



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 18, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

BP America Production Company
P. O. Box 3092
Houston, Texas 77253-3092

Attention: Mary Corley
corleym@bp.com

Administrative Order NSL-2138-A

Dear Ms. Corley:

Reference is made to the following: (a) your application (*administrative application reference No. pSEM0-432146466*) submitted to the New Mexico Oil Conservation Division ("Division") on November 16, 2004; and (b) the Division's records in Santa Fe and Aztec, including the file on Division Administrative Order NSL-2138: all concerning BP's request for an unorthodox gas well location in the Chacra formation for the existing Blanco "LS" Well No. 12-A (API No. 30-045-26542), located 610 feet from the North line and 920 feet from the West line (Unit D) of Section 36, Township 28 North, Range 8 West, NMPM, San Juan County, New Mexico. The NW/4 of Section 36 is to be dedicated to this well in order to form a 160-acre gas spacing unit within the Otero-Chacra Pool (82329).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By Division Administrative Order NSL-2138, dated September 10, 1985, Tenneco Oil Company received authorization to drill to and complete the above-described Blanco "LS" Well No. 12-A in the Blanco-Mesaverde Pool (72319) at an unorthodox infill gas well location within a non-standard 320-acre lay-down gas spacing and proration unit comprising the N/2 of Section 36. According to Division records, BP became the operator of this well on December 31, 2001.

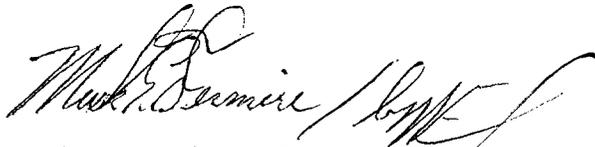
It is the Division's understanding that BP now intends to perforate the Chacra interval and recomplete the well such that gas production from both the Mesaverde and Chacra formations will be downhole commingled.

The location of this well within the Otero-Chacra Pool is also considered to be unorthodox pursuant to Division Rule 104.C (3), as revised.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Chacra gas well location for BP's Blanco "LS" Well No. 12-A within the proposed 160-acre gas spacing unit comprising the NW/4 of Section 36 is hereby approved.

Further, the provisions of Division Order NSL-2138 shall remain in full force and affect until further notice.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington
File: NSL-2138