



December 6, 2005

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HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Case 13612

Re: Application of BP America, Inc. for an exception to the well density requirements of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of BP America, Inc. in the above-referenced case as well as a copy of a legal advertisement. BP requests that this application be placed on the docket for the January 5, 2006 examiner hearings.

Very truly yours,

William F. Carr
Attorney for BP America, Inc.

Enclosures

cc: Bill Hawkins (w/ enclosures)
BP America, Inc.

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

IN THE MATTER OF THE APPLICATION OF BP AMERICA PRODUCTION COMPANY, FOR AN EXCEPTION TO THE WELL DENSITY REQUIREMENTS FOR THE BLANCO-MESAVERDE GAS POOL, SAN JUAN COUNTY, NEW MEXICO.

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CASE NO. 13672

APPLICATION

BP America Production Company, (BP), through its undersigned attorneys, hereby makes application for an order granting an exception to the well density requirements of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to simultaneously produce three wells in a quarter section and two wells single quarter-quarter section and in support of its application states:

1. BP is the operator of a standard 320-acre spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the E/2 of Section 28, Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico.

2. The Blanco-Mesaverde Gas Pool is governed by Special Rules and Regulations which provide for 320-acre spacing and proration units on which as many as four wells may be drilled. (Order No. R-8170, as superseded by Order No. R-10987-A, effective February 1, 1999 and amended by Order No. R-10981-A(1), effective December 2, 2002). These Special Pool Rules and Regulations provide:

II. ACREAGE AND WELL LOCATION REQUIREMENTS

A. Standard GPU (Gas Proration Unit): A Standard GPU in the Blanco Mesaverde Pool shall be 320-acres, more or less, comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U. S. Public Land Surveys.

B. Well density:

- (1) Up to four (4) wells may be drilled on a standard GPU, as follows:
 - (a) the FIRST OPTIONAL INFILL WELL drilled on a GPU shall be located in the quarter section not containing the INITIAL Mesaverde well;
 - (b) the SECOND OPTIONAL INFILL WELL drilled on a GPU shall be located in the quarter-quarter not containing a Mesaverde Well and within a quarter section of the GPU not containing more than one (1) Mesaverde well;
 - (c) the THIRD OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section of the GPU not containing a Mesaverde well and within a quarter section of the GPU not containing more than one (1) Mesaverde well;
 - (d) at the discretion of the operator, the second or third optional infill well may be drilled prior to the drilling of the first optional infill well;
 - (e) no more than two wells shall be located within either quarter section in a GPU, and
 - (f) any deviation from the above-described well density requirements shall be authorized only after hearing....

3. In 1951, the Gartner A Well No. 2 (**API No. 30-045-09191**) was drilled at a location 1650 feet from the North line and 1500 feet from the East line (Unit G) of Section 28, Township 30 North, Range 8 West, NMPM, and produced from the Mesaverde formation, Blanco-Mesaverde Gas Pool, until 1998.

4. The Gartner A Well No. 2A (**API No. 30-045-22433**) was drilled in 1977 at a location 1720 from the South line and 1530 feet from the East line (Unit J) of said section. This well was the first infill well drilled on this spacing unit.

5. The Gartner A Well No. 2R (**API No. 30-045-29137**) was drilled as a high angle/horizontal well in 1994 from a surface location 790 feet from the North line and 1840 feet from the East line (Unit B) with a bottomhole location 2580 feet from the North line and 790 feet from the East line (Unit H) of said Section 28. This was the second infill well on this spacing unit. The Oil Conservation Division authorized BP's predecessor to produce both the Gartner

Well No. 2, No. 2A and No. 2R with the allowable being calculated using only the deliverability of two wells in the spacing unit; being the Gartner A Well No. 2A and the Gartner A Well No. 2R (See, Division Order Nos. R-10108 and R-10108-A).

6. Following a demand from the BLM to return the Gartner A Well No. 2 to production, the well was repaired and returned to production in 2001 and then additional pay was added and the well re fracture Stimulated in 2002.

7. The Gartner A Well No. 2B (API No. 30-045-31006) was drilled in 2002 at a location 2340 feet from the North line and 750 feet from the East line (Unit H). This well was the third infill well drilled on this spacing unit and the well was permitted while the Gartner Well No. 2 was off production and used only the surface location for the Gartner A Well No. 2R. This well has been shut in since January 2005.

8. The primary objective in each of the above-described wells is the Blanco-Mesaverde Gas Pool and each well was permitted and drilled as a Mesaverde test.

9. While the total number of wells on this Mesaverde GPU is allowed under the Special Pool Rules and Regulations for the Blanco-Mesaverde Gas Pool, both the Gartner A Well No. 2R and the Gartner A Well No. 2B are located in the same quarter-quarter section and these wells and the Gartner A Well No. 2 ^{are} located in the same quarter section.

10. BP therefore requests that the Division enter its order granting an exception to the well density requirements of Rule I B. of the Special Pool Rules and Regulations for the Blanco-Mesaverde Gas Pool approving the location of the Gartner A Well No. 2B in the Mesaverde formation and authorizing BP to simultaneously produce the Gartner A Wells No. 2, 2B and 2R located in the NE/4 of said Section 28. At full development of the spacing unit, BP will operate

no more than four wells in this 320-acre spacing unit. BP therefore does not seek to increase the number of wells in this spacing unit.

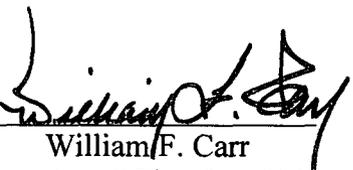
11. Approval of this application will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool, and will afford BP the opportunity to utilize the existing wells to produce the reserves from this spacing unit.

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

WHEREFORE, BP America Production Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 5, 2006 and after notice and hearing as required by law, the Division enter its order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool approving location of the Gartner A Well No. 2B in the Mesaverde formation and authorizing BP to simultaneously produce both the Gartner A Well Nos. 2, 2B and 2R located in the NE/4 of Section 28, Township 30 North, Range 8 West, NMPM.

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 AN EXCEPTION TO THE WELL
DENSITY REQUIREMENTS FOR THE
BLANCO-MESAVERDE GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

NOTIFICATION LIST

Burlington Resources Oil & Gas Company
Post Office Box 4289
Farmington, New Mexico 87499

ConocoPhillips
Three WestLake Park, WL 3003
Post Office Box 2197
Houston, Texas 77252

CASE 13612:

Application of BP America, Inc. for an exception to the well density requirements for the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico. Applicant in the above-styled cause seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to produce the following three Mesaverde wells located in the same quarter section (NE/4) on a standard spacing and proration unit comprised of the East half of Section 28, Township 30 North, Range 8 West, NMPM:

the Gartner A Well No. 2 (API No. **30-045-09191**) located 1650 feet from the North line and 1500 feet from the East line (Unit G) of said section;

the Gartner A Well No. 2B (API No. 30-045-31006) located 2340 feet from the North line and 750 feet from the East line (Unit H) of said section; and

the Gartner A Well No. 2R (API No. **30-045-29137**) which was directionally drilled from a surface location 790 feet from the North line and 1840 feet from the East line (Unit B) to a bottomhole location 2580 feet from the North line and 790 feet from the East line (Unit H) of said section.

Said wells are located approximately 4 miles southeast of Archuleta New Mexico.