

BEFORE THE OIL CONSERVATION DIVISION
NEW MEXICO ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT

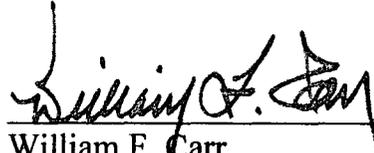
APPLICATION OF BP AMERICA PRODUCTION
COMPANY, FOR AN EXCEPTION TO THE WELL
DENSITY REQUIREMENTS FOR THE BLANCO-
MESAVERDE GAS POOL, SAN JUAN COUNTY, NEW
MEXICO

CASE NO. 13614

AFFIDAVIT

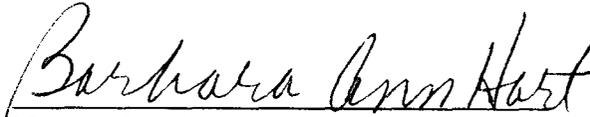
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of BP America Production Company, the Applicant herein, being first duly sworn, upon oath, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "A" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.



William F. Carr

SUBSCRIBED AND SWORN to before me this 29th day of December 2005.



Notary Public

My Commission Expires:

March 28, 2008

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

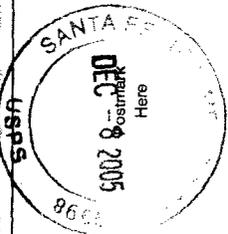
Moore Loyal Trust
403 N. Marienfield
Midland, Texas 79701

George William Umbach
Bank of Oklahoma, Agent
Attention: J. Mark Choplin
Post Office Box 3499
Tulsa, Oklahoma 74101

Robert Umbach Cancer Foundation
Bank of Oklahoma, Agent
Attention: Mark Choplin
Post Office Box 3499
Tulsa, Oklahoma 74101

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

BP	Postage	\$ 1.83
Mudge	Certified Fee	2.30
	Return Receipt Fee (Endorsement Required)	1.75
	Restricted Delivery Fee (Endorsement Required)	
	Total Postage & Fees	\$ 4.88



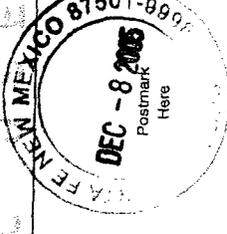
Sent To
 Burlington Resources Oil & Gas Co.
 Post Office Box 4289
 Farmington, New Mexico 87499

PS Form 3800

4262 8556 2000 0477 7002

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

BP	Postage	\$ 1.83
Mudge	Certified Fee	2.30
	Return Receipt Fee (Endorsement Required)	1.75
	Restricted Delivery Fee (Endorsement Required)	
	Total Postage & Fees	\$ 4.88



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

PS Form 3800

4262 8556 2000 0477 7002

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

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

2. Article Number (Zip) 7001 1140 0002 9556 2924

PS Form 3811, July 1999 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
Bob Williams 12-12-05
 C. Signature [Signature]
 Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

192595-00-N-0952

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only, No Insurance Coverage Provided)

Postage	\$ 1.83
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	1.75
Total Postage & Fees	\$ 4.88

Sent To **Moore Loyal Trust**
 Street, Apt. No., or PO Box No. **403 N. Marienfield**
 City, State, ZIP+ **Midland, Texas 79701**



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Moore Loyal Trust
403 N. Marienfield
Midland, Texas 79701

2. Article Number (Copy from 7001 1140 0002 9558 2948)

1999

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) **T. Moore** B. Date of Delivery **12-12-05**

C. Signature Agent Addressee

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

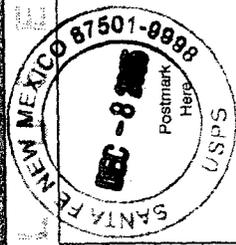
3. Service Type Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only, No Insurance Coverage Provided)

Postage	\$ 1.83
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	1.75
Total Postage & Fees	\$ 4.88

Sent To **George William Umbach**
 Street, Apt. / or PO Box N **Bank of Oklahoma, Agent**
 City, State, Z **Attn: J. Mark Choplin**
Post Office Box 3499
Tulsa, Oklahoma 74101



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

George William Umbach
Bank of Oklahoma, Agent
Attn: J. Mark Choplin
Post Office Box 3499
Tulsa, Oklahoma 74101

2. Article Number (Copy from 7001 1140 0002 9558 2955)

1999

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) **T. Moore** B. Date of Delivery **DEC 12 2005**

C. Signature Agent Addressee

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

102595-00-M-0852

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

SAN ANTONIO, TEXAS 78201-9999

Postmark Here
DEC - 8 2006
 USPS

Postage	\$ 1.83
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	1.76
Total Postage & Fees	\$ 4.89

Sent To
 Robert Umbach Cancer Foundation
 Bank of Oklahoma, Agent
 Attn: J. Mark Choplin
 Post Office Box 3499
 Tulsa, Oklahoma 74101

Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3800

7001 1140 0002 9558 2962

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Robert Umbach Cancer Foundation
 Bank of Oklahoma, Agent
 Attn: J. Mark Choplin
 Post Office Box 3499
 Tulsa, Oklahoma 74101

2. Article Number (Copy from): **7001 1140 0002 9558 2962**

PS Form 3811, July 1999 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) _____ B. Date of Delivery _____

C. Signature *[Signature]* Agent Addressee

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

102595-00-M-0952



December 8, 2005

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: 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.

Ladies and Gentlemen:

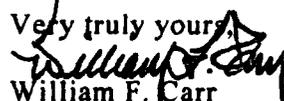
This letter is to advise you that BP America Production Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool to permit it to produce the following three Mesaverde wells located in the same quarter section (NW/4) on a standard spacing and proration unit comprised of the West half of Section 14, Township 31 North, Range 11 West, NMPM:

1. the Mudge Com B Well No. 2A (API No. 30-045-23063) located 800 feet from the North line and 1580 feet from the West line (Unit C) of said section;
2. the Mudge B Com Well No. 2 (API No. 30-045-24040) located 1660 feet from the North line and 810 feet from the West line (Unit E) of said section; and
3. The Mudge B Com Well No. 2M (API No. 30-045-31898) that was directionally drilled from a surface location 2370 feet from the North line and 1680 feet from the West line in the SE/4 NW/4 (Unit F) of Section 14 to a bottomhole location 2634 feet from the North line and 1392 feet from the West line of said section.

This application has been set for hearing before an Examiner of the Oil Conservation Division on January 5, 2006 at Porter Hall located in the Division's Santa Fe Offices. 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.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing at the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. This statement must 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,


William F. Carr

ATTORNEY FOR BP AMERICA PRODUCTION COMPANY

Holland & Hart LLPPhone (505) 988-4421 Fax (505) 983-6043 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 single 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 W/2 of Section 14, Township 31 North, Range 11 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:

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- (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 1953, the Neil LS Well No. 5 (API No. 30-045-10653) was drilled at a location 880 feet from the South line and 1600 feet from the West line (Unit N) of Section 14, Township 31 North, Range 11 West, NMPM, and produced from the Mesaverde formation, Blanco-Mesaverde Gas Pool. This well was plugged and abandoned in 1996.

4. The Mudge Com B Well No. 2A (API No. 30-045-23063) was drilled in 1979 at a location 800 from the North line and 1580 feet from the West line (Unit C) of said section. This well was the first infill well drilled on this spacing unit. The well has been shut in since June 2005.

5. The Mudge Com B Well No. 2E (API No. 30-045-25381) was drilled in 1982 at a location 1350 feet from the South line and 685 feet from the West line (Unit L) of said section to test the Dakota formation, Basin-Dakota Gas Pool. The well was recompleted to the Mesaverde formation in 1993. This well was the second infill well on this spacing unit.

6. The Mudge B Com Well No. 2 (API No. 30-045-24040) was drilled in 2000 to test the Dakota formation. It was recompleted in that year in the Mesaverde formation. This was the third infill well on this spacing unit.

7. The Mudge B Com Well No. 2M (API No. 30-045-31898) was drilled in April 2004 as a Mesaverde and Dakota test. When BP discovered that this well was the third well in this quarter section, BP planned to directionally drill the well from a surface location 2370 feet from the North line and 1680 feet from the West line in the SE/4 NW/4 (Unit F) of Section 14 to a bottomhole location 2634 feet from the North line and 1392 feet from the West line in the NE/4 SW/4 (Unit K). After the well was drilled, it was discovered that due to Section 14 being an irregular section, the bottomhole location was still in the NW/4 of the Section.

8. 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.

9. While the total number of wells on this Mesaverde spacing unit is allowed under the Special Pool Rules and Regulations for the Blanco-Mesaverde Gas Pool, the Mudge Com B Well Nos. 2, 2A and 2M are located in the same quarter-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 to authorize it BP to simultaneously produce the Mudge B Wells Nos. 2, 2A and 2M. 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.

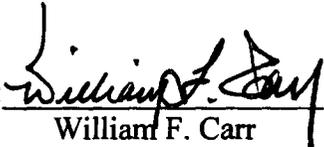
11. Approval of this application will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool, and will afford BP the opportunity to utilize the existing wells to produce the reserves from this spacing unit.

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 Mudge B Com Well No. 2A in the Mesaverde formation and authorizing BP to simultaneously produce the Mudge B Well Nos. 2, 2A and 2M located in the NW/4 of Section 14, Township 31 North, Range 11 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

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 (NW/4) on a standard spacing and proration unit comprised of the West half of Section 14, Township 31 North, Range 11 West, NMPM:

1. the Mudge Com B Well No. 2A (API No. 30-045-23063) located 800 feet from the North line and 1580 feet from the West line (Unit C) of said section;
2. the Mudge B Com Well No. 2 (API No. 30-045-24040) located 1660 feet from the North line and 810 feet from the West line (Unit E) of said section; and
3. The Mudge B Com Well No. 2M (API No. 30-045-31898) that was directionally drilled from a surface location 2370 feet from the North line and 1680 feet from the West line in the SE/4 NW/4 (Unit F) of Section 14 to a bottomhole location 2634 feet from the North line and 1392 feet from the West line of said section.

Said wells are located approximately 2 miles west of Canyon, New Mexico.

AFFIDAVIT OF PUBLICATION

Ad No. 52675

**STATE OF NEW MEXICO
County of San Juan:**

CONNIE PRUITT, being duly sworn says:
That she is the ADVERTISING MANAGER of
THE DAILY TIMES, a daily newspaper of
general circulation published in English at
Farmington, said county and state, and that
the hereto attached Legal Notice was
published in a regular and entire issue of the
said DAILY TIMES, a daily newspaper duly
qualified for the purpose within the meaning of
Chapter 167 of the 1937 Session Laws of the
State of New Mexico for publication and
appeared in the Internet at The Daily Times
web site on the following day(s):

Monday, December 12, 2005.

And the cost of the publication is \$113.46.

Connie Pruitt

ON 12/13/05 CONNIE PRUITT
appeared before me, whom I know personally
to be the person who signed the above
document.

Wynell Corey
My Commission Expires November 17, 2008.

COPY OF PUBLICATION

918 Legals

NOTICE OF PUBLICATION

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on January 5, 2006, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by December 26, 2005. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

NOTE: All land descriptions herein refer to the New Mexico Principal Meridian (whether or not so stated.)

CASE 13614:

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 1.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 (NW/4) on a standard spacing and proration unit comprised of the West half of Section 14, Township 31 North, Range 11 West, NMPM:

1. the Mudge Com B Well No. 2A (API No. 30-045-23063) located 800 feet from the North line and 1580 feet from the West line (Unit C) of said section;
2. the Mudge B Com Well No. 2 (API No. 30-045-24040) located 1660 feet from the North line and 810 feet from the West line (Unit E) of said section; and
3. The Mudge B Com Well No. 2M (API No. 30-045-31898) that was directionally drilled from a surface location 2370 feet from the North line and 1680 feet from the West line in the SE/4 NW/4 (Unit F) of Section 14 to a bottomhole location 2634 feet from the North line and 1392 feet from the West line of said section.

Said wells are located approximately 2 miles west of Canyon, New Mexico.
Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 7th day of December 2005

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

Mark E. Pasmire, P.E., Director

Legal No. 52675 published in The Daily Times, Farmington, New Mexico on Monday, December 12, 2005.