STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:	)	
APPLICATION OF BP AMERICA, INC., FOR AN EXCEPTION TO THE WELL DENSITY REQUIREMENTS FOR THE BLANCO-MESAVERDE GAS POOL, SAN JUAN COUNTY, NEW MEXICO	)	CASE NOS. 13,612
APPLICATION OF BP AMERICA, INC., FOR AN EXCEPTION TO THE WELL DENSITY REQUIREMENTS FOR THE BLANCO-MESAVERDE GAS POOL, SAN JUAN COUNTY, NEW MEXICO	)	13,613
APPLICATION OF BP AMERICA, INC., FOR AN EXCEPTION TO THE WELL DENSITY REQUIREMENTS FOR THE BLANCO-MESAVERDE GAS POOL, SAN JUAN COUNTY, NEW MEXICO	)	and 13,614
	)	(Consolidated)

2006 FEB 16 PM 1 21

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

ORIGINAL

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

February 2nd, 2006

Santa Fe, New Mexico

These matters came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, February 2nd, 2006, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

February 2nd, 2006
Examiner Hearing
CASE NOS. 13,612, 13,613 and 13,614 (Consolidated)

* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1 (Case No. 13,612)	9	23
Tab 1	9	23
Tab 2	9	23
Tab 3	12	23
Tab 4	12	23
Exhibit 2 (Case No. 13,613)	13	23
Tab 1	14	23
Tab 2	14	23
Tab 3	16	23
Tab 4	16	23
Exhibit 3 (Case No. 13,614)	17	23
Tab 1	18	23
Tab 2	18	23
Tab 3	20	23
Tab 4	20	23
Exhibit 4	23	23
Exhibit 5	23	23
Exhibit 6	23	23

* * *

A P P E A R A N C E S

FOR THE DIVISION:

GAIL MacQUESTEN
Deputy General Counsel
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR
110 N. Guadalupe, Suite 1
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: WILLIAM F. CARR

* * *

WHEREUPON, the following proceedings were had at 8:39 a.m.:

EXAMINER JONES: And let's call Case 13,612, Application of BP America, Incorporated, for an exception to the well density requirements for the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.

Call for appearances.

MR. CARR: May it please the Examiner, my name is William F. Carr with the Santa Fe office of Holland and Hart, L.L.P. We represent BP America Production Company in this case, and I have one witness.

I would request at this time that the Division also call Cases 13,613 and 13,614. The cases involve similar factual issues, and although we intend to review each of the subject spacing units individually, it would save some time to present them at one time, and we would request that they be consolidated and separate orders entered.

EXAMINER JONES: Okay, any other appearances in that particular case?

We'll also call Case 13,613 and Case 13,614. They are both the Application of BP America, Incorporated, for an exception to the well density requirements for the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.

And let's consolidate these three cases for

hearing, and we'll enter separate orders for each of these cases.

MR. CARR: And our witness is Bill Hawkins, and I believe he needs to be sworn. Have you been?

MR. HAWKINS: No, not yet.

EXAMINER JONES: Yes, please stand to be sworn.

(Thereupon, the witness was sworn.)

BILL HAWKINS,

the witness herein, after having been first duly sworn upon his oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CARR:

Q. Would you state your name for the record, please?

A. It's James William Hawkins, I go by Bill.

Q. Mr. Hawkins, where do you reside?

A. I reside in Golden, Colorado.

Q. By whom are you employed?

A. I'm employed by BP.

Q. And what is your position with BP America Production Company?

A. I'm a petroleum engineer and I handle our regulatory affairs for the San Juan Basin.

Q. Have you previously testified before the New Mexico Oil Conservation Division and had your credentials as a petroleum engineer accepted and made a matter of

record?

A. I have.

Q. Are you familiar with the Applications filed in each of these consolidated cases?

A. Yes, I am.

Q. And are you familiar with the rules for the Blanco-Mesaverde Gas Pool and the wells that are the subject of this hearing?

A. Yes, I am.

MR. CARR: We tender Mr. Hawkins as an expert in petroleum engineering.

EXAMINER JONES: Mr. Hawkins is qualified as an expert petroleum engineer.

Q. (By Mr. Carr) Mr. Hawkins, would you briefly summarize for the Examiner what BP seeks with these Applications?

A. BP seeks the approval for an exception to the Mesaverde rules requiring certain density requirements. The Mesaverde has requirements that allow up to four wells to be drilled in a spacing unit, but there are some nuances that say you can only have one well in each -- or no more than one well in each quarter quarter and no more than two wells in each quarter section.

And in this case, in each of these cases, we ended up with three wells in a quarter section, and we have

shut one of those wells in so that we are currently in compliance, but we'd like the ability to return those wells to production.

Q. Mr. Hawkins, a year ago you appeared before Mr. Jones with a similar application, did you not?

A. Yes.

Q. BP had too many wells in a quarter quarter section?

A. In a quarter section, that's correct.

Q. And at that hearing you were -- it was suggested that you inventory properties, BP properties, to assure you had no more of these; is that right?

A. That's right.

Q. And you have done that?

A. Yes, we have.

Q. And you have three?

A. These are the three.

Q. And so that's why we are back here today, to address each of those individual situations, correct?

A. Yes.

Q. You indicated that the spacing for the Blanco-Mesaverde Gas Pool was 320-acre spacing. In fact, when they allow four wells on those units, they require that they be two in each quarter section and that the wells in the quarter section be in different quarter quarter

sections; is that correct?

A. That's correct.

Q. Let's go to the exhibits for the first well. It's marked BP Exhibit Number 1 for the Gartner A Number 2B well. Would you identify that for the Examiner?

A. Yes. Well, Exhibit Number 1 is the packet that we put together regarding the Gartner wells. We have four tabs here, and we can -- I can walk you through these.

Q. On the cover of the exhibit you identify one of the wells, the Gartner A Well Number 2B.

A. Yes.

Q. Why have you identified that individual well?

A. This is the well that has been shut in, in order to stay in compliance with the Mesaverde requirements.

Q. And if your Application is granted, that well would be returned to production; is that correct?

A. Yes.

Q. What is behind Tab 1 in that exhibit packet?

A. Tab 1 is a copy of the Application that was filed for this case, as well as a list of the -- on Exhibit A, the notification list for the Application, and then the advertisement for the Application.

Q. Behind that we have Tab 2. What's behind that tab?

A. Tab 2, we have a couple of plats. The first plat

highlights in a darker orange color the spacing unit that's in question here with the Gartner wells, and then the surrounding spacing units that are highlighted in yellow are the spacing units that BP operates. So the spacing units that are not operated by BP are just shown in blank, no highlighted color, and the ones that offset this Gartner spacing unit are operated by Burlington Resources.

Q. And Burlington is the only offsetting operator?

A. Yes.

Q. And ConocoPhillips is a partner in some of those wells --

A. Yes --

Q. -- is that right?

A. That's correct.

Q. Let's go to the next page. It's a better exhibit, it's an enlargement of the section. And would you review this exhibit?

A. This is just an enlargement of the Section 28, and again you can see the spacing unit on the east half is the one that we're concerned with.

What I'd like to do is just kind of briefly run through the history of this spacing unit. The Gartner Number 2 well was the first well in, and it's up in the north half. It was drilled in 1951 and produced until 1998 in the Blanco-Mesaverde, and then we had some repair -- or

casing-leak problems with the well, and the well was shut in.

The Gartner Number 2A was the first spacing -- first infill well, and it's drilled down in the southern half of the spacing unit. And then in --

Q. That well was drilled in 1977?

A. 1977.

Q. Okay, and the third well, or the second infill well, is which one?

A. Yeah, the second infill well was the Gartner Number 2R, and this was a high-angle horizontal well that we drilled in 1994. We did ask for some special relief in order to be able to drill that well and produce all three wells concurrently, and we were given that approval by the Division.

And then the last well to be drilled was the Gartner A Number 2B. This well was drilled in 2002, at about the same time that we received a demand from the BLM to return the Gartner Number A2 back to production. And unfortunately, we drilled the Gartner A Number 2B and then did return the Gartner Number A2 back to production, which brought us into the problem of having three wells in the north half. We didn't really discover that until more recently. We shut the well in in 2005 and have come here.

Q. What's behind Tab 3?

A. Tab 3 has some of the forms. In this case we have the plat that was submitted for the Gartner A Number 2B -- that was the last well that was drilled -- just showing it was approved in February of 2002. And then we have the APD -- or submitted in February, 2002. Following that we have the APD that was sent to the BLM, and it was approved in April of 2002.

Q. And the last document behind Tab 3?

A. And it's a copy of a letter that references the three wells that we were allowed to produce in the Mesaverde before the 80-acre spacing was approved.

Q. And what was the order number that approved those three wells?

A. I think it's Order R-10,108 and Order 10,108-A.

Q. Let's go to the now production information contained behind Tab 4.

A. And we have four production plots for the wells that were drilled in this spacing unit.

The first one here, the Gartner Number A2, does have some designation. You can see probably at the end of 1997, first of 1998, the well dropped off production less than 100 MCFD. And it does show that there was a couple of tests here or some water or something that was produced, but basically the well was shut in, you know, from that period of time, 1998, till 2001, when we started looking at

repair -- or 2002, excuse me. We did a repair on the casing and then perforated and frac'd some additional Mesaverde interval and brought it back on production, and it's currently producing around 200 MCFD.

On the second page, the Gartner Number 2A has produced, and it's currently making just under 200 MCFD.

The Number 2R is the horizontal well that has -- it's producing about 250 MCFD, maybe a little better.

And then the Gartner A 2B was shut in at about 100 MCFD or maybe a little more than that, and that's what we would expect to return the well to, to sustain production of 100 or 150 MCFD.

Q. Mr. Hawkins, on this spacing unit BP operates four Mesaverde wells?

A. Yes.

Q. And the rules authorize that many wells?

A. That's correct.

Q. But when you return this well to production pursuant to the BLM demand, you have too many of those wells in one quarter section; is that correct?

A. That's correct.

Q. Okay. Let's now go to the information packet on the Hughes wells. That's marked BP Exhibit Number 2. Would you identify and review that, please?

A. Yes, this is a similar packet for the east half

of 19 of 29 and 8. It has the Hughes wells. It's a very similar situation to the Gartner. One of the wells was off production. We drilled a fourth well -- or a replacement well, I guess, for that -- that ended up in the same quarter section, and then we had a demand from the BLM to return the Number 7 well -- or return one of the wells back to production, and it created the same kind of situation.

Q. And the Hughes LS Number 7 well is the well that, if this Application is granted, will be allowed to produce; is that right?

A. Yes, that's the well that we've currently shut in.

Q. Would you review the information behind the tabs in this exhibit?

A. Similarly, behind Tab 1 we have the Application, and the parties that were notified in this case, again, Burlington and ConocoPhillips.

Behind Tab 2 we have a -- two plats. The one that's the nine-section plat that you can see highlights the area, the east half of 19 is shown with an orange boundary around the drilling portion of the spacing unit, and the spacing units that are operated by BP are shown in yellow. And in this case there are three spacing units that are not operated by BP -- they are all operated by Burlington -- that are offsetting the Hughes spacing unit.

Q. Let's go to the next page, and I'd ask you, working from this page to review the history of the development of the spacing unit.

A. On the east half of Section 19, the first well that was drilled was the Hughes B Number 2. That's shown up in the north half.

The second well, or the first infill well that was drilled, was the Hughes B Number 2A; it was drilled in 1978. And that's down in the south half.

The Hughes Number 7 was drilled in 1980. Originally it was drilled for the Basin-Dakota. The Dakota formation was plugged and abandoned in 2000, and this well was recompleted to the Mesaverde, but it did not produce and was left shut in. And then following a demand from the BLM, this well was restored to production in the Mesaverde in 2002.

But it has been shut in since 2005 when we discovered that the subsequent well, the Hughes B Number 2B, permitted in 2001, drilled in early 2002 as a directional well, at the time when the Number 7 was still off and had not yet been returned to production, and that's what basically created the problem in the south half. We ended up with the Hughes 7 being restored to production in the Mesaverde, and the Hughes B 2B, the long directional well, being drilled at about the same time.

Q. So again what we have is four wells, just in the wrong quarter -- quarter section; is that correct?

A. That's correct. We have not exceeded the total number of wells that the Rules would allow for the Mesaverde, just got them in the wrong spots.

Q. All right, let's go to the material behind Tab 3.

A. The -- We've got a sundry notice for the Hughes Number 7 well. It references conversation between the BLM and the NMOCD and the Aztec District about bringing this well back onto production. This was when the well was shut in and we had to do some repair work to return the B7 to production. And this notice of intent was approved in June of 2002.

The second -- the next page after that is relating to the Hughes B Number 2B. That was the long directional well that we drilled. It was permitted in late 2001, before this other well was returned to production and approved by the BLM in early 2002. So it just shows some of the -- references some of the dates, and approvals for the two wells that kind of created the problem at about the same time.

Q. All right, let's go to the production information.

A. And we have the production from the four wells on the back. The first page shows the Hughes B2, just shows

the production, but it was drilled in 1952. If -- We just have production shown since 1970, but it's still making about 170 MCFD.

The second page is on the Hughes LS 2A. This well was drilled in 1978. It's currently producing about 100, maybe a little better in the last test that's shown on this, 100 MCFD.

The third page is on the Hughes 7; we recompleted the well to the Mesaverde in 2000, but we were unable to establish production here until 2002. We did a -- repaired the casing leak and cleaned out fill and opened up the -- got the Mesaverde producing, and it's making about 100 MCFD, currently shut in.

And the last well would be the Hughes B 2B, the directional well. It's making just over 100 MCFD, maybe 120.

Q. All right, Mr. Hawkins, let's go to BP Exhibit Number 3, the information on the west half of Section 14.

A. Okay, the last exhibit is similar. It's concerning the Mudge B Com 2A in the west half of Section 14 of 31-11. The Mudge B Com 2A well is currently shut in, in order to be in compliance with the Mesaverde regulations.

The first tab -- I'll wait till you -- Have you got your exhibit?

EXAMINER JONES: Yeah.

THE WITNESS: Okay, the first tab is similar to the others. It has a copy of the Application. It includes the parties that were notified on Exhibit A on page 5 of that. Those include Burlington, Conoco, the Moore Loyal Trust, George William Umbach, and the Robert Umbach Cancer Foundation.

Q. (By Mr. Carr) Let's go to the plats behind Tab 2.

A. Okay, the first plat shows highlighted in kind of an orange color, is the Mudge Com -- or the Mudge spacing unit that we're talking about today. The spacing units highlighted in yellow are operated by BP. In this case there is only one spacing unit that's adjacent to the Mudge that's operated by someone other than BP, and that's Burlington, in Section 22.

Q. Let's go to the next plat and review the history of the development of this spacing unit.

A. Okay, on the west half of Section 14 the first well that was drilled is the Neil LS 5A in the southern -- on the very southern portion of the well -- or of the spacing unit. It was drilled in 1953 and produced from the Mesaverde pools, plugged and abandoned in 1956.

The second well that was drilled is up in the far northern part of the spacing unit, the Mudge Com B Number

2A. It was drilled in 1979, and this is the well that produced but has been shut in since June of 2005.

The third -- or the second infill well, the third well to be drilled, was the Mudge Com B Number 2E. This is down in the southern half of the spacing unit, kind of a replacement there -- not a replacement, but another well that was, you know, producing from the Mesaverde there. It actually was drilled to the Dakota and then recompleted to the Mesaverde in 1993.

The fourth well, the Mudge Com B Number 2, was drilled in 2000 to test the Dakota. It was recompleted in that year to the Mesaverde.

And then the last well, the Mudge Com B 2M, was drilled in 2004 as a Mesaverde-Dakota test. When we permitted this well, we -- the Aztec District tried to help us out. They found out that we had three wells in the northern half and said, Well, you can drill it but you have to shut in one of the other wells.

And we said, Well, let's just revise our plan and we'll directionally drill that well to across the section -- the quarter-section line, and get it into the south half. And we did revise it and drill directionally, but we didn't get it across the quarter-section line. So we've kept that well on production, but we -- and shut in one of the wells that was not making quite as much, but that was

the problem, we just -- Even though we tried to catch the problem, we didn't get it drilled across the section line.

Part of the reason for that -- and we'll go to Tab 3 and look at some of the spacing-unit information -- when we first planned on drilling this well, it was going to be a vertical well, and we show the plat for the vertical well with the surface location on the first page. The APD that's behind that was approved by BLM, but hold for a change in status. They caught that there were three wells. So we decided on the third page to resubmit this as a directional well, and we projected that we would directionally drill it into the south half of the spacing unit.

Part of the problem here is that the spacing was -- or is 5460 feet long on this western edge, and that created some difficulties. I think there was some mixup, maybe, on some of the directional plans to drill that well.

And finally it was approved by the BLM as a directional well, it just -- we were unable to get it across the boundary.

Q. All right, Mr. Hawkins, let's look at the production information on each of these wells.

A. Okay, the first page is a production plot for the Neil 5A. This is also known as the Mudge Com B Number 2A. It shows up in the production reports under Neil 5A. It's

the well that's currently shut in. It was making about 150 MCFD before it was shut in.

The Neil LS 5 was the first well that was drilled here. It was abandoned in 1996, so it's no longer producing.

The Mudge Com B 2E was -- has both the Mesaverde and Dakota producing currently maybe 80 MCFD, a little less than that, maybe.

And then the Mudge Com B 2 on the next page, producing about 150 MCFD.

And the last page, the Mudge Com B 2M, producing about 180 MCFD.

Q. Mr. Hawkins, will approval of these Applications impair the correlative rights of any other operator in the pool?

A. No, it will not.

Q. Each of the wells that we're talking about here today is at least a standard setback from the outer boundary of the dedicated spacing unit?

A. That's correct.

Q. We're not exceeding the density requirements in any spacing unit?

A. We're not exceeding the total number of well density, just the --

Q. You just have them in --

A. Some internal density issues, yeah.

Q. Correct. Okay, when you look at the production information that you've presented to Mr. Jones, do you see any evidence of interference between these wells?

A. Well, I don't think the wells are interfering with each other. The Mesaverde reservoir is fairly well depleted, so the rates are not very high, but I think all of the wells are needed to continue to efficiently deplete the reservoir.

Q. The wells could have, in fact, been located in different quarter sections and been this far apart, and it still could have been approved? I mean, the wells are not drilled on top of one another?

A. No, they are not.

Q. They're effectively draining the area?

A. Yes, they are.

Q. Would denial of this Application result in waste?

A. It definitely would. These wells would not be allowed to be produced, we would have to consider re-drilling wells at a cost of maybe $700,000 a well --

Q. Are they producing incremental reserves?

A. Yes.

Q. Are the wells, if they're not allowed to produce, are they likely to fall on the OCD's inactive well list?

A. Certainly.

Q. And if they're not approved, then you're going to be looking at either having too few wells and then having to incur the additional drilling costs, we are going to be underdeveloped, with a well that is a good producing well on the inactive list?

A. Yes.

Q. Does BP plan to drill additional Mesaverde wells on these spacing units?

A. Not in these spacing units, these spacing units would be fully developed with these four wells that exist today.

Q. Are Exhibits 4 through 6 affidavits confirming that notice of these applications have been provided to each of the interest owners identified in Exhibits 1 through 3 --

A. Yes.

Q. -- in accordance with Division Rules?

A. Yes.

Q. Were Exhibits 1 through 6 either prepared by you or compiled at your direction?

A. Yes, they were.

MR. CARR: We move the admission into evidence of BP America Exhibits 1 through 6.

EXAMINER JONES: Exhibits 1 through 6 will be admitted to evidence.

MR. CARR: And that concludes my direct examination of Mr. Hawkins.

EXAMINATION

BY EXAMINER JONES:

Q. Mr. Hawkins, first of all, how was that previous order about a year ago? Was it okay? Was there something -- was there anything that you would ask us to revise on the order?

A. I think it was fine. I think basically just -- I mean, I don't recall the exact wording on it, but I think it basically said you're -- have an exception to the Mesaverde density requirements.

Q. So then you were able to go to the Districts and put the well back on line that was shut in?

A. To the best of my knowledge, correct

MR. CARR: Mr. Jones, that was Order Number R-12,385. (Case 13483)

EXAMINER JONES: Thank you.

Q. (By Examiner Jones) Okay, so at least one of these will be a revised -- another amendment to an existing order that had been done, about 1994, I think?

A. Yeah, well, that was for the first three wells, when we had three wells producing, back when there were supposed to be only two wells producing in the spacing unit, and we drilled the horizontal well into just the

upper leg of the Cliff House --

Q. Oh, okay.

A. -- and that's why we got approval to produce it that way. Subsequently, it was a -- you know, we had to change our plan on that horizontal well, and that's why it was amended to 10,108-A, I think it is.

Q. Yes. Okay, what does it take -- How many reserves does it take to drill another well here at these prices?

A. Yeah, at these prices -- I don't know the exact number, but I would say probably half a BCF would be economic for some operators. It may not be as attractive as other -- You may be able to find better places to drill than a half-a-BCF well, but I think a half-BCF well could be economic.

Q. Okay. So you don't know for sure if you'll get a half-BCF additional by drilling another well and making five wells in the spacing unit but three in the south half, or something like that?

A. Well, I think -- I mean, are you thinking that we would ask for an exception to drill a fifth well?

Q. Yes.

A. That's certainly something that could be considered. Right now, I know we still have an active Mesaverde drilling program.

If I go back to our reservoir engineers that are working that program and tell them we think we have an opportunity for maybe getting a fifth well here, they would take a look at it.

Q. It seems like, you know, if you've got three wells in, for instance, the south half and one well in the north half --

A. Maybe there's a way to put another well up there.

Q. Yeah, maybe. But -- that's your business, but is BP -- how's your budget? Is your budget pretty good these days?

A. It's pretty good these days.

Q. But rig costs are high, though?

A. Right.

Q. And unavailable sometimes?

A. Certainly.

Q. The Dakota was abandoned in 2000 in a couple of these. Was that because it was low gas prices at that time?

A. I really couldn't respond to that. I suspect it was that we could not make it produce at economic rates. And it may have -- that probably was aggravated somewhat by lower gas prices.

Q. Okay. I notice your wells, a lot of them are down to 150 MCF or -- and that's real hard to keep a well

on line at 150 MCF --

A. Right.

Q. -- a gas well. You seem to be doing a good job, with soaping them, or whatever you're doing with them --

A. Well, these don't have very much liquids, so they're in pretty good shape.

Q. Okay. So that really is a big plus, that you're able to produce at lower rates. But if you could combine the Dakota and the Mesaverde, you might get that 500 --

A. Right.

Q. -- thousand or something. But you have to drill deeper.

Speaking of that, is the Mesaverde -- what zone in the Mesaverde do you produce?

A. We produce the Cliff House, the Menefee and the Point Lookout.

Q. All three?

A. All three. In fact, some of the newer wells that are being drilled are -- we might not open up the Cliff House, because that's the zone that really has the highest permeability, it's the most depleted today, least amount of remaining reserves.

Q. Okay.

A. So the Menefee and the Point Lookout are more of a target these days than the Cliff House.

Q. So two frac jobs, probably, at least?

A. Yeah.

Q. How's the Menefee? Has it got any coals in it that are helping you here?

A. I know the Menefee has some coal in some places, and I'm not sure what kind of contribution it would be making here.

Q. Do you take care of the San Juan Basin in Colorado too?

A. Yes.

Q. Are they doing anything different on the Mesaverde up there? Is it even up there?

A. Well, it's limited. In the southern part of Colorado there's still a Mesaverde trend that comes up across the straight line, but as you get a little bit further north, you know, that Mesaverde starts getting pretty shallow and not very prolific, and there's more of a coal development up there.

Q. But there's a big Mesaverde in the Piceance Basin. Do you take care of that too?

A. No.

Q. And it's being infill drilled --

A. Well, BP doesn't really have any land holdings in the Piceance.

Q. Okay.

A. We -- Amoco did a long time ago, sold those, and there's a number of other companies taking advantage of all that.

Q. Okay. Well, this Section 14 is a weird section, it's a rhombohedral or something.

A. Let's see. It is. This is the last one we were looking at. I think --

Q. It's a surveyor's nightmare, it looks like.

A. Yeah. In fact, even after we had drilled that well, there was some confusion with the BLM records on whether it was a standard shaped spacing unit or not. But we went back out and had it re-surveyed, and we were assured that it's really long on one side, and that's just the way it is, so...

EXAMINER JONES: Well, let's see -- that was -- I don't -- can't think of any others. Gail do you have any?

MS. MacQUESTEN: No questions, thank you.

EXAMINER JONES: Sounds like the notice is in good shape if Gail's happy, and you own all the spacing units around all of these.

THE WITNESS: Most of them.

EXAMINER JONES: Okay, I guess we're done.

MR. CARR: That concludes our presentation in this case.

EXAMINER JONES: With that, we'll take Cases --

these combined Cases 13,612, -613 and -614 under advisement.

(Thereupon, these proceedings were concluded at 9:14 a.m.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____, heard by me on _____.

_____, Examiner
Oil Conservation Division

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL February 4th, 2006.

STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006