



NSL-831-A

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 27, 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-831-B

Dear Ms. Corley:

Reference is made to the following: (a) your application (*administrative application reference No. pMES0-436238790*) submitted to the New Mexico Oil Conservation Division ("Division") on December 21, 2004; and (b) the Division's records in Santa Fe and Aztec, including the files on: (i) Division Orders No. R-46, R-60, R-1169, R1170, R-1390, and R-4002; and (ii) Division Administrative Orders NSL-831, NSL-831-A, and DHC-1689-AZ: all concerning BP America Production Company's ("BP") request for an unorthodox Chacra gas well location for its existing Pritchard Well No. 4-A (API No. 30-045-22497), located 1830 feet from the North line and 1705 feet from the West line (Lot 8/Unit F) of Irregular Section 31, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico. Lots 5, 6, 7, and 8 (NW/4 equivalent) of Irregular Section 31 is to be dedicated to this well in order to form a 120.49-acre gas spacing unit within the Undesignated 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-831, dated March 28, 1977, Tenneco Oil Company received authorization to drill to and complete the above-described Pritchard Well No. 4-A in the Blanco-Mesaverde Pool (72319) at an unorthodox infill gas well location within a non-standard 375.09-acre stand-up gas spacing and proration unit comprising Lots 3 and 4 and the E/2 SW/4 (SW/4 equivalent) of Section 30 and Lots 5 through 12 (W/2 equivalent) of Section 31, which unit was the subject of Division Orders No. R-60, issued in Case No. 258 on March 21, 1951, and R-1390, issued in Case No. 1642 on May 7, 1959. According to Division records, BP became the operator of this well on December 31, 2001.

December 27, 2004

Page 2

Further, by Division Administrative Order NSL-831-A, dated November 17, 2004, BP was authorized to recompleate this well into the Blanco-Pictured Cliffs Pool at an unorthodox gas well location within a the NW/4 equivalent (Lots 5, 6, 7, and 8) of Irregular Section 31, a non-standard 120.49-acre gas spacing unit for this pool approved under the provisions of Division Rule 104.D (2) (a). By Division Administrative Order DHC-1689-AZ issued by the Aztec district office of the Division on November 5, 2004, BP received approval to downhole commingle production from both the Mesaverde and Pictured Cliffs formations within the wellbore of the Pritchard Well No. 4-A.

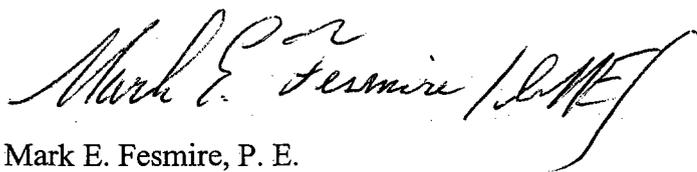
It is the Divisions understanding that BP now intends to include the Chacra interval in its planed recompletion of the Pritchard Well No. 4-A, whereby gas production from the Mesaverde, Pictured Cliffs, and Chacra intervals will be commingled within the wellbore.

The location of this well within the Undesignated 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 Pritchard Well No. 4-A within the proposed 120.49-acre gas spacing unit comprising the NW/4 equivalent of Section 31 is hereby approved.

Further, the provisions of Division Administrative Orders NSL-831 and NSL-831-A 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-831
NSL-831-A