSL-830, as amended, and Division Cases No. 236, 258, 300, 606 and 4032: all concerning BP America Production Company's ("BP") request:

(a) for an exception to the well location requirements provided within the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002, for an unorthodox infill gas well location to be drilled within an existing gas spacing and proration unit ("GPU") for the Blanco-Mesaverde Pool (72319), San Juan County, New Mexico; and

(b) to cancel and void Division Administrative Order NSL-1053-A, dated February 18, 2004, which order authorized BP to recomplete its existing Archuleta Well No. 2 (API No. 30-045-23607) at an unorthodox infill Mesaverde gas well location 450 feet from the North line and 850 feet from the West line (Unit C) of Irregular Section 19, Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing the Blanco-Mesaverde Pool.

Blanco-Mesaverde gas production within the existing non-standard 342.54-acre stand-up gas spacing and proration unit ("GPU") comprising Lots 1, 2, 8, and 9 and the E/2 W/2 (W/2 equivalent) of Irregular Section 19 and Lots 2 and 6 and the E/2 NW/4 (NW/4 equivalent) of Irregular Section 30, both in Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico [approved by: (i) Division Order No. R-35, issued in Case No. 236 on December 1, 1950; (ii) Division Order No. R-60, issued in Case No. 258 on March 21, 1951; (iii) Division Order No. R-120, issued in Case No. 300 on January 8, 1952; (iv) Division Order No. R-392, issued in Case No. 606 on November 24, 1953; and (v) Division Administrative Order NWU-352, dated April

20, 1960], is currently dedicated to BP's: (i) Archuleta Well No. 1 (API No. 30-045-09279), located at a standard gas well location 1000 feet from the South line and 1080 feet from the West line (Unit N) of Irregular Section 19; (ii) Archuleta Well No. 1-A (API No. 30-045-22567), located at an unorthodox infill gas well location (approved by Division Administrative Order NSL-830, dated March 28, 1977, as amended by order dated June 13, 1977) 2134 feet from the North line and 1640 feet from the West line (Unit F) of Irregular Section 19; and (iii) Archuleta Well No. 1-B (API No. 30-045-29261), located at a standard infill gas well location 980 feet from the North line and 1230 feet from the West line (Unit C) of Irregular Section 30.

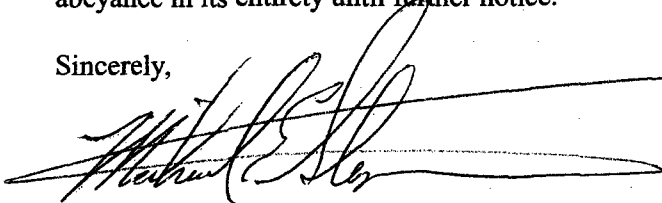
By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled as an unorthodox Blanco-Mesaverde infill gas well within this 342.54-acre non-standard GPU is hereby approved:

**Archuleta Well No. 1-C
355' FNL & 960' FWL (Unit C) of Irregular Section 19.**

Further, all three of the aforementioned Archuleta Wells No. 1, 1-A, and 1-B, BP's proposed Archuleta Well No. 1-C, and existing non-standard 342.54-acre Mesaverde GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the Blanco-Mesaverde Pool.

This order supersedes Division Administrative Order NSL-1053-A, which order shall be placed in abeyance in its entirety until further notice.

Sincerely,



Michael E. Stogner
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: Division Administrative Order NSL-1053
Division Administrative Order NSL-1053-A
Division Administrative Order NWU-352
Division Case No. 236
Division Case No. 258
Division Case No. 300
Division Case No. 606
Division Case No. 4032