



August 24, 2004

HAND DELIVERY

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13342

2004 AUG 24 PM 4 14

Re: Application of BTA Oil Producers for an exception to Division Rule 104.C(2)(c), Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of BTA Oil Producers in the above-referenced case as well as a copy of the legal advertisement. BTA Oil Producers requests that this matter be placed on the September 16, 2004 Examiner Hearing docket.

Very truly yours,

William F. Carr

Enclosures

cc: Ms. Robin G. Hughes, Landman
BTA Oil Producers
104 South Pecos
Midland, Texas 79701

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF BTA OIL PRODUCERS
FOR AN EXCEPTION TO DIVISION RULE 104.C(2)(c),
LEA COUNTY, NEW MEXICO.**

CASE NO. 13342

2009 AUG 24 PM 4 14

APPLICATION

BTA OIL PRODUCERS ("BTA"), through its undersigned attorneys, hereby makes application for an order granting an exception to Division Rule 104.C(2)(c) to allow two operators in formations developed on 320-acre spacing in the W/2 of Section 26, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico and in support of its application states:

1. BTA is a working interest owner in the W/2 of Section 26 and desires to re-enter its currently shut in 8817 JV-P Ojo Chiso Federal Well No. 3 (API No. 30-025-30733) located in Unit M at a point 990 feet from the South and West lines of said Section 26 and plug the well back from the Morrow formation, Ojo Chiso-Morrow Gas Pool, to the Atoka formation, Undesignated Antelope Ridge-Atoka Gas Pool.

2. This W/2 spacing unit is operated by Samson Resources Company and is dedicated to Samson's Ojo Chiso Federal Well No. 1 (API No. 30-025-30604) located in Unit C at a point 990 feet from the North line and 2310 feet from the West line of Section 26. This well is currently completed in and producing from the Atoka Formation, Undesignated Antelope Ridge-Atoka Gas Pool.

3. BTA owns at least 75% of the working interest in this spacing unit and desires to drill an additional well in the SW/4 of this section, however, has declined to cede operations of its Ojo Chiso Well No. 1 and this W/2 spacing unit to BTA. Samson Resources Company does not oppose this application and will participate in the well.

4. Division Rule 104.C(2)(c) requires the operator of an infill well on a 320-acre unit to be the same as the operator of the initial well. Therefore, BTA cannot operate and produce its 8817 JV-P Ojo Chiso Well No. 3 if it is re-completed as a well capable of production from the Atoka formation or any other formation developed on 320-acre spacing.

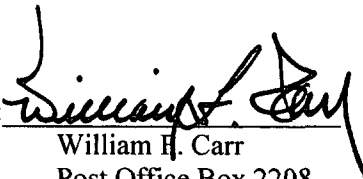
5. BTA therefore requests an exception to Division Rule 104.C(2)(c) to allow two operators in formations developed on 320-acre spacing in the W/2 of Section 26.

6. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, BTA Oil Producers, requests that this application be set for hearing before a Division Examiner on September 16, 2004, and that after notice and hearing as required by law and the Rules and Regulations of the Oil Conservation Division, the Division enter its order granting this application.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

William H. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
Telephone: (505) 988-4421

ATTORNEYS FOR BTA OIL PRODUCERS

CASE 13342:

Application of BTA Oil Producers for an Exception to Division Rule 104.C(2)(c), Lea County New Mexico. Applicant in the above-styled cause seeks an order granting an exception to Division Rule 104.C(2)(c) to allow two operators in all formations developed on 320-acre spacing in the W/2 of Section 26, Township 22 South, Range 34 East, NMPM, to form a standard 320-acre gas spacing and proration unit in the Undesignated Antelope Ridge-Atoka Gas Pool and any other pool in this spacing unit developed on 320-acre spacing. Applicant proposes to re-enter and plug back its 8817 JV-P Ojo Chiso Federal Well No. 3 located in Unit M at a standard gas well location 990 feet from the South and West lines of said Section 26 from the Morrow formation to the Atoka formation. Applicant seeks authority to simultaneously dedicate the W/2 of Section 26 in the Atoka formation to its 8817 JV-P Ojo Chiso Federal Well No. 3 and to the Samson Resources Company Ojo Chiso Federal Well No. 1 located in Unit C at a location 990 feet from the North line and 2310 feet from the West line of said Section. This spacing unit is located approximately 20 miles west southwest of Eunice, New Mexico.