



October 26, 2004

HAND-DELIVERED

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 13384

2004 OCT 26 PM 3 50

Re: Application of BP America Production Company for compulsory pooling, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of BP America Production Company in the above-referenced case as well as a copy of a legal advertisement. BP America Production Company requests that this matter be placed on the docket for the November 18, 2004 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: J. P. Adams
BP America Production Company
Post Office Box 3092
Houston, Texas 77253-3092

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

2009 OCT 26 PM 3:50

IN THE MATTER OF THE APPLICATION
OF BP AMERICA PRODUCTION COMPANY
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

CASE NO. 13384
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APPLICATION

BP AMERICA PRODUCTION COMPANY, ("BP") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, (1978), for an order pooling all mineral interests from the top of the Bone Spring formation at an approximate depth of 3000 feet to the base of the Morrow formation in the following described spacing and proration units located in the W/2 of Section 28, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the North Turkey Track-Morrow Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; and the W/2 SW/4 for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated Travis-Upper Pennsylvanian Pool; and the NW/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Travis-Bone Spring Pool and the Undesignated Travis-Wolfcamp Pool, and in support of its application states:

1. BP America Production Company is a working interest owner in the W/2 of said Section 28 and has the right to drill thereon.
2. BP proposes to dedicate the above-referenced spacing or proration units to its Saguario State Well No. 1 to be drilled at a standard gas well location 1680 feet from the South line and 990 feet from the West line (Unit L) of said Section 28, to an approximate depth of 10,830 feet

to test any and all formations from the top of the Bone Spring formation to the base of the Morrow formation.

3. BP has sought and been unable to obtain a voluntary agreement for the development of these lands from certain unleased mineral interest owners in the subject spacing units who are identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

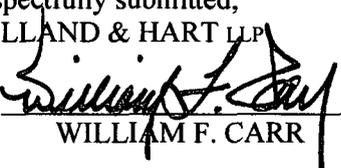
5. In order to permit the BP to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and BP America Production Company should be designated the operator of the well to be drilled.

WHEREFORE, BP America Production Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 18, 2004 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating BP America Production Company operator of these units and the well to be drilled thereon,
- C. authorizing BP America Production Company to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by BP America Production Company in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By:


WILLIAM F. CARR

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

ATTORNEYS FOR BP AMERICA
PRODUCTION COMPANY

EXHIBIT A

**APPLICATION OF
BP AMERICA PRODUCTION COMPANY.
FOR COMPULSORY POOLING
W/2 OF SECTION 28, TOWNSHIP 18 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

Robert W. Hannagan
Post Office Box 4606
Frisco, Colorado 80443

Elk Oil Company
P. O. Box 310
Roswell, NM 88201

Dominion Exploration & Production
Company
Attn: Mr. Joe W. Hammond
1400 Quail Springs Parkway, FL600
Oklahoma City, OK 73134-2616

New Mexico Western Minerals, Inc.
P. O. Box 1738
Roswell, NM 88201

Marathon Oil Company
Attn: Mr. Joe Rusnak
Southern Business Unit
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Houston, TX 77253-3487

Coille Limited Partnership L.P.
Patricia Kelly Kyle
1508 Wilmington
Richmond, VA 23227

Devon Energy Corporation
Attn: Meg Mullinghause
20 North Broadway, Suite 1500
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Mary Ann Twitty
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Malibu, CA 90265

Hugh E. Hanagan and wife,
Betty L. Hanagan
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Robert W. Hanagan
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Roswell, New Mexico 88201

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P. O. Box 533
Roswell, NM 88201

The Andersen-Malone Trust
Attn: Baynard Malone, Trustee
Post Office Box 87
Roswell, New Mexico 88202

Theodore P. White and wife, Marianne
White
P. O. Box 533
Roswell, NM 88201

Charles F. Malone Jr., Individually, and as
Trustee of the Charles F. Malone Living
Trust
Post Office Drawer 700
Roswell, New Mexico 88202

Gretchen S. White Testamentary Trust
William J. Derrick Trustee
6006 Balcones #20
El Paso, TX 77912

Jane M. Stockton, Individually, and as
Trustee of the Charles F. Malone Living
Trust
6756 Old Chisum Trail
Dexter, New Mexico 88230

Roy G. Barton, Jr., Trustee
1919 N. Turner Street
Hobbs, NM 88240

Katharine M. Malone, Individually, and as
Trustee of the Charles F. Malone Living
Trust
4104 24th Street #551
San Francisco, CA 94114

Dora L. McKnight
P. O. Box 1738
Roswell, NM 88202

Elizabeth Eaton
2121 East Biscayne Court
Highlands Ranch, CO 80126

Dora L. McKnight, Trustee of the Dora
L. McKnight Living Trust
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Roswell, NM 88202

Anne S. Johnson
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Fort Valley, Georgia 31030

James Phelps White IV
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Rosser E. Schwarz
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Trinidad, CO 81082

James Phelps White III
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Roswell, NM 88202-0874

Western Reserves Oil Company
P. O. Box 993
Midland, TX 79702

Debra A. Hill Individually and as
Trustee
P. O. Box 1887
Santa Fe, NM 87504-1887

Harvard Petroleum Corporation
P. O. Box 936
Roswell, NM 88202

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John Michael Kelly
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Midland, TX 79702

Dan M. Leonard
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Midland, TX 79702

Bean Family Limited Company
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Roswell, NM 88201

Robert K. Leonard
P. O. Box 332
Midland, TX 79702

CASE 13384:

Application of BP America Production Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the top of the Bone Spring formation at an approximate depth of 3000 feet to the base of the Morrow formation in the following described spacing and proration units located in the W/2 of Section 28, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the North Turkey Track-Morrow Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; the W/2 SW/4 for all formations and/or pools developed on 80-acre spacing which includes but is not limited to the Undesignated Travis-Upper Pennsylvanian Pool; and the NW/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Travis-Bone Spring Pool and the Undesignated Travis-Wolfcamp Pool. Said units are to be dedicated to its Saguaro State Well No. 1 to be drilled at a standard gas well location 1680 feet from the South line and 990 feet from the West line (Unit L) of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of BP America Production Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 13.5 miles southwest of Loco Hills, New Mexico.



October 28, 2004

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

TO ALL AFFECTED INTEREST OWNERS

Re: Application of BP America Production Company for compulsory pooling, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that BP America production Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the top of the Bone Spring formation at an approximate depth of 3000 feet to the base of the Morrow formation in the following described spacing and proration units located in the W/2 of Section 28, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the North Turkey Track-Morrow Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; the W/2 SW/4 for all formations and/or pools developed on 80-acre spacing which includes but is not limited to the Undesignated Travis-Upper Pennsylvanian Pool; and the NW/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Travis-Bone Spring Pool and the Undesignated Travis-Wolfcamp Pool. Said units are to be dedicated to its Saguaro State Well No. 1 to be drilled at a standard gas well location 1680 feet from the South line and 990 feet from the West line (Unit L) of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of BP America Production Company as operator of the well and a charge for risk involved in drilling said well.

This application has been set for hearing before a Division Examiner on November 4, 2004. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

HOLLAND & HART^{LLP}



Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement three days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr".

William F. Carr

ATTORNEY FOR BP AMERICA PRODUCTION COMPANY

cc: J. P. Adams
BP America Production Company