



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 9, 2004

BP America Production Company

P. O. Box 3092

Houston, Texas 77253-3092

Attention: Mary Corley
corleym@bp.com

Administrative Order NSL-5109 (BHL)

Dear Ms. Corley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on June 25, 2004 (*administrative application reference No. pSEM0-418048082*); and (ii) the Division's records in Santa Fe and Aztec: all concerning BP America Production Company's ("BP") request for an exception to the well location requirements provided within the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002.

Your application has been duly filed under the provisions of Division Rules 104.F, 111.B (3) and C (2), and 605.B and the applicable rules governing the Blanco-Mesaverde Pool (71599).

Under the provisions of Division Rules 111.A (7) and 111.C (1), BP received authorization to directionally drill its Florance Well No. 35-B (API No. 30-045-31170) from a surface location 1690 feet from the North line and 1610 feet from the East line (Unit G) of Section 18, Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico, in such a manner (kick-off from vertical to the southwest and return to vertical) that the projected bottomhole location within the Blanco-Mesaverde Pool, 2400 feet from the North line and 1980 feet from the East line (Unit G) of Section 18, would be "standard" for an infill Mesaverde gas well location within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the E/2 of Section 18.

From your application and the Division's records, it is our understanding that the actual bottomhole location at a total depth of 5,969 feet (measured) of this wellbore is approximately 2447 feet from the North line and 2011 feet from the East line (Unit G) of Section 18, which pursuant to the applicable rules governing well locations and spacing within the Blanco-Mesaverde Pool, and Division Rules 111.B (3) and A (13) is considered to be "unorthodox" within this 320-acre GPU.

By the authority granted me under the provisions of Division Rule 104.F (2), the unorthodox subsurface Blanco-Mesaverde infill gas well location for the above-described Florance Well No. 35-B within the E/2 of Section 18 is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington