

APPLICATION FOR EXCEPTION TO WELL DENSITY  
REQUIREMENTS OF BLANCO MESAVERDE POOL  
HUGHES 7 WELL  
E/2 SECTION 19, T29N-R8W  
SAN JUAN COUNTY, EW MEXICO

BP AMERICA PRODUCTION COMPANY

NEW MEXICO OIL CONSERVATION DIVISION  
CASE NUMBER 13613  
FEBRUARY 2, 2006

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13612/13613/13614 Exhibit No. 2  
Submitted by:  
BP AMERICA, INC.  
Hearing Date: February 2, 2006

Hughes



**William F. Carr**  
wcarr@hollandhart.com

December 6, 2005

**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

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,

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

William F. Carr  
Attorney for BP America, Inc.

Enclosures

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

**Holland & Hart LLP**

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻️

**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.**

CASE NO. \_\_\_\_\_

**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 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 19, Township 29 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:

2005 DEC 29 5:05 PM # 29

- (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 the 1952, the Hughes B Well No. 2 (API No. 30-045-08089) was drilled at a location 990 feet from the North line and 800 feet from the East line (Unit A) of Section 19, Township 29 North, Range 8 West, NMPM, and produced from the Mesaverde formation, Blanco-Mesaverde Gas Pool.

4. The Hughes B Well No. 2A (API No. 30-045-22716) was drilled in 1978 at a location 875 from the South line and 1610 feet from the East line (Unit O) of said section. This well was the first infill well drilled on this spacing unit.

5. The Hughes No. 7 Well (API No. 30-045-24032) was drilled in 1980 at a location 875 feet from the South line and 945 feet from the East line (Unit P) of said section to test the Dakota formation, Basin-Dakota Gas Pool. The Dakota formation was plugged and abandoned in 2000 and recompleted to the Mesaverde formation but did not produce. This well was the second infill well on this spacing unit. Following a demand from the BLM that the well

be returned to production, the well was restored to production in the Mesaverde formation in 2002. The well has been shut in since April 2005.

6. The Hughes B Well No. 2B (API No. 30-045-30937) was permitted in 2001 and drilled in 2002 as a directional well during the time the Hughes Well No. 7 was not producing from a surface location 895 feet from the South line and 945 feet from the East line (Unit P) with a bottomhole location 2350 feet from the South line and 1800 feet from the East line (Unit J) of said Section 19. The entire producing interval in the well is located in Unit J. This was the third infill well on this spacing unit.

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

8. 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, the Hughs B Well No. 2A, the Hughes B Well No. 2B, and the Hughes Well No. 7 are located in the same quarter-quarter section.

9. 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 Hughes Well No. 7 in the Mesaverde formation and authorizing BP to simultaneously produce the Hughes B well Nos. 2A and 2B and the Hughes Well No. 7 located in the SE/4 of said Section 19. At full development of the GPU, BP will operate no more than four wells in this 320-acre GPU. BP therefore does not seek to increase the number of wells in this GPU.

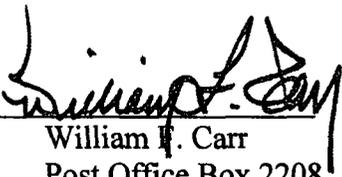
10. Approval of this application will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool, and will afford BP the opportunity to utilize the existing wells to produce the reserves from this GPU.

11. 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 Hughes Well No. 7 in the Mesaverde formation and authorizing BP to simultaneously produce the Hughes B Well Nos. 2A and 2B and the Hughes Well no. 7 located in the SE/4 of Section 19, Township 29 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 \_\_\_\_\_ :

**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 (SE/4) on a standard spacing and proration unit comprised of the East half of Section 19, Township 29 North, Range 8 West, NMPM:

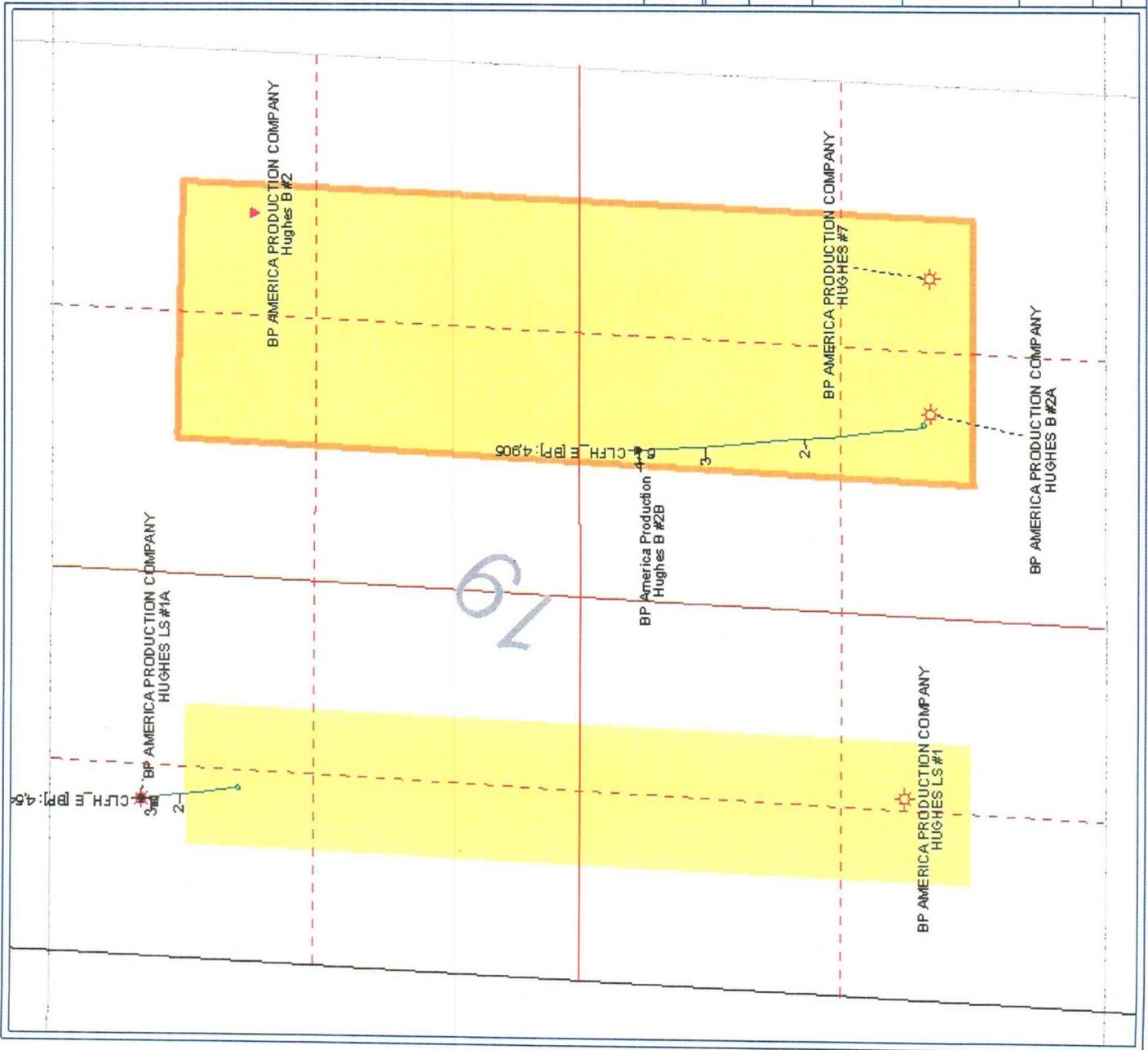
the Hughes B Well No. 2A (API No. 30-045-22716) located 875 feet from the South line and 1610 feet from the East line (Unit O) of said section;

the Hughes No. 7 Well (API No. 30-045-24032) located 875 feet from the South line and 945 feet from the East line (Unit P) of said section; and

the Hughes B Well No. 2B (API No. 30-045-30937) which was directionally drilled from at a surface location 895 feet from the South line and 1650 feet from the East line (Unit O) with a bottomhole location 2350 feet from the South line and 1800 feet from the East line (Unit J) of said section.

Said wells are located approximately 5 miles southwest of Navajo City, New Mexico.





<b>Blanco Field</b>
Hughes B #2B
Section 19 T-29N R-8W
Detail Map
<b>POSTED WELL DATA</b>
<ul style="list-style-type: none"> <li>● Operator Well Label</li> </ul>
<b>WELL SYMBOLS</b>
<ul style="list-style-type: none"> <li>☼ Gas Well</li> <li>▼ MVRD HC sample</li> </ul>
By: G/GZ
August 12, 2005

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
NMSF078046

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well  
 Oil Well  Gas Well  Other

8. Well Name and No.  
HUGHES LS 7

2. Name of Operator  
BP AMERICA PRODUCTION CO  
Contact: MARY CORLEY  
E-Mail: corleyml@bp.com

9. API Well No.  
30-045-24032-00-S2

3a. Address  
P. O. BOX 3092  
HOUSTON, TX 77253

3b. Phone No. (include area code)  
Ph: 281.366.4491  
Fx: 281.366.0700

10. Field and Pool, or Exploratory  
BASIN DAKOTA

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 19 T29N R8W SESE 0875FSL 0945FEL  
36.70601 N Lat, 107.71079 W Lon

11. County or Parish, and State  
SAN JUAN COUNTY, NM

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input checked="" type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Please reference telephone conversation on May 17, 2002, between representatives of BP America and Steve Mason, BLM and Charlie Perrin, NMOCD, regarding bringing various inactive wells into compliance.

The subject well which was non-producing in the Dakota was recompleted into the Blanco Mesaverde formation on 11/16/2000. The recompletion, however, did not establish production in the Mesaverde and therefore, remained shutin. Verbal permission was granted to temporarily abandon the well (i.e. pressure test for casing integrity) in order to bring well into compliance and hold for possible production stimulation in the current zone or recompletion uphole. If the casing integrity test fails we will proceed immediately to either repair casing or file a request to plug and abandonment the wellbore. After final review, if no future potential exists in the wellbore we will proceed to file for permission plug and abandon.



14. I hereby certify that the foregoing is true and correct.

Electronic Submission #11948 verified by the BLM Well Information System  
For BP AMERICA PRODUCTION CO, sent to the Farmington  
Committed to AFMSS for processing by Steve Mason on 06/27/2002 (02SXM0314SE)

Name (Printed/Typed) MARY CORLEY

Title AUTHORIZED REPRESENTATIVE

Signature (Electronic Submission)

Date 06/11/2002

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By STEPHEN MASON

Title PETROLEUM ENGINEER

Date 06/27/2002

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office Farmington

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**\*\* REVISED \*\* REVISED \*\***

**NMOCD**

District I  
 PO Box 1780, Hobbs NM 88241-1980  
 District II  
 PO Drawer KK, Artesia, NM 87211-0719  
 District III  
 1000 Rio Bronson Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-102  
 Revised February 21, 1994

Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-30937		Pool Code 71599F 72319		Pool Name BASIN DAKOTA, BLANCO MESAVARDE	
Property Code 000702		Property Name Hughes B			Well Number # 2B
OGRID No. 000770		Operator Name AMOCO PRODUCTION COMPANY			Elevation 6480

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	19	29 N	8 W		895	SOUTH	1660	EAST	SAN JUAN

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	19	29 N	8 W		2350	SOUTH	1800	EAST	SAN JUAN

Dedicated Acres DK 309 MV 320	Feet or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

**17 OPERATOR CERTIFICATION**  
*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.*

Signature: *Mary Corley*  
 Printed Name: *MARY CORLEY*  
 Title: *Sr. Regulatory Specialist*  
 Date: *11.29.2001*

**18 SURVEYOR CERTIFICATION**  
*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.*

Date of Survey: *November 6, 2001*

Signature and Seal of Registered Surveyor: *[Signature]*

Certificate Number: *7016*

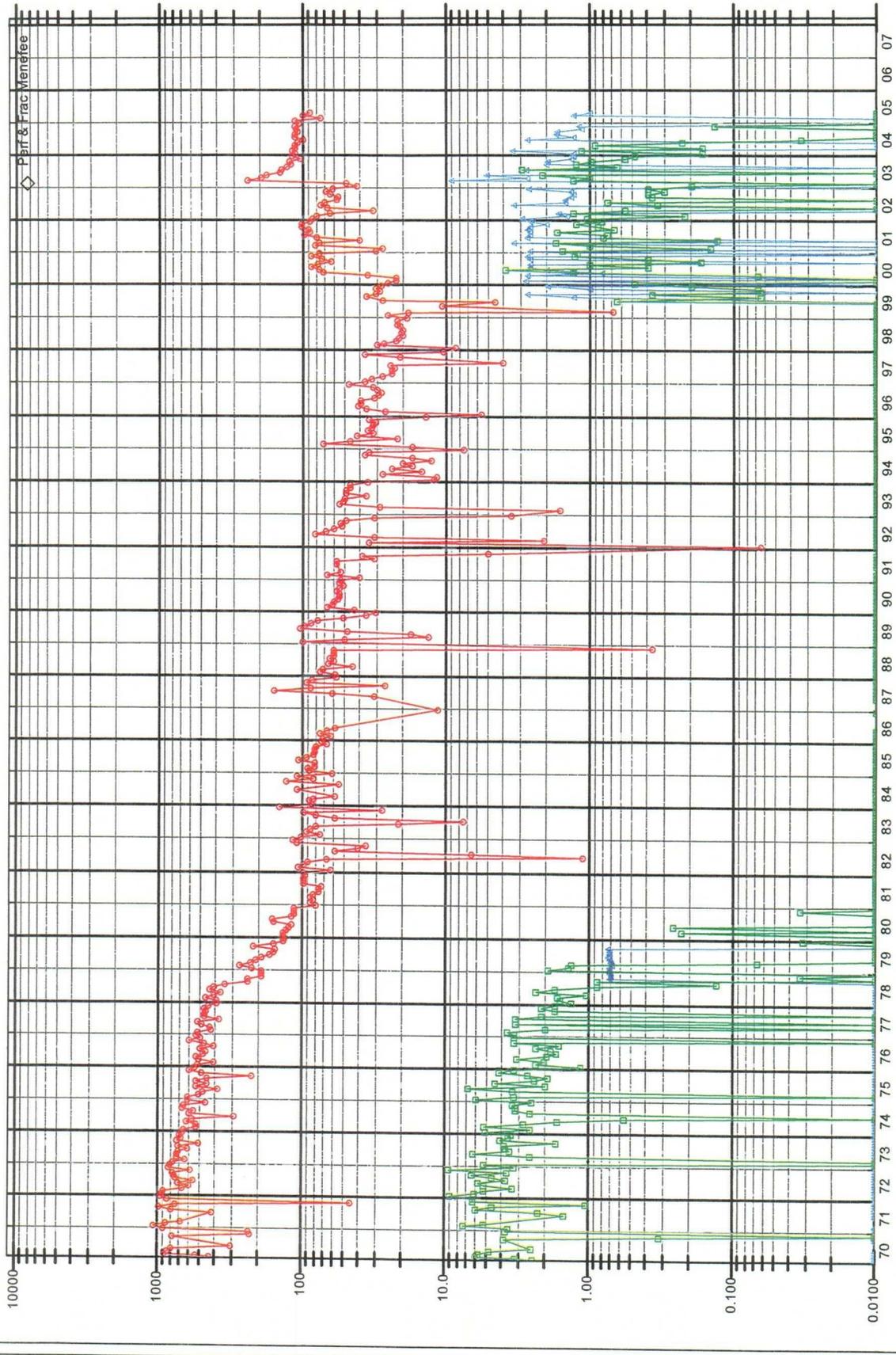


# HUGHES B 2

API:30045080900  
SECT:19 TWN:29 RNG:8  
WELL:HUGHES J F 2  
OPERATOR:BP AMERICA PRODUCTION COMPANY

PDEN:14426  
SPUD Date:4/4/1952  
Comp. Date:5/25/1952

HORIZON:604MVRD  
Cum Gas (mmcf):4721.757  
Cum Oil (mbbls):10.939  
Cum Water (mbbls):3.634



○ - Calc Gas Rate, mcf/d

□ - Calc Oil Rate, (bbls/day)

△ - Calc Wtr Rate, (bbls/day)

VS Time

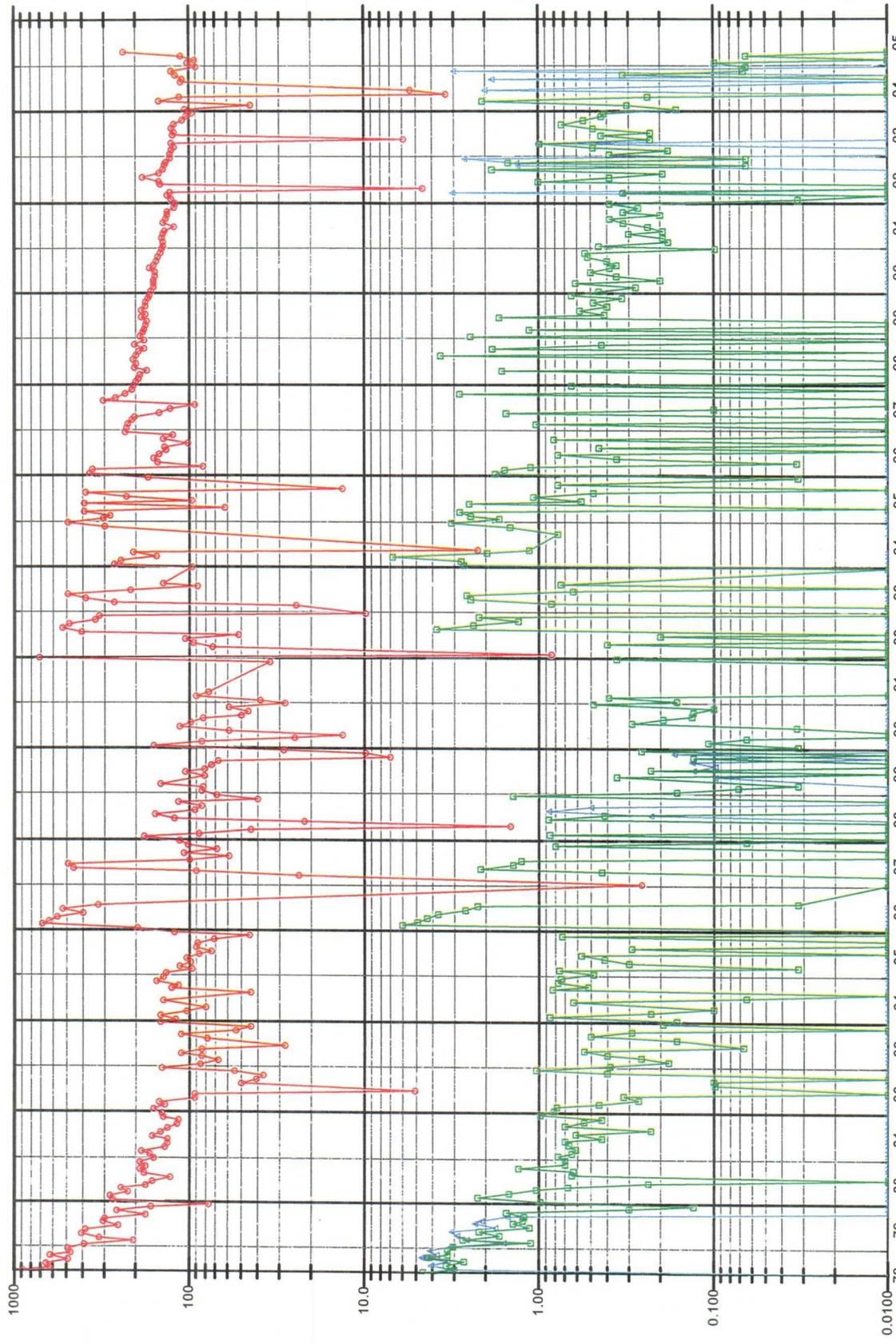
◇ Puff & Frac Menefee

# HUGHES LS 2A

API:30045271600  
 SECT:19 TWM:29  
 WELL:HUGHES LS 2A  
 OPERATOR:BP AMERICA PRODUCTION COMPANY

PDEN:19922  
 SPUD Date:3/22/1978  
 Comp. Date:10/22/1985

HORIZON:604MVRD  
 Cum Gas (mmcf):1498.358  
 Cum Oil (mmbbls):6.520  
 Cum Water (mmbbls):1.917



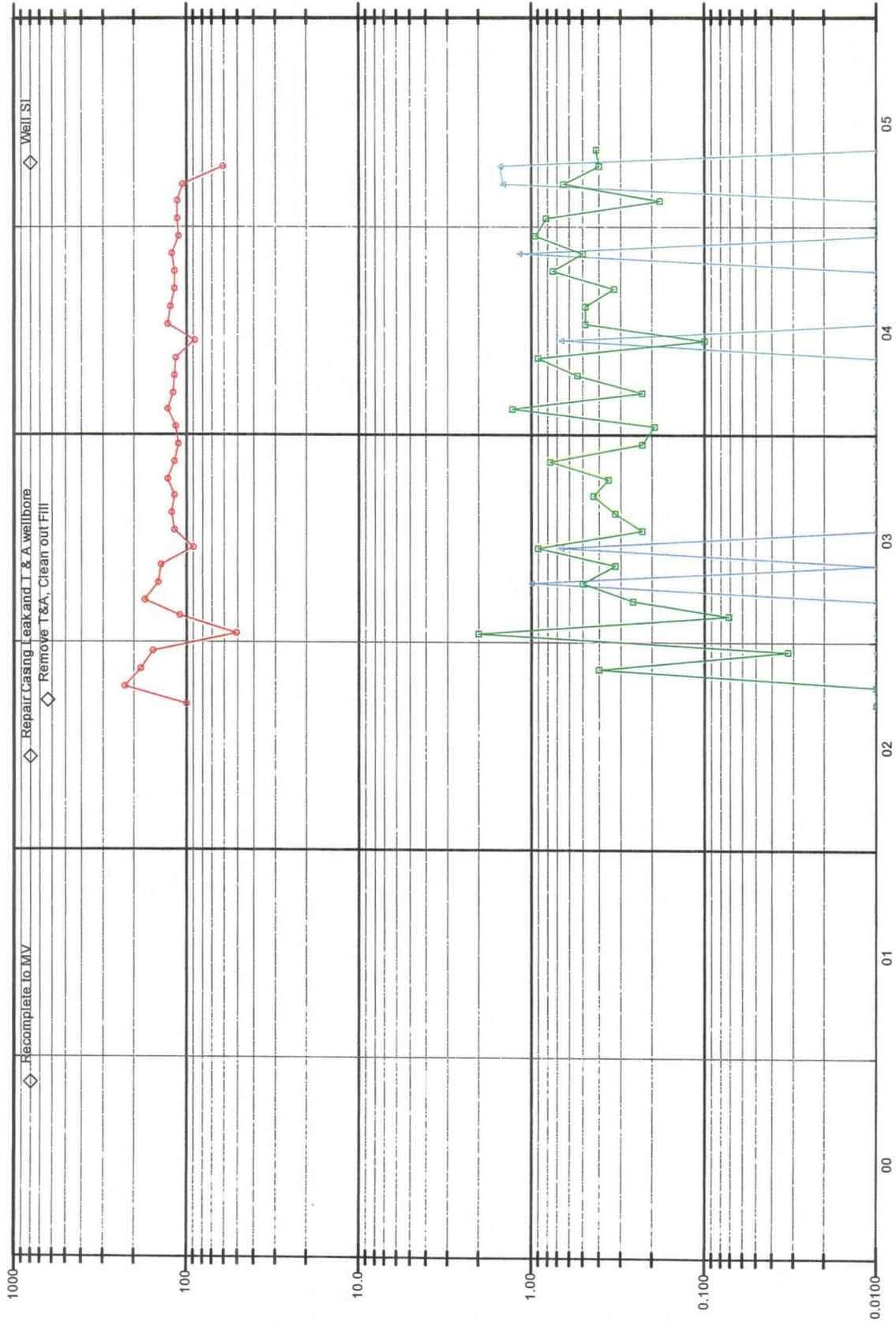
○ - Calc Gas Rate, mmbbls/day  
 □ - Calc Oil Rate, (bbls/day)  
 △ - Calc Wtr Rate, (bbls/day)  
 VS Time

# HUGHES 7

API:300452403200  
 SECT:19 TWN:29 RNC:8  
 WELL:HUGHES 7  
 OPERATOR:BP AMERICA PRODUCTION COMPANY

PDEN:590668  
 SPUD Date: 11/16/2000  
 Comp. Date: 11/16/2000

HORIZON:604MVRD  
 Cum Gas (mmcf): 117.747  
 Cum Oil (mmbbls): 0.487  
 Cum Water (mmbbls): 0.195



○ - Calc Gas Rate, mcf

□ - Calc Oil Rate, (mmbbls/day)

△ - Calc Wtr Rate, (mmbbls/day)

VS Time

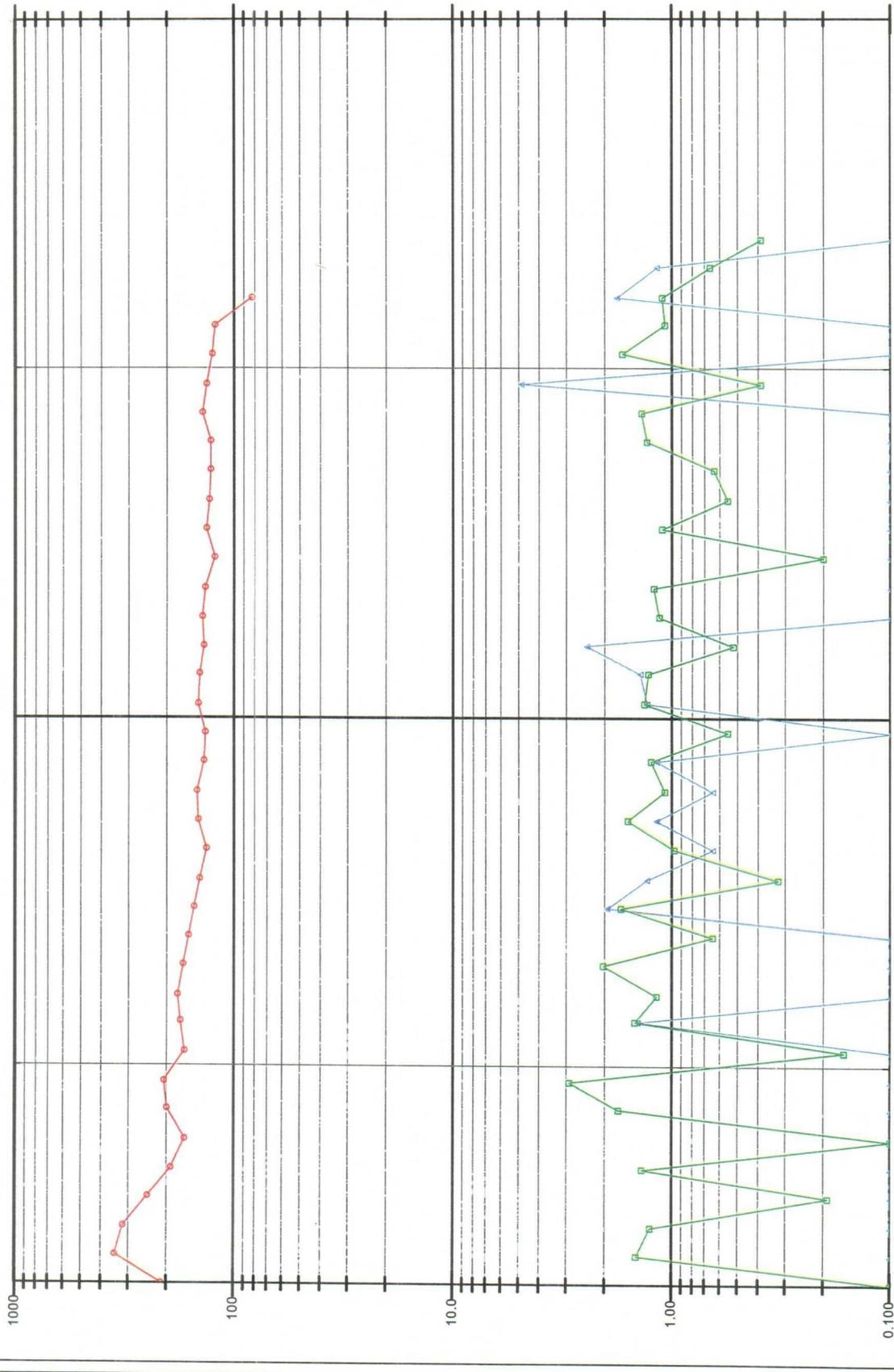
# HUGHES B 2B

API:300453093/00  
SECT:19 TWN:29  
WELL:HUGHES B 2B  
OPERATOR:BP AMERICA PRODUCTION COMPANY

RNG:8

PDEN:590565  
SPUD Date:4/10/2002  
Comp. Date:5/7/2002

HORIZON:604MVRD  
Cum Gas (mmcf):172.399  
Cum Oil (mmbbls):1.141  
Cum Water (mmbbls):0.644



▲ Calc Wtr Rate, (bbls/day)

■ Calc Oil Rate, (bbls/day)

● Calc Gas Rate, mcf/d

VS Time